

ITEM: 70(f)



2018/19 TO 2020/21

MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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1.1 EXECUTIVE SUMMARY

PURPOSE:

To present the 2018/19 Annual Budget together with Medium Term Revenue and Expenditure Framework (MTREF) to council for consideration.

BACKGROUND:

The Local Government Municipal Finance Management Act, No. 56 of 2003 (MFMA), has section 16 on annual budgets which requires council of a municipality to approve for each financial year an annual budget before the start of that financial year, and that the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year, i.e. on or before 31 May of every financial year.

Guidelines and principles used for the compilation of the 2018/19 MTREF

- The 2017/18 Adjustment Budget priorities and targets which were informed by actual financial and non-financial performance for the semester to the end 31 December 2017;
- National Treasury's MFMA Circular 91;
- Headline Inflation Forecasts;

Fiscal Year	2017/18	2018/19	2019/20	2020/21
CPI Inflation	5.3 %	5.3%	5.4%	5.5%

- In addition, our municipality carefully considered the affordability of tariff increases, especially as it relates to domestic consumers while considering the level of services versus the associated cost. This will be discussed further in Tariff Modelling.

Challenges experienced in compiling the 2018/19 MTREF:

- The national and local economy challenges;

- Infrastructural backlogs;
- The deteriorating state of municipal cash receipts and resources make it difficult to reprioritise projects and expenditure in entirety;
- Year-on-year wage increases;
- Reliance on state grants and subsidies to fund both operations and capital projects;
- Expenditure that is in excess of revenue;
- The Disclaimer of audit opinion;
- Poverty and unemployment which sees more households not being able to afford municipal services thereby seeking indigent subsidies;
- Increasing inflation rates.

In light of the afore-mentioned, the table below gives an overview of the consolidated 2018/19 Medium Term Revenue and Expenditure Framework:

