

SCHEDULE A

BUDGET AND SUPPORTING DOCUMENTATION

ANNUAL BUDGET OF

OR TAMBO DISTRICT MUNICIPALITY

2018/2019 TO 2020/2021
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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Abbreviations and Acronyms

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

Part 1 – Annual Budget

1.1 Foreword by the Executive Mayor

1.2 Council Resolutions

On 28 March 2018 the Council of OR Tambo District Municipality met to consider the budget which the Executive Mayor tabled for the draft budget year 2018/2019 for noting and for public participation. The Mayor tabled the budget with following resolutions:

The Executive Mayor recommends to Council that Council:

1.2.1 Notes the tabling of Consolidated Draft Budget for 2018/2019 and the two outer financial years 2019/2020 and 2020/2021 for the subsequent stakeholder public participation on the budget and stakeholder input thereafter. Summary as follows

DESCRIPTION	Budget 2018/2019	Budget 2019/2020	Budget 2020/2021
	(R'000)	(R'000)	(R'000)
TOTAL OPERATING REVENUE	1 470 459	1 561 255	1 663 052
TOTAL OPERATING EXPENDITURE	1 466 109	1 555 470	1 655 831
SURPLUS/(DEFICIT)	4 350	5 785	7 221
TOTAL CAPITAL EXPENDITURE	1 182 690	1 191 331	1 262 191
OVERALL TOTAL BUDGET	2 653 150	2 752 586	2 925 243

The Executive Mayor recommends the council to approve the 2018/2019 budget related policies as follows :

- Budget Policy

- Adjustment budget management policy
- Cash Management and Investment Policy
- Credit Control and Debt Collection Policy
- Funding and Reserves Policy
- Indigent Policy
- Tariff Policy
- Unallocated Deposits Policy
- Virement Policy
- Asset Management Policy
- Supply Chain Management Policy
- Costing Policy

Furthermore the Executive Mayor recommends the council to note tabling of 2018/2019 consolidated budget and two outer years in terms of National Treasury tables A1 to A10 in accordance with section 24(1) to (2) of MFMA for further public participation of stakeholders as follows:

- Table A1 Consolidated Budget Summary
- Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by standard classification)
- Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)
- Table A4 Consolidated Budgeted Financial Performance (revenue by source and expenditure by type)
- Table A5 Consolidated Budgeted Capital Expenditure by municipal vote and standard classification and associated funding by source
- 1.1.1. Table A6 Consolidated Budgeted Financial Position
- 1.1.2. Table A7 Consolidated Budgeted Cash Flows
- 1.1.3. Table A8 Consolidated Cash backed reserves and accumulated surplus reconciliation
- 1.1.4. Table A9 Consolidated Asset management
- 1.1.5. Table A10 Consolidated Basic service delivery measurement

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the District Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The District Municipality as required by section 23, 24 and 25 of Municipal Systems act (act 32 of 2000) undertook a strategic planning session with a sole mandate of developmental oriented planning so as to have a Integrated Developmental plan with implementable strategies and prioritisation of projects in compliance with section 29 of Municipal Systems act (34 of 2000). Alignment of strategic objectives, priorities and budget was undertaken. The draft IDP has been tabled to the council and further consultations with community, IGR structures and other stakeholders have been undertaken.

The District Municipality will be embarking on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Firstly there is development and implementation of by-laws, data cleansing project to ensure the accuracy of billing, full implementation of credit control and debt collection policy. National Treasury's MFMA Circular No. 51 and 54 and 58 and 59, 66, 67 and 70, 72, 74 and 75, 78, 86 were used to guide the compilation of the 2018/2019 MTREF.

The main challenges experienced during the compilation of the 2018/2019 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy resulting in low revenue collection
- Aging and poorly maintained water infrastructure;
- Location of the municipality resulting in subsidising 90per cent of rural households with water without return.
- Water and Sanitation infrastructure backlogs;
- Drought resulting in water source significantly reducing and some dams running dry.
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Increase in demand of water in the bulk infrastructure projects undertaken within the district area by National/Provincial government and local municipalities which requires bulk amounts of water whilst there are no means by municipality to monitor and charge the consumption of that water by that (tarring of N2 and provincial roads and access roads).
- The increased cost of bulk water, 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;
- Increase in ESKOM tariffs
- Anticipated increase in fuel prices;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;

OR Tambo District Municipality 2018/2019 Budget and MTREF

- Funding the renewal of assets through funding depreciation in the operating budget resulting in cutting down on other operating expenditure.
- High cost of delivery of Water to rural communities with no return.
- Compliance with mSCOA requirements

The following budget principles and guidelines directly informed the compilation of the 2018/2019 MTREF:

- The 2017/2018 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were draft as the upper limits for the new baselines for the 2018/2019 annual budget;
- The government theme of “**infrastructure development**”
- Implementation of cost containing measures as per MFMA circular 82
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff increase of 6per cent for residential consumers is affordable and cannot be more. The tariff is not cost reflective due to the nature of the municipality (mostly rural and few are paying customers)
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- “Separation of Power” for the legislative arm where this has been introduced in 2014/2015 budget but not fully capacitated which will require more resources.

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

Table 1 Consolidated Overview of the 2018/2019 MTREF

Description	Current Year 2017/18		2017/18 Medium Term Revenue & Expenditure		
	Original Budget	Adjusted Budget	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Total Revenue (excluding capital transfers and contributions)	1 361 572	1 384 131	1 470 459	1 561 255	1 663 052
Total Expenditure	1 357 869	1 380 625	1 466 109	1 555 470	1 655 831
Surplus/(Deficit)	3 703	3 506	4 350	5 785	7 221
Transfers recognised - capital	1 099 649	1 099 649	1 022 330	1 023 235	1 088 552
Contributions recognised - capital & contributed assets	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	1 103 352	1 103 155	1 026 680	1 029 020	1 095 773

Operating revenue has increased by 6 per cent or R86 million for the 2018/2019 financial year when compared to the 2017/2018 Adjustments Budget this is mainly due to increase in grants received and projected services revenue.

Total operating expenditure for the 2018/2019 financial year has been appropriated at R1,4 billion and translates into a R4.5 million surplus. When compared to the 2017/2018 Adjustments Budget, operational expenditure has increased by 6 per cent for each of the respective outer years of the MTREF. The depreciation has been funded and will enable the municipality to set aside funds that will assist in the renewal of infrastructure assets when the need arises in the years to come. The reserves identified to fund the operations amounted to R180 million for 2018/2019.

The capital budget of R1,2 billion for 2018/2019 is 4 per cent less when compared to the 2017/2018 Adjustment Budget. This decrease is due to the conditional grant allocation decrease, in 2018/2019 MTREF. The municipality is still grant dependant as the conditional grants amounts to 86 per cent of the total capital budget with only 14 per cent as the own internal funding for the assets. The total allocation for MIG for 2018/2019 is R619 million from R645 million in 2017/2018 and is divided into water projects and sanitation projects. Since the sanitation projects are mainly made up of construction of VIP toilets, this does not meet the requirements of an asset as per GRAP. Previously the municipality resolved on recognising the sanitation portion as operating and only the water projects were recognised as capital. Upon introduction of circular 58, this practice has ceased and the whole MIG allocation is recognised as capital.

Items classified as asset renewal are as follows: replacement of pipes, replacement of water meters, refurbishment of boreholes, and refurbishment of water pumps. These form part of capital expenditure as they replace components of infrastructure assets. There were strides to increase the asset renewal by reducing the other operating expenditure items as recommended by National Treasury to increase the Asset Renewal.

Operating Revenue Framework

For O.R. Tambo District Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty and the municipality is in one of poorest regions in South Africa. This is compounded by the increase in VAT to 15% our customer will feel the impact of the increase in the billing.