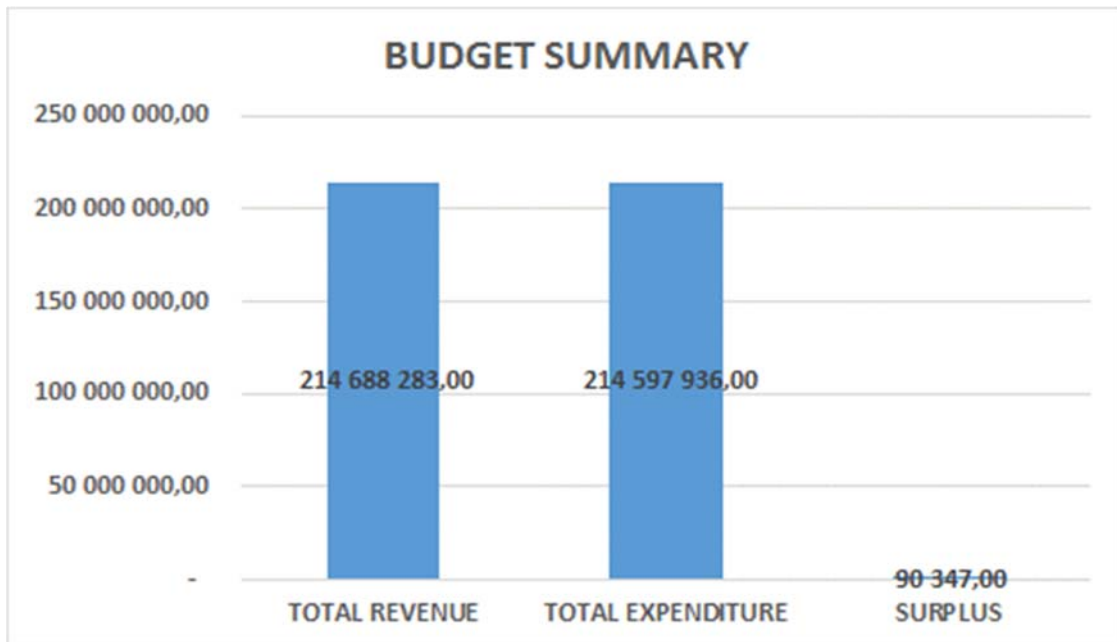
Table 1 : Consolidated 2018/19 MTREF

FS205 Mafube - 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	21 153	22 693	--	28 805	28 805	--	--	30 533	32 365	34 307
Service charges	61 462	65 139	--	180 805	188 804	--	--	60 617	64 254	68 110
Investment revenue	91	236	--	214	164	--	--	174	185	196
Transfers recognised - operational	83 705	86 949	--	83 172	83 172	--	--	90 157	95 121	--
Other own revenue	21 520	30 178	--	33 876	31 451	--	--	33 207	33 430	37 311
Total Revenue (excluding capital transfers and contributions)	187 931	205 195	--	326 872	332 396	--	--	214 688	225 356	139 923
Employee costs	73 311	77 102	--	85 791	85 791	--	--	90 938	96 394	102 178
Remuneration of councillors	4 946	5 614	--	5 985	5 986	--	--	6 381	6 763	7 169
Depreciation & asset impairment	37 286	38 259	--	38 259	38 259	--	--	29 000	30 740	32 584
Finance charges	12 102	21 271	--	3 298	3 298	--	--	3 298	3 499	3 713
Materials and bulk purchases	23 778	45 966	--	6 000	4 000	--	--	4 000	4 240	4 494
Transfers and grants	3 548	9 595	--	115 252	115 252	--	--	90 157	95 121	--
Other expenditure	109 231	70 084	--	66 858	64 504	--	--	67 181	70 929	75 224
Total Expenditure	264 202	267 891	--	321 443	317 090	--	--	290 955	307 687	225 363
Surplus/(Deficit)	(76 271)	(62 696)	--	5 429	15 306	--	--	(76 267)	(82 332)	(85 440)
Transfers and subsidies - capital (monetary alloc	18 508	12 636	--	32 080	32 080	--	--	--	--	--
Contributions recognised - capital & contributed a	--	--	--	--	--	--	--	--	--	--
Surplus/(Deficit) after capital transfers & contributions	(57 763)	(50 060)	--	37 509	47 386	--	--	(76 267)	(82 332)	(85 440)
Share of surplus/ (deficit) of associate	--	--	--	--	--	--	--	--	--	--
Surplus/(Deficit) for the year	(57 763)	(50 060)	--	37 509	47 386	--	--	(76 267)	(82 332)	(85 440)
Capital expenditure & funds sources										
Capital expenditure	--	--	--	33 458	33 708	--	--	--	--	--
Transfers recognised - capital	--	--	--	31 092	31 092	--	--	--	--	--
Public contributions & donations	--	--	--	--	--	--	--	--	--	--
Borrowing	--	--	--	--	--	--	--	--	--	--
Internally generated funds	--	--	--	2 000	2 250	--	--	3 800	1 060	1 124
Total sources of capital funds	--	--	--	33 092	33 342	--	--	3 800	1 060	1 124
Financial position										
Total current assets	76 349	144 434	--	2 818 112	1 917 545	--	--	2 032 598	2 154 553	2 283 827
Total non current assets	776 826	747 598	--	1 099 119	1 099 119	--	--	1 153 511	1 222 722	1 296 085
Total current liabilities	295 214	376 465	--	60 347	60 347	--	--	63 968	67 806	71 875
Total non current liabilities	25 534	24 897	--	39 958	39 958	--	--	17 164	18 194	19 285
Community wealth/Equity	532 426	490 671	--	21 678	21 678	--	--	22 979	24 358	25 819
Cash flows										
Net cash from (used) operating	28 437	2 549	--	26 669	24 651	--	--	3 890	3 958	(96 676)
Net cash from (used) investing	23 343	127	--	33 092	33 342	--	--	(3 800)	(5 978)	(6 486)
Net cash from (used) financing	3 145	2 890	--	--	--	--	--	--	--	--
Cash/cash equivalents at the year end	54 990	6 186	--	53 339	57 993	--	--	90	(1 930)	(105 092)
Cash backing/surplus reconciliation										
Cash and investments available	620	983	--	(150)	(150)	--	--	(159)	(168)	(178)
Application of cash and investments	254 545	262 734	--	(472 448)	(285 392)	--	--	(1 486 227)	(1 598 115)	(1 669 924)
Balance - surplus (shortfall)	(253 925)	(261 751)	--	472 298	285 242	--	--	1 486 068	1 597 947	1 669 746
Asset management										
Asset register summary (WDV)	--	--	--	34 918	33 342	--	--	--	1 060	1 124
Depreciation	--	--	--	38 259	38 259	--	--	29 000	30 740	32 584
Renewal of Existing Assets	--	--	--	33 092	33 342	--	--	--	--	--
Repairs and Maintenance	--	--	--	18 241	16 565	--	--	17 870	18 942	20 078
Free services										
Cost of Free Basic Services provided	--	--	--	5	5	--	--	--	--	--
Revenue cost of free services provided	--	--	--	--	--	--	--	--	--	--
Households below minimum service level										
Water:	--	1	--	1	--	--	--	--	--	--
Sanitation/sewerage:	--	--	--	--	--	--	--	--	--	--
Energy:	--	3	--	2	--	--	--	--	--	--
Refuse:	--	4	--	5	--	--	5	5	5	5

The table depicted above gives a summary of the whole municipal budget with a projected revenue amounting to R 214 688 283.00 and expenditure which totals R 214 597 936.00, this leaves the municipality with an estimated surplus of R 90 347.00

This is illustrated in the figure below:



1.2 OPERATING REVENUE FRAMEWORK

The projected total revenue equals R 214 688 283.00 compared to the total revenue from the adjustment budget which was R 232 734 343.00 which has resulted in a decrease amounting to R18 046 060.00.

We have had to adjust our revenue billing projections upwards, being an increase from R 57 186 170.00 to R 60 617 340.00.

Our municipal revenue strategy is based on the following:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Attempt to fully recover the costs associated with user charges;
- Determining a suitable tariff escalation rate by establishing each service's revenue requirement;
- Rates and Tariff Policies;
- Indigent Policies;

1. Grants and subsidies

FS205 Mafube - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
RECEIPTS:										
Operating Transfers and Grants										
National Government:		80 412	82 392	-	83 172	83 172	-	90 157	95 121	-
Local Government Equitable Share		76 678	78 587		78 462	78 462		86 124	92 261	
Finance Management		1 800	1 875		2 345	2 345		2 600	2 860	
Municipal Systems Improvement		934	930		1 365	1 365		1 433		
EPWP Incentive		1 000	1 000		1 000	1 000				
Other transfers/grants [insert description]										
Provincial Government:		3 000	5 200	-	-	-	-	-	-	-
Other transfers/grants [insert description]		3 000	5 200							
District Municipality:		-	-	-	-	-	-	-	-	-
fezile Dabi District Municipality										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	83 412	87 592	-	83 172	83 172	-	90 157	95 121	-
Capital Transfers and Grants										
National Government:		-	-	-	32 080	32 080	-	-	-	-
Municipal Infrastructure Grant (MIG)					27 080	27 080				
Integrated National Electrification Grant					5 000	5 000				
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
fezile Dabi District Municipality										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Capital Transfers and Grants	5	-	-	-	32 080	32 080	-	-	-	-
TOTAL RECEIPTS OF TRANSFERS & GRANTS		83 412	87 592	-	115 252	115 252	-	90 157	95 121	-

Our operating grants increased from R 83 172 000.00 for 17/18 to R 90 157 000.00 for 18/19.

2018/19 financial year Municipal Infrastructure Grant will be managed by Fezile- Dabi District Municipality.

The conditional operating grants are to be utilised for the purpose of capacity building which will assist in enhancing our institutional development by means of updated and improved systems, qualified personnel and skills development. These include the Financial Management Grant, Municipal Systems Improvement Grants as well as the Expanded Public Works Programme (EPWP). Notably, EPWP is a labour intensive programme that is aimed at contributing towards curbing the plight of unemployment in our communities ,through this initiative, rigorous training and skills transfer takes place subsequent to which incumbents would have been transformed into skilled labour.

Equitable Share is the only operating grant with no conditions attached to it as it is aimed at lending assistance to the day-to-day operations of the municipality, however, the municipality is expected to dedicate a portion of this grant to subsidisation of indigents and R 10 000 000.00 has been allocated. Attention should also be drawn to the fact that the municipality intends reducing the trade and receivables book by means of irrecoverable debt write-offs specifically in relation to indigent debtors, an item has been prepared to this effect.

The table below gives a summary of the 2017/18 MTREF, classified by the main revenue source:

FS205 Mafube - 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
Revenue By Source											
Property rates	2	21 153	22 693	-	28 805	28 805	-	-	30 533	32 365	34 307
Service charges - electricity revenue	2	-	(1)	-	123 743	131 742	-	-	131	139	147
Service charges - water revenue	2	31 294	33 859	-	24 508	24 508	-	-	25 978	27 537	29 189
Service charges - sanitation revenue	2	16 696	17 306	-	18 860	18 860	-	-	19 992	21 192	22 463
Service charges - refuse revenue	2	12 125	12 583	-	13 694	13 694	-	-	14 516	15 387	16 310
Service charges - other		1 346	1 392								
Rental of facilities and equipment		435	136		309	290			307	326	345
Interest earned - external investments		91	236		214	164			174	185	196
Interest earned - outstanding debtors		19 584	25 817		27 413	27 413			29 058	30 801	32 649
Dividends received					3 546	2 000			2 120	2 247	2 382
Fines, penalties and forfeits		120	76		75	50			53	56	60
Licences and permits		-	-								
Agency services											
Transfers and subsidies		83 705	86 949		83 172	83 172			90 157	95 121	
Other revenue	2	1 381	4 148	-	2 532	1 698	-	-	1 669		1 875
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		187 931	205 195	-	326 872	332 396	-	-	214 688	225 356	139 923
Expenditure By Type											
Employee related costs	2	73 311	77 102	-	85 791	85 791	-	-	90 938	96 394	102 178
Remuneration of councillors		4 946	5 614		5 985	5 986			6 381	6 763	7 169
Debt impairment	3	44 882	6 569		6 569	6 569			12 000	12 720	13 483
Depreciation & asset impairment	2	37 286	38 259	-	38 259	38 259	-	-	29 000	30 740	32 584
Finance charges		12 102	21 271		3 298	3 298			3 298	3 499	3 713
Bulk purchases	2	23 769	45 946	-	6 000	4 000	-	-	4 000	4 240	4 494
Other materials	8	9	20								
Contracted services		-	-		-	-			-	-	-
Transfers and subsidies		3 548	9 595		115 252	115 252			90 157	95 121	-
Other expenditure	4, 5	64 349	63 514	-	60 289	57 935	-	-	55 181	58 209	61 741
Loss on disposal of PPE											
Total Expenditure		264 202	267 891	-	321 443	317 090	-	-	290 955	307 687	225 363
Surplus/(Deficit)											
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(76 271)	(62 696)	-	5 429	15 306	-	-	(76 267)	(82 332)	(85 440)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Transfers and subsidies - capital (in-kind - all)	6	18 508	12 636		32 080	32 080					
Surplus/(Deficit) after capital transfers & contributions		(57 763)	(50 060)	-	37 509	47 386	-	-	(76 267)	(82 332)	(85 440)
Taxation											
Surplus/(Deficit) after taxation		(57 763)	(50 060)	-	37 509	47 386	-	-	(76 267)	(82 332)	(85 440)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(57 763)	(50 060)	-	37 509 295,99	47 386	-	-	(76 267)	(82 332)	(85 440)
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(57 763)	(50 060)	-	37 509	47 386	-	-	(76 267)	(82 332)	(85 440)

TARIFF MODELLING

This is one of the most challenging and strategic part of the compilation of any budget and calculation thereof requires consideration of local economic conditions, input costs and affordability of services for consumers.

National Treasury guidelines encourage municipalities to keep rate and tariffs affordable but cost reflective at the same time. The municipality struggles to keep the balance as in most cases, some households are unable to afford services and means that the cost-

reflective method makes it more difficult for them since it escalates tariffs to more than 100%.

For 18/19 financial period, the municipality used a methodology that is a combination of the CPI incremental percentage.

FS205 Mafube - Supporting Table SA14 Household bills

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 % incr.	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		513,04	559,21		657,97	657,97		697,45	739,30	783,65	
Electricity: Basic levy								-	-	-	
Electricity: Consumption								-	-	-	
Water: Basic levy		26,45	28,04		31,79	31,79		39,41	41,77	44,28	
Water: Consumption		187,92	199,20		223,82	223,82		237,25	251,48	266,57	
Sanitation		81,85	86,76		97,49	97,49		124,16	131,61	139,51	
Refuse removal		75,56	80,09		89,15	89,15		92,19	97,72	103,58	
Other								-	-	-	
sub-total		884,82	953,30	-	1 100,22	1 100,22	-	8,2%	1 190,46	1 261,88	1 337,60
VAT on Services											
Total large household bill:		884,82	953,30	-	1 100,22	1 100,22	-	8,2%	1 190,46	1 261,88	1 337,60
% increase/-decrease			7,7%	(100,0%)	-	-	(100,0%)	-	6,0%	6,0%	6,0%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		51,30	51,30		59,28	59,28		62,84	66,61	70,60	
Electricity: Basic levy								-	-	-	
Electricity: Consumption								-	-	-	
Water: Basic levy		26,45	28,04		31,79	31,79		39,41	41,77	44,28	
Water: Consumption		148,77	148,77		167,17	167,17		177,20	187,83	199,10	
Sanitation		81,85	86,76		97,49	97,49		124,16	131,61	139,51	
Refuse removal		75,56	80,09		89,15	89,15		92,19	97,72	103,58	
Other								-	-	-	
sub-total		383,93	394,96	-	444,88	444,88	-	11,4%	495,80	525,54	557,08
VAT on Services											
Total small household bill:		383,93	394,96	-	444,88	444,88	-	11,4%	495,80	525,54	557,08
% increase/-decrease			2,9%	(100,0%)	-	-	(100,0%)	-	6,0%	6,0%	6,0%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy		26,45	28,04		31,79	31,79		24,0%	39,41	41,77	44,28
Water: Consumption											
Sanitation		81,85	86,76		97,49	97,49		27,4%	124,16	131,61	139,51
Refuse removal		75,56	80,09		89,15	89,15		3,4%	92,19	97,72	103,58
Other											
sub-total		183,86	194,89	-	218,43	218,43	-	17,1%	255,76	271,11	287,37
VAT on Services											
Total small household bill:		183,86	194,89	-	218,43	218,43	-	17,1%	255,76	271,11	287,37
% increase/-decrease			6,0%	(100,0%)	-	-	(100,0%)	-	6,0%	6,0%	6,0%