The expenditure required to address these challenges will inevitably always exceed available funding due to the area the municipality is situated in as the cost of providing water and sanitation services will not be covered by revenue because only 7per cent of consumers of services are able to pay and the 93per cent in rural areas receive the service without paying, this leads to burden of paying for services in the 7per cent who are in urban areas hence difficult to recover cost of providing the services. The municipality amassed a huge debt book which constantly grows per year due to the debt book being incorrect. The municipality is embarking on a data cleansing project where it is discovered that there are areas where they were not billed before, abnormal monthly billing of some customers due to leakages as a result bills to some of the

customers reflects very huge amounts which will not be recovered. There are strategies in place to deal with these challenges. Further there revenue amnesty for consumers where there were incentive by discounting a percentage of old debts if they come forward and pay with strict timelines, this has subsequently lapsed and the municipality will on the drive to recover the outstanding debt after the completion of the data cleansing project.

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

- National Treasury’s guidelines and macroeconomic policy;
- Growth in the District Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 85 per cent annual collections
- All government debts do not go beyond 30 days and businesses debts do not go beyond 60 days aging
- Undertaking of data cleansing project to ensure completeness and accuracy of debt book.
- Increase ability to extend new services and recover costs;
- The municipality’s Indigent Policy and rendering of free basic services; and
- Tariff policies of the District Municipality.
- Embark on drive to increase revenue by piloting a project for billing the rural areas (peri urban) which receive the high standard of services as urban areas.

The following table is a summary of the 2018/2019 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Financial Performance										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	188 615	195 346	206 822	268 583	268 583	268 583	268 583	284 698	307 474	335 147
Investment revenue	17 413	35 170	39 528	25 000	34 000	34 000	34 000	29 350	30 500	33 850
Transfers recognised - operational	1 194 079	1 349 111	1 525 626	735 126	735 126	735 126	735 126	798 523	855 753	927 444
Other own revenue	118 441	144 791	185 176	332 863	346 422	346 422	346 422	357 888	367 528	366 611
Total Revenue (excluding capital transfers and contributions)	1 518 547	1 724 418	1 957 153	1 361 572	1 384 131	1 384 131	1 384 131	1 470 459	1 561 255	1 663 052

Table 3 Percentage growth in revenue by main revenue source

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

OR Tambo District Municipality 2018/2019 Budget and MTREF

As compared to 2017/2018 adjustment budget, the revenue increased by R86 million which is 6 per cent and increases in 2019/2020 by R91 million and R102 million in 2020/2021. This is mainly as a result of increase in government grants (equitable Share) and also projected service charges revenue.