1.3 OPERATING EXPENDITURE FRAMEWORK

FS205 Mafube - Supporting Table SA14 Household bills

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 % incr.	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Rand/cent											
<u>Monthly Account for Household - 'Middle Income Range'</u>	1										
Rates and services charges:											
Property rates		513,04	559,21		657,97	657,97		697,45	739,30	783,65	
Electricity: Basic levy								-	-	-	
Electricity: Consumption								-	-	-	
Water: Basic levy		26,45	28,04		31,79	31,79		39,41	41,77	44,28	
Water: Consumption		187,92	199,20		223,82	223,82		237,25	251,48	266,57	
Sanitation		81,85	86,76		97,49	97,49		124,16	131,61	139,51	
Refuse removal		75,56	80,09		89,15	89,15		92,19	97,72	103,58	
Other								-	-	-	
sub-total		884,82	953,30	-	1 100,22	1 100,22	-	8,2%	1 190,46	1 261,88	1 337,60
VAT on Services											
Total large household bill:		884,82	953,30	-	1 100,22	1 100,22	-	8,2%	1 190,46	1 261,88	1 337,60
% increase/decrease			7,7%	(100,0%)	-	-	(100,0%)	-	6,0%	6,0%	
<u>Monthly Account for Household - 'Affordable Range'</u>	2										
Rates and services charges:											
Property rates		51,30	51,30		59,28	59,28		62,84	66,61	70,60	
Electricity: Basic levy								-	-	-	
Electricity: Consumption								-	-	-	
Water: Basic levy		26,45	28,04		31,79	31,79		39,41	41,77	44,28	
Water: Consumption		148,77	148,77		167,17	167,17		177,20	187,83	199,10	
Sanitation		81,85	86,76		97,49	97,49		124,16	131,61	139,51	
Refuse removal		75,56	80,09		89,15	89,15		92,19	97,72	103,58	
Other								-	-	-	
sub-total		383,93	394,96	-	444,88	444,88	-	11,4%	495,80	525,54	557,08
VAT on Services											
Total small household bill:		383,93	394,96	-	444,88	444,88	-	11,4%	495,80	525,54	557,08
% increase/decrease			2,9%	(100,0%)	-	-	(100,0%)	-	6,0%	6,0%	
<u>Monthly Account for Household - 'Indigent' Household receiving free basic services</u>	3										
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy		26,45	28,04		31,79	31,79		24,0%	39,41	41,77	44,28
Water: Consumption									-	-	-
Sanitation		81,85	86,76		97,49	97,49		27,4%	124,16	131,61	139,51
Refuse removal		75,56	80,09		89,15	89,15		3,4%	92,19	97,72	103,58
Other									-	-	-
sub-total		183,86	194,89	-	218,43	218,43	-	17,1%	255,76	271,11	287,37
VAT on Services											
Total small household bill:		183,86	194,89	-	218,43	218,43	-	17,1%	255,76	271,11	287,37
% increase/decrease			6,0%	(100,0%)	-	-	(100,0%)	-	6,0%	6,0%	

The municipal expenditure framework for the 2018/19 budget and MTREF is Informed by the following factors:

- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;

Our overall expenditure amounts to R 214 597 936.00 from adjustment budget of R 242 719 101.00 which is a R28 121 165.00 decrease.

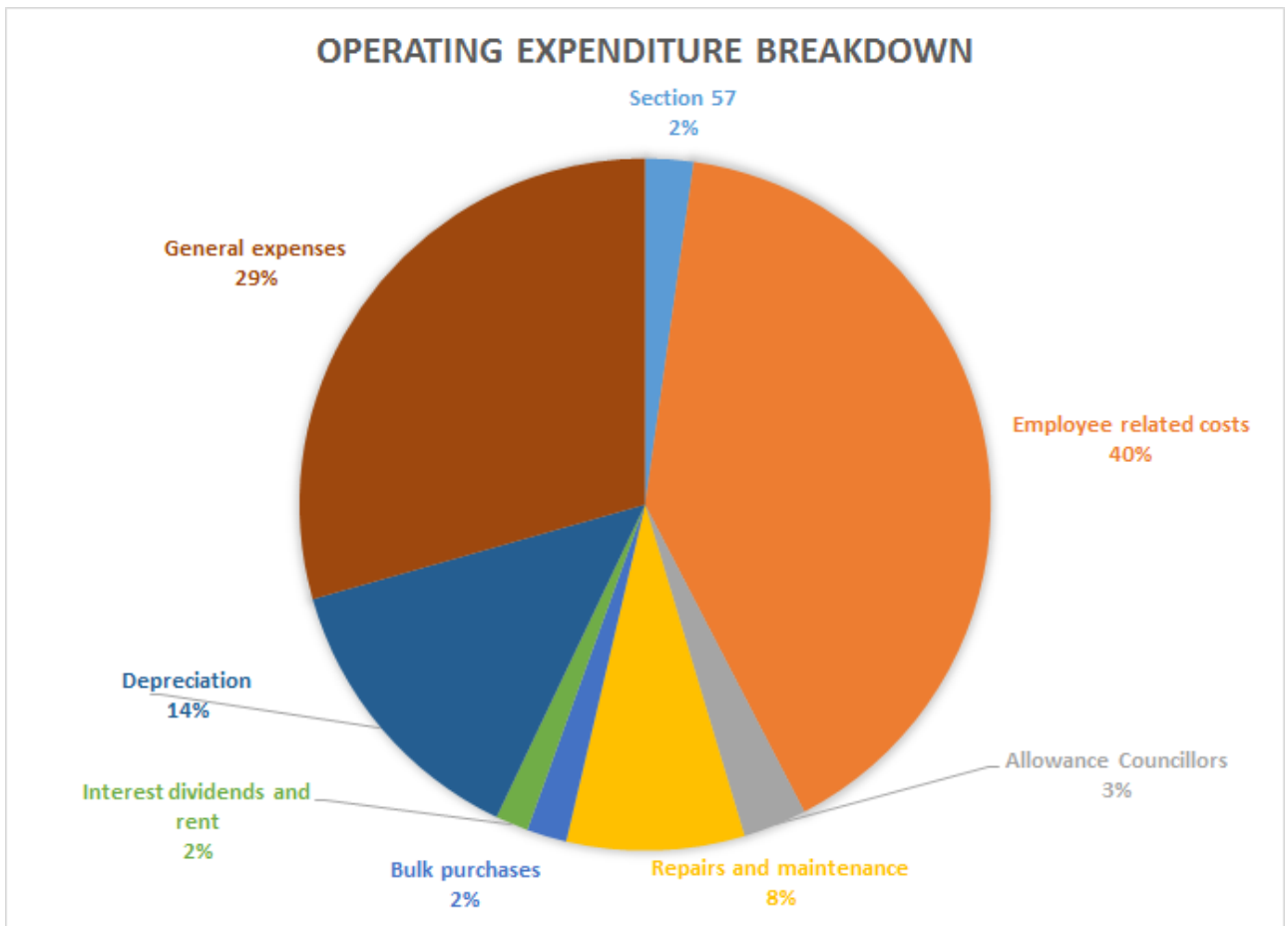
- **Employee related costs** were increased from R91 775 879.01 to R 97 318 594.00.

General expenses

These costs were adjusted downwards from R 52 934 320.00 in adjustment budget to R52 041 270.00.

- **Bulk purchases**
Bulk purchases for the 2018/19 financial year is R4 000 000.00. The municipality is unable to pay for bulk services because of financial problems.
- **Interest expense** is the same as adjustment budget amounts to R 3 298 072.00
- **Repairs and maintenance**
This spending item was increased from R 16 564 500.00 to R 17 869 500.00 which is R 1 305 000.00. This is as a result of repairing vehicles and water pipes.
- A provision of R 29 000 000.00 in respect of **depreciation**.

As can be seen in the figure provided below, our employee related costs remain a larger portion of funds shed by the municipality, with 40% of our budget dedicated thereto. Expenses incurred in the municipality’s day-to-day operations of service delivery are at 29%. Councillor allowance and Section 57 salaries amount to 2% and remuneration of Councillors 3%. The remaining 2% will be incurred on bulk purchases, interest expense 2% and the non-cash item which is depreciation 14%.



1.4 CAPITAL EXPENDITURE

Our capital budget comprises R 3 800 000.00 whose portion will be funded from Equitable Share. R 2000 000.00 will be funded for Mscoa, R 1000 000.00 will be used to purchase vehicles, R200 000.00 lawnmowers to service delivery and R600 000.00 for office equipment and computer equipment.

FS205 Mafube - 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 - OFFICE OF THE MAYOR		-	-	-	-	-	-	-	-	-	-
Vote 2 - OFFICE OF THE SPEAKER		-	-	-	-	-	-	-	-	-	-
Vote 3 - OFFICE OF THE MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
Vote 4 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 5 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 7 - INFRASTRUCTURE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 8 - SERVICE DELIVERY AND PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
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 - OFFICE OF THE MAYOR		-	-	-	-	-	-	-	-	-	-
Vote 2 - OFFICE OF THE SPEAKER		-	-	-	-	-	-	-	-	-	-
Vote 3 - OFFICE OF THE MUNICIPAL MANAGER		13 293	8 810	-	2 000	2 000	-	-	2 000	-	-
Vote 4 - COMMUNITY SERVICES		789	222	-	7 224	7 224	-	-	200	-	-
Vote 5 - CORPORATE SERVICES		-	-	-	-	-	-	-	1 000	-	-
Vote 6 - FINANCIAL SERVICES		-	-	-	-	250	-	-	600	-	-
Vote 7 - INFRASTRUCTURE SERVICES		-	-	-	23 868	23 868	-	-	-	-	-
Vote 8 - SERVICE DELIVERY AND PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
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		14 083	9 032	-	33 092	33 342	-	-	3 800	-	-
Total Capital Expenditure - Vote		14 083	9 032	-	33 092	33 342	-	-	3 800	-	-
Capital Expenditure - Functional											
Governance and administration					2 000	2 250	-	-	-	-	-
Executive and council					2 000	2 000			-	-	-
Finance and administration					-	250			-	-	-
Internal audit											
Community and public safety					7 224	7 224	-	-	-	-	-
Community and social services					-						
Sport and recreation					7 224	7 224			-	-	-
Public safety											
Housing											
Health											
Economic and environmental services											
Planning and development											
Road transport											
Environmental protection											
Trading services					23 868	23 868	-	-	-	-	-
Energy sources					5 000	5 000			-	-	-
Water management					992	992			-	-	-
Waste water management					17 510	17 510			-	-	-
Waste management											
Other					366	366			-	-	-
Total Capital Expenditure - Functional	3				33 458	33 708	-	-	-	-	-
Funded by:											
National Government					31 092	31 092					
Provincial Government											
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4				31 092	31 092	-	-	-	-	-
Public contributions & donations	5										
Borrowing	6										
Internally generated funds					2 000	2 250			3 800	1 060	1 124
Total Capital Funding	7				33 092	33 342	-	-	3 800	1 060	1 124

PART 2

2.1 OVERVIEW OF ANNUAL BUDGET PROCESS

The MFMA requires the mayor of a municipality to provide general political guidance over the budget process and the priorities that must guide the preparation of a budget. The new National Treasury Budget Regulations gives further effect to this by prescribing that the mayor of a municipality must establish a Budget Steering Committee to assist in discharging the mayor's responsibility' set out in section 53 of the Municipal Financial Management Act.