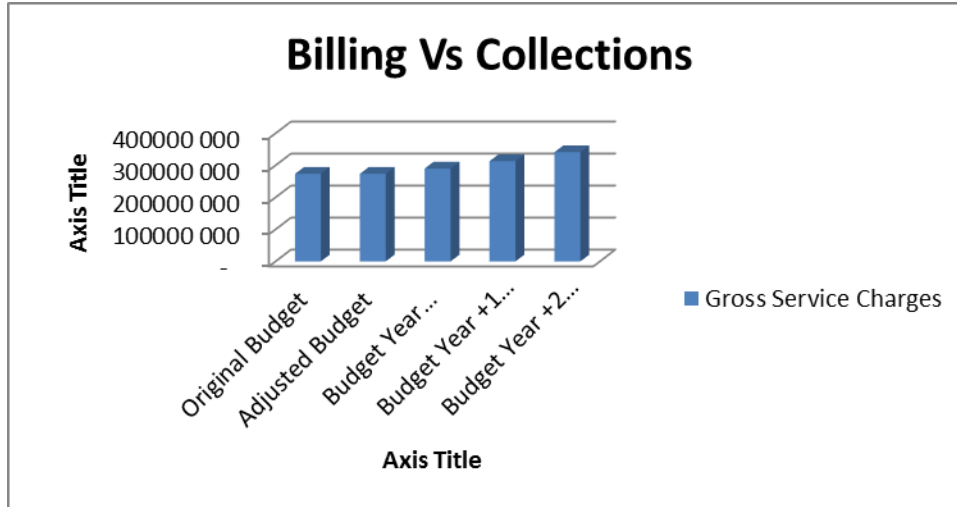
Service Charges

Description	Current Year 2017/18		2018/19 Medium Term Revenue & Expenditure		
	Original Budget	Adjusted Budget	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands					
Service Charges billed	268 583 183	268 583 183	284 698 174	307 474 028	335 146 691
Interest on Debtors	5 000 000	5 000 000	5 300 000	5 618 000	5 955 080
Gross Service Charges	273 583 183	273 583 183	289 998 174	313 092 028	341 101 771
Less : Debt Impariment	(83 337 653)	(83 337 653)	(87 671 211)	(92 493 128)	(97 580 250)
Service Charges to be Collected	190 245 530	190 245 530	202 326 963	220 598 901	243 521 521

The gross revenue for service charges in original equals to R268 million and adjustment budget equals to R268 million relating to 2017/18 with interest on outstanding debtors of R5 million resulting in the gross service charges anticipated to be R273 million in original budget and R273 million in adjustment budget. For the 2018/19 MTREF, the gross revenue for services charges amounts to R289 million, R307 million and R325 million respectively. The anticipated debt impairment for 2018/19 MTREF amounts to R87 million, R46 million and R97 million respectively. Resulting in the anticipated collections being R202 million, R214 million and R228 million being 70per cent in 2018/19, and 70per cent in two outer years collection rate.

The propose tariff increase is 6per cent for residential, 9per cent for business and 12per cent for government during 2018/19. The Tariff policy is attached

Graphic illustration of billing vs. collections budgeted for.



Interest received comprises of interest on investments of R29 million and interest on debtors of R5 million. The interest on investments has been constant from adjustment budget to current year budget for prudence since the economy is projected to worsen due to unstable political climate.

Other own revenue consists mainly of reserves of R180 million, tender fees of R1.1 million,

Operating grants and transfers totals R798 million in the 2018/2019 financial year and increases to R855 million by 2019/2020 and to R927 in 2020/2021. The main item in the operating grants and transfers is the Equitable share amounting to R791 million for 2018/2019, R853 million and R925 million for 2019/2020 and 2020/2021 years respectively.

The organisational structure for BTO has been approved by the council which will address some of the capacity challenges faced by the municipality in collecting the revenue to further increase the revenue base of the municipality in order to decrease the dependency of grants and transfers from the government.

Table 3 Operating Transfers and Grant Receipts

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Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		564 347	631 409	674 226	735 126	735 126	735 126	798 523	855 753	927 444
Local Government Equitable Share		548 919	622 201	669 303	728 270	728 270	728 270	791 526	853 638	925 329
EPWP Incentive		12 994	6 693	3 213	4 811	4 811	4 811	4 882		
Finance Management		1 500	1 575	1 710	2 045	2 045	2 045	2 115	2 115	2 115
Municipal Systems Improvement		934	940	-						
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]										
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	564 347	631 409	674 226	735 126	735 126	735 126	798 523	855 753	927 444

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the district municipality.

The percentage increases of both water purchases from Department of Water Affairs (DWA) are far beyond the mentioned inflation target. Given that this tariff increases are determined by external agencies, the impact they have on the municipality's water rate tariffs and in these tariffs are largely outside the control of the district municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the district municipality's future financial position and viability.

It must also be appreciated that the consumer price index (CPI), as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of water, petrol, diesel, chemicals etc more especially that the petrol price is continuing to increase. The current challenge facing the district municipality in managing the gap between cost drivers and tariffs levied as only 7per cent of consumers are charged for consumption and 93per cent is not charged making it difficult to recover costs and at the same time not increasing the tariffs too much for the 7per cent that are charged.

1.3.1 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

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

Due to the location and the demographics of the district municipality, the challenge is OR Tambo District Municipality is made up of mostly rural areas. This result in municipality having a huge backlog in providing infrastructure for water and sanitation and the construction of infrastructure is mainly on addressing those backlogs in the rural communities. The overall number of households in the district is over 320 080 of which only 7per cent are in the urban areas of whom the revenue for services is received according to the tariffs. Even households that are in the urban areas, the district has to provide subsidies on services (free basic) due to the indigent status of the households. This presents a challenge because, due to the eradication of backlogs, most of the infrastructures assets are constructed in the rural areas where the household do not pay for the services. Resulting in the value of assets reflected in the financial statement located in rural areas. This means the depreciation of R161 million is largely made up of assets that are located in rural areas.