Local Government Legislation including Municipal Structures Act (117 of 1998), section 16 - 20 of Municipal Systems Act (32 of 2000) read along with section 151 of the Constitution of the Republic of South Africa provides for the establishment of the Local Government and the procedures followed in administrating the municipalities from different spheres. Public and/or community participation provides for joint and informed decision making between the municipality in question and its communities in rendering services, communities are constantly consulted on council decisions impacting the provision of services by that municipality with regard but not limited to the IDP and Budget Consultations.



Mafube Local Municipality

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ENQ: N MHLAMBI

REFERENCE: 10/1/1

Date: 22 August 2017

PUBLIC NOTICE

2018-2019 IDP AND BUDGET PROCESS PLAN

Notice is hereby given in terms of Chapter 5 of the Municipal Systems Act No. 32 of 2000, of the adopted process plan to guide the Planning, Drafting, Adoption and review of Mafube L.M Integrated Development Plan.


Mafube Local Municipality			
2018/19 IDP and Budget Process Plan			
PHASE	OBJECTIVE	RESPONSIBILITY	TARGET DATE
Preparation	Preparations and Analysis: Review Provincial IDP assessment report, Compile IDP process plan & Budget time schedule	Municipal Manager and Directors	28 July 2017
	Submission of the IDP and Budget Timeline to the Management Meeting	Municipal Manager	16 August 2017
	Submit final process plan and time schedule to Council for adoption	Mayor	18 August 2017
	Submission of the IDP and Budget Process Plan to CoGTA and both Provincial and National Treasuries	Municipal Manager	31 August 2017
Analysis	Perform situational analysis and assessment of the achievements of the previous IDP (2014/15), and tabulate the analysis report to the Steering committee	Political Office, Municipal Manager and Directors	01-29 September 2017
	Conduct IDP public consultations in all nine wards, with all stakeholders	Political Office, Municipal Manager and Directors	02-27 October 2017
	All directors to submit 3 year capital budget to CFO	Directors	17 October 2017
	Meeting: IDP Steering committee and IDP Rep forum (To consider report on the review of the status quo and community needs)	Mayor, Municipal manager, Directors and Managers	02-31 October 2017
Strategies	Municipal Strategic Planning session (To review the 5 year strategic plan)	Mayor, Municipal manager and Directors	31 October- 03 November 2017
	Submit 2017/18 First Quarter Performance Report to Council (Section 52 of MFMA)	Mayor, Municipal manager	31 October 2017

	Discussion meetings per Directorate on Capital Budget and alignment of IDP strategies and objectives	Directors	02 - 09 November 2017
	Submit proposed Tariff increases to CFO	Directors	14 November 2017
	Submit 3 year personnel budget to CFO	Political Offices, Municipal Manager and Directors	21 November 2017
	Submit 3 year operating budget to CFO	Political Offices, Municipal Manager and Directors	28 November 2017
	Alignment with NDP, FSGDS & MTSF and Integration of IDP and Budget programmes	Political Office, Municipal Manager and Directors	01-18 December 2017
Projects	Finalisation of all sector plans and strategies Alignment with NDP, FSGDS & MTSF Projects Identification (Municipal specific & Sectors Projects) Performance Indicators	Municipal manager and Directors	December 15 – Feb 2018
	Projects Output, targets & location Project related activities Cost & budget estimates e.g. (Budget)		
Integration	Integrated SDF Integrated Sectoral Programmes e.g. (WSDP) Disaster Management Institutional plan and sector plans	Municipal Manager	December 2017- Feb 2018
	Meeting to discuss Tariffs, Salaries and Operating Budget	Political Offices, Municipal Manager and Directors	11 - 16 January 2018
	Submit mid-year budget and performance assessment report to the Mayor and Council (<i>Section 72 of MFMA</i>)	Municipal Manager	23 January 2018
	Tabling of 2016/17 Annual Report in Council (<i>Section 127(2) of MFMA</i>)	Mayor	25 January 2018
	Meeting: IDP Steering committee (to review progress to date)	Municipal Manager, directors and managers	30 January 2018
	Compilation and finalisation of the IDP	Municipal Manager	31 January 2018
	Budget Commission	Chief Financial Officer	06 February 2018
	IDP and Budget Steering Committee meeting	Mayor, Municipal Manager and Directors	16 February 2017
	Meetings: to present the Draft IDP to the IDP Steering committee and IDP Rep Forum	Mayor, Municipal Manager and Directors	20 February 2018
	Tabling of Draft Budget in the Steering Committee	Mayor	07 - 09 March 2018

	<i>(no later than 2 months after annual report was tabled – Section 129(1) of the MFMA)</i>		
	Tabling of the Draft 2018/19 IDP and MTREF <i>(Section 16(2) of MFMA)</i>	Mayor	29 March 2018
	2018/19 Draft IDP and MTREF available to public for comments	Chief Financial Officer	04 April 2018
	Budget Steering Committee meeting	Mayor, Municipal Manager and Directors	11 April 2018
	Submit Draft MTREF and IDP to: National and Provincial Treasuries, Provincial CoGTA and FezileDabi District Municipality	Chief Financial Officer	13 April 2018
	Conduct public hearings and community consultations on Draft IDP and Budget	Political Offices, Ward Councillors and Directors	18 - 26 April 2018
	<i>Submit 2017/18 Third Quarter Performance Report to Council (Section 52 of MFMA)</i>	Mayor and Municipal Manager	30 April 2018
	Responses to submissions made by the public and stakeholders	Mayor, Municipal Manager and Chief Financial Officer	04 May 2018
Approval	Finalization of IDP 2018/19 and MTREF	CFO and Municipal Manager	04 - 18 May 2018
	Council meeting to approve the 2018-19 IDP and MTREF	Mayor	31 May 2018
	Submit the 2018/19 Service Delivery and Budget Implementation Plan (SDBIP) and Performance Agreements to the Mayor	Municipal Manager	08 June 2018
	Submit approved 2018-19 IDP and MTREF to National Treasury, Provincial Treasury and CoGTA	Chief Financial Officer	13 June 2018
	Publish approved IDP and MTREF	Chief Financial Officer	13 June 2018
	Approval of the 2018/19 SDBIP <i>(28 days after budget approval)</i>	Mayor	27 June 2018
	Publish approved SDBIP and signed Performance Agreements <i>(10 working days after SDBIP approval)</i>	Municipal Manager	10 July 2018

Trust you find the above in order

Kind regards



Mr. M. Notsi
Mafube L.M Administrator

2.1 OVERVIEW OF REVIEWED BUDGET RELATED POLICIES

1. Supply Chain Management Policy

Changes were effected to incorporate the PPPFA Regulations.2017 and also CSD and E-tender as part of SCM policy.

2. Standard Infrastructure Procurement and Delivery Management Policy

This policy is being reviewed taking into consideration the recommendations of Provincial Treasury. This policy seeks to bridge the gap between the supply chain management system for general goods and services and that for infrastructure delivery management

3. Inventory Management policy

No changes were effected to this policy

4. Indigent Policy

5. Banking and Investment Policy

6. Budget Transfers and Virement Policy

7. Credit Control and Debt Collection Policy

8. Property Rates Policy

9. Tariff Policy

10. By-law water and electricity

11. Customer Care Policy

All the other revenue management policies were only reviewed without changes.

12. Creditors and Payments Policy

No changes were effected on this policy

13. Petty Cash Policy

No changes were effected on this policy.

14. Subsistence and Travelling Policy

The changes made are in accordance with SARS provisions and are as follows:

- Meals were increased from R 257.00 to R 288.00.
- Incidental costs increased to R 122.00 to R128.00

2.2 2018/19 PROPOSED TARIFFS

TARIFFS, CHARGES AND FEES FOR 2017 / 2018

cpi 3-6 plus % cost

6,00%

1. PROPERTY RATES

Description	2016/17 Zero rated	2017/18 Zero rated	2018/19 Zero rated	2018/19 Zero rated	%
a) Residential property	0,007983581	0,008685338	0,00920646		6,00%
b) Business & industrial properties	0,017930536	0,01950663	0,02067703		6,00%
c) Government property	0,076141666	0,082834518	0,08780459		6,00%
d) Agricultural property	0,000662542	0,00072078	0,00076403		6,00%
Rebates & Subsidies:					
Pensioners earning between R 0.00 - R 3000.00		100%			0,00%
Pensioners earning between R 3001.00 - R 7 000.00		50%			0,00%
Pensioners earning between R 7 001.00 - R 10 000.00		20%			0,00%
The value of rateable valuation rebate on households		50000			

2. WATER

Description	2016/17 Vat Excl.	2017/18 Vat Excl.	2018/19 Vat Excl.	2018/19 In Vat.	%
a) Households:					
First 6kl	7,56	8,23	8,72	10,03	6,00%
Between 6 kl - 30 kl	7,70	8,37	8,88	10,21	6,00%
Between 31kl - 50 kl	9,69	10,54	11,17	12,84	6,00%
Between 51kl - 80 kl	11,72	12,75	13,51	15,54	6,00%
Above 81kl	15,55	16,92	17,93	20,62	6,00%
Basic charge	29,72	32,33	34,27	39,41	6,00%
Deposit	1 072,00	1 170,00	1 240,66		6,04%
Indigent Subsidy (Only 6kl)	7,56	8,23	8,72	10,03	6,00%
New Connections Fee: From 0 - 15 mm	1 044,75	1 136,58	1 204,77	1 385,49	6,00%
New Connections Fee: Greater than 15 mm (>15mm)	cost + 15%	cost + 15%			0,00%
Moving of meters	cost + 15%	cost + 15%			0,00%
Tempering fee	1 131,47	1 230,92	1 304,78	1 500,49	6,00%
Water tanker service (per load)	365,66	397,81	421,67	484,93	6,00%
b) Business and Government:					
First 6kl	11,08	12,05	12,78	14,69	6,00%
Between 6 kl - 30 kl	12,19	13,26	14,05	16,16	6,00%
Between 31kl - 50 kl	14,62	15,91	16,86	19,39	6,00%
Between 51kl - 80 kl	19,01	20,68	21,92	25,21	6,00%
Above 81kl	26,62	28,95	30,69	35,30	6,00%
Re-connection fees	438,80	477,37	506,01	581,91	6,00%
Basic charge	29,72	32,33	34,27	39,41	6,00%
Special tariff for bulk users	11,08	12,05	12,78	14,69	6,00%
Testing of meters - Refundable	438,80	477,37	506,01	581,91	6,00%
Water Deposit Business (Small/Medium)	2 135,00	2 320,00	2 460,07		6,04%
Water Deposit Business (Large)	13 150,00	14 300,00	15 158,03		6,00%
New Connections Fee: from 0 - 15 mm	1 044,75	1 136,58	1 204,77	1 385,49	6,00%
New Connections Fee: greater than 15 mm (>15mm)	cost + 15%	cost + 15%			0,00%
Moving of meters	cost + 15%	cost + 15%			0,00%
Tempering fee	1 131,47	1 230,92	1 304,78	1 500,49	6,00%
Water tanker service (per load)	365,66	397,81	421,67	484,93	6,00%