Currently the depreciation is funded and funding of depreciation will assist in better maintenance of infrastructure.

A tariff increase of 6 per cent for households, 9 per cent for business and increase of 12 per cent for governamen from 1 July 2018 for water is proposed. This is based on input cost assumptions of 6 per cent increase in the cost of bulk water by DWA, in addition 6 kℓ water is provided for free to the indigent households.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 4 Proposed Water Tariffs

Kl	Current Tarriff	Proposed Tariff	Proposed Increase
Households			
0 - 6kl	6.41	6.79	6%
7-10kl	6.43	6.82	6%
11-20kl	7.29	7.72	6%
21kl +	9.45	10.02	6%
Business			
0-30kl	11.95	13.03	9%
31-40kl	16.22	17.68	9%
41-50kl	19.00	20.71	9%
51kl +	21.43	23.36	9%
Government			
0-30kl	12.74	14.27	12%
31-40kl	17.30	19.37	12%
41-50kl	20.26	22.70	12%
51kl +	22.86	25.60	12%

Basic charges are as follows

Chategory	Current Tarriff	Proposed Tariff	Proposed Increase
Domestic	43.41	46.01	6%
Business	43.41	47.32	9%
Government	45.05	50.45	12%

1.3.2 Sanitation and Impact of Tariff Increases

A tariff increase of 6 per cent on households, 9 per cent on businesses and 12 per cent on government for sanitation from 1 July 2018 is proposed. This is based on number of units (toilets) the household/business/government has. The tariff is per toilet facility on the household or business and this is tabulated here-under.

Table 4 Proposed sanitation tariffs

OR Tambo District Municipality 2018/2019 Budget and MTREF

Category	Current Tarriff	Proposed Tariff	Proposed Increase
Domestic	73.90	78.33	6%
Business	131.36	143.18	9%
Government	136.31	152.67	12%

1.3.3 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services. This shows that for the household, the average bill for water and sanitation per month for the middle income range amounts to R139. This depends on the consumptions as more the consumption, the more the bill. This is only an average for water and sanitation only as other services are not offers by the district municipality. For Indigent, the subsidy offered per month amount to R138 and also depending on the consumption because, if indigent households consumes more than 6kl, the from 7kl upwards, the household is charged.

Table 5 MBRR 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											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy		37.57	40.95	43.42	46.03	46.03	46.03	6.0%	48.79	52.69	57.96
Water: Consumption		5.95	6.49	6.87	7.29	7.29	7.29	6.0%	7.72	8.34	9.18
Sanitation		63.96	69.72	73.90	78.33	78.33	78.33	6.0%	83.03	89.68	98.64
Refuse removal											
Other											
sub-total		107.48	117.15	124.19	131.65	131.65	131.65	6.0%	139.54	150.71	165.78
VAT on Services											
Total large household bill:		107.48	117.15	124.19	131.65	131.65	131.65	6.0%	139.54	150.71	165.78
% increase/-decrease			9.0%	6.0%	6.0%	-	-	6.0%	8.0%	10.0%	
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy		37.57	40.95	43.42	46.03	46.03	46.03	6.0%	48.79	52.69	57.96
Water: Consumption		5.25	5.72	6.07	6.43	6.43	6.43	6.0%	6.82	7.36	8.10
Sanitation		63.96	69.72	73.90	78.33	78.33	78.33	6.0%	83.03	89.68	98.64
Refuse removal		-	-	-	-	-	-				
Other		-	-	-	-	-	-				
sub-total		106.78	116.39	123.39	130.79	130.79	130.79	6.0%	138.64	149.73	164.70
VAT on Services											
Total small household bill:		106.78	116.39	123.39	130.79	130.79	130.79	6.0%	138.64	149.73	164.70
% increase/-decrease			9.0%	6.0%	6.0%	-	-	6.0%	6.0%	8.0%	10.0%
Monthly Account for Household - 'Indigent'	3										
Household receiving free basic services											
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy		37.57	40.95	43.42	46.03	46.03	46.03	6.0%	48.79	52.69	57.96
Water: Consumption		5.25	5.72	6.07	6.43	6.43	6.43	6.0%	6.82	7.36	8.10
Sanitation		63.96	69.72	73.90	78.33	78.33	78.33	6.0%	83.03	89.68	98.64
Refuse removal											
Other											
sub-total		106.78	116.39	123.39	130.79	130.79	130.79	6.0%	138.64	149.73	164.70
VAT on Services											
Total small household bill:		106.78	116.39	123.39	130.79	130.79	130.79	6.0%	138.64	149.73	164.70
% increase/-decrease			9.0%	6.0%	6.0%	-	-	6.0%	6.0%	8.0%	10.0%

1.3.4 mSCOA Compliance

mSCOA is a multi-dimensional recording and reporting system across seven segments. Function or sub-function (GFS votes structure) Item (asset, liability, revenue, expenditure, etcetera) Funding source (rates, services charges, grants, loans, etcetera), Region (wards, whole municipality, head office), costing. National Treasury introduced the mSCOA in order to standardize and intergrate the municipal activities in order to enhance the comparability, transparency of informantion for better planning, implementation and reporting.

National Treasury requires that the municipalities be able to transact live to mSCOA by 01 July 2017 with the accounting system recognized and accredited by NT. Monthly data strings are generated and uploaded to LG database.

Governance documentation is in place and an mSCOA audit file is maintained. Costing methodology has been developed and a costing policy drafted that was tabled to council in March 2018. Business processes are being develop by the University of Natal. There is a work stream that is working on aligning the Annual financial statements for 17/18 with mSCOA.

Challenges faced in mSCOA

Since mSCOA is a huge reform, there are many areas that totally changed and these are the challenges encountered in implementing mSCOA.

The system could not generate the non-financial data strings but the service provider has since developed these and is currently on site to assist the municipality in these submissions.

Change Management

The reform seeks to integrate all the processes and activities of the municipality forcing intergration and interdependency. Change management is required in order to migrate from a silos mentality to be intergrated. There are some resistances in this change as the IDP and budget is perceived as for the IDP section and the Budget and Treasury office tools.

Handling large volume of data

Quantity of data to be handled, structured and configured resulted in a number of errors identified.

IT related limitations

We had huge challenges on the support of our vendor (BCX) for the mSCOA software. This resulted in some of the modules required being delayed (borrowings and investment). This has also caused the decline in relations to national treasury due to non-submission of documents and data strings.

Futher training on use of new mSCOA compliant system is still required. Replacement of IT equipment (servers, computers etc) that are compatible with the mSCOA system.

1.4 Operating Expenditure Framework

The District Municipality’s expenditure framework for the 2018/2019 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to backlog eradication ;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2018/2019 budget and MTREF (classified per main type of operating expenditure):

Table 6 Summary of operating expenditure by standard classification item

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Employee costs	345 106	393 163	436 823	418 203	417 614	417 614	417 614	533 190	570 951	611 387
Remuneration of councillors	16 458	17 601	17 750	17 589	27 080	27 080	27 080	27 512	29 466	31 558
Depreciation & asset impairment	152 109	156 456	164 456	167 308	161 308	161 308	161 308	162 820	171 812	181 302
Finance charges	1 865	579	6 001	-	-	-	-	85	94	103
Materials and bulk purchases	39 262	118 872	128 718	161 147	154 528	154 528	154 528	133 642	140 999	148 762
Transfers and grants	52 419	122 981	110 011	33 404	37 504	37 504	37 504	101 497	108 688	116 428
Other expenditure	697 288	513 560	625 001	560 218	582 590	582 590	582 590	507 363	533 461	566 291
Total Expenditure	1 304 506	1 323 212	1 488 761	1 357 869	1 380 625	1 380 625	1 380 625	1 466 109	1 555 470	1 655 831

The budgeted allocation for employee related costs for the 2018/2019 financial year totals R533 million, which equals 36 per cent of the total operating expenditure. Norm recommended in MFMA circular 71 is between 25 per cent to 40 per cent. The increase between the adjustment budget and budget under consideration equals to 21 per cent. This is mainly due to the increment of 7.1 per cent being projected and the budgeting for the filling of critical vacant posts, increase in benefits due to employment on permanent basis of temporal workers and the provision for notch adjustment for the expected job evaluation results. An annual increase of 7.1 per cent has been included in 2020/2021.

The district municipality decided to increase the salaries by 7.1 per cent as recommended by circular and 86. It should be noted that the total financial implication could not be determined.

The district municipality undertook the Separations of Powers program where there will be significant increase in the council portfolio committees hence increase in the council remuneration costs and the councillors remunerations are budgeted under the upper limits of public office bearers in grand 5 municipality. The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the district municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 85 per cent. For the 2018/2019 financial year this amount equates to R92 million and increases to R97million by 2020/2021. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management and Accounting Policies. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R162 million for the 2018/2019 financial and equates to 11 per cent of the total operating expenditure.

The depreciation has been funded and this will assist in the renewal of assets in the future should the need arise.

Bulk purchases are directly informed by the purchase of water from DWA. The annual price increases have been factored into the budget appropriations directly inform the revenue provisions. The expenditures include distribution losses and portion of repayment of old debt has been provided for and decrease the creditors.

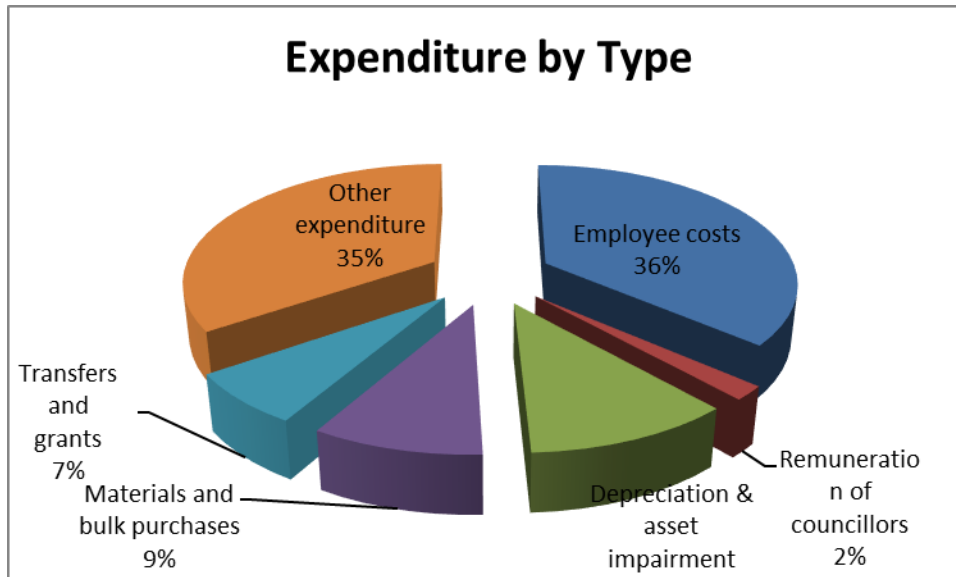
Other materials comprises of amongst others the materials for maintenance, repair of water and sanitation infrastructure and roads, repair of computers, repair of municipal buildings and repair of motor vehicles.

Contracted services expenditure totals R41 million which is made up of contract with the security company and consultants on professional and has escalated by 33 per cent, this is due to escalation of fees in security industry and increase in sites that require security services.

Grants and Transfers are made up of transfers by Ntinga Development Agency to the projects. The expenditure will increase by 7 per cent and 6 per cent in 2019/2020 and 2020/2021 respectively.

Other expenditure comprises of various line items relating to the daily operations of the municipality. **Further detailed list will be provided at the end of this document.**

The following table gives a breakdown of the main expenditure