3. SEWERAGE

Description	2016/17 Vat Excl.	2017/18 Vat Excl.	2018/19 Vat Excl.	2018/19 In Vat.	%
					R
a) Households:					
Charge per month	93,62	101,85	107,96	124,16	6,00%
Indigent Subsidy (people who earn R0 - R2500)	93,62	101,85	107,96	124,16	6,00%
b) Business and Government:					
Charge per month	118,05	128,42	136,13	156,55	6,00%
Bulk	1 069,64	1 163,66	1 233,48	1 418,50	6,00%
Stoppage Per hour	23,75	25,83	27,38	31,49	6,00%
Stoppage After hours	440,14	478,83	507,55	583,69	6,00%
Sewerage blockages on private property	440,14	478,83	507,55	583,69	6,00%
Sunction pump per load (Small)	196,78	214,07	226,92	260,95	6,00%
Suction pump - per load (Medium)	284,12	309,09	327,64	376,78	6,00%
Sunction pump per load (Large)	376,13	409,19	433,74	498,80	6,00%
New connections	994,88	1 082,33	1 147,27	1 319,36	6,00%

4. REFUSE

Description	2016/17 Vat Excl.	2017/18 Vat Excl.	2018/19 Vat Excl.	2018/19 In Vat.	%
					R
a) Households	69,51	75,63	80,16	92,19	6,00%
b) Indigent Subsidy (people who earn R0 - R2500)	69,51	75,63	80,16	92,19	6,00%
c) Business & Government	104,93	114,16	121,01	139,16	6,00%
d) Garden refuse removal -per load	196,75	214,05	226,89	260,92	6,00%
e) Bulk	918,17	998,88	1 058,81	1 217,63	6,00%
f) Refuse bins (additional)	cost + 15%	cost + 15%			0,00%
g) Guest Houses	104,93	114,16	121,01	139,16	6,00%

5. CHURCHES

Description	2016/17 Vat Excl.	2017/18 Vat Excl.	2018/19 Vat Excl.	2018/19 In Vat.	%
With Missions	173,60	188,86	200,19	230,21	6,00%
Without Missions and NGO's	57,87	62,95	66,73	76,74	6,00%

6. GENERAL - TARIFFS

Description	2016/17 Vat Excl.	2017/18 Vat Excl.	2018/19 Vat Excl.	2018/19 In Vat.	%
Interest on arrears: Residents Accounts	Prime Plus 1%	Prime Plus 1%			Prime Plus 1%
Interest on arrears: Business Accounts	Prime Plus 1%	Prime Plus 1%			Prime Plus 1%
Interest on arrears: Government Accounts	Prime Plus 1%	Prime Plus 1%			Prime Plus 1%
R/D cheque fine (per transaction)	385,79	419,70	444,88	511,61	6,00%
Search Fee - per transaction / per property (Deed Search)	53,00	57,89	61,36	70,57	6,00%
Clearance Certificate - each	181,31	197,37	209,21	240,59	6,00%
Valuation Certificate - each	181,31	197,37	209,21	240,59	6,00%
Proof of residence	25,00	25,00	26,50	30,48	6,00%
Proof of residence (indigent)	10,00	10,00	10,60	12,19	6,00%
Sale of Tender Documents:					
Between R 30 000 - R 200 000	106,00	61,40	65,08	74,85	6,00%
Between R200 000 - R499 999	474,57	175,44	185,97	213,86	6,00%
Between R500 000 - R9 999 999	738,23	350,88	371,93	427,72	6,00%

8. MUNICIPAL FACILITIES

Description	2016/17 Vat Excl.	2017/18 Vat Excl.	2018/19 Vat Excl.	2018/19 In Vat.	%
a) Leasing of Flats/Houses No VAT on it:					
People over 60yrs (Tweeling)	602,61	655,58	694,91	799,15	6,00%
People under 60yrs (Tweeling)	1 328,92	1 445,73	1 532,48	1 762,35	6,00%
Leasing of Municipal Houses (Cornelia)	1 218,17	1 325,25	1 404,77	1 615,48	6,00%
b) Parks :					
Per Adult	28,74	26,32	27,90	32,08	6,00%
Per Child	14,36	17,54	18,59	21,38	6,00%
Per car	15,00	17,54	18,59	21,38	6,00%
Khatholoha Park	1 754,39	1 908,77	2 023,30	2 326,79	6,00%
General Dlamini Park	1 754,39	1 908,77	2 023,30	2 326,79	6,00%
Pinky Monaune Park	1 754,39	1 908,77	2 023,30	2 326,79	6,00%
c) Grass Cutting:					
School sites- (Free once a year)	961,50	1 046,02	1 108,78	1 275,10	6,00%
Grass Cutting	383,51	417,22	442,25	508,59	6,00%
d) Plot leasing (per hactre)	265,00	288,29	305,59	351,43	6,00%
e) Auction Mart:					
Frankfort	1 235,96	1 344,60	1 425,28	1 639,07	6,00%
f) Impounding of Animals:					
All Mafube charges	150,45	163,67	173,50	199,52	6,00%
g) Traffic Control					
Escourting of vehicles within Municipal Boundaries	-				
Burials	231,77	252,14	267,27	307,36	6,00%
Abnormal loads	368,83	401,25	425,32	489,12	6,00%
Description	2016/17 Vat Excl.	2017/18 Vat Excl.	2018/19 Vat Excl.	2018/19 In Vat.	%
h) Rentals: Halls - General Public					
Deposit (All halls except Frankfort & Villiers)	535,96	584,00	619,04		6,00%
Frankfort & Villiers Hall - Deposit	1 011,24	1 100,00	1 166,00		6,00%
Halls in Mafube - Hire (except Frankfort & Villiers)	522,38	568,42	602,53	692,90	6,00%
Frankfort & Villiers Hall - Hire	689,94	750,58	795,62	914,96	6,00%
Rentals: Kitchen:					
Halls in Mafube	472,71	514,26	545,12	626,88	6,00%
Frankfort Hall	655,06	712,64	755,40	868,71	6,00%
The Municipal Manager may determine a lower rental for deserving applications on merit.					
i) Other (Vat Excluded)					
Driveways done by Tech Services	1 232,70	1 341,06	1 421,52	1 634,75	6,00%

RECOMMENDATIONS

It is hereby recommended that:

1. The 2018/19 Draft Annual Budget as presented be approved;
2. The 2018/19 Draft Tariffs as presented be approved;
3. The 2018/19 Draft Budget-related policies be approved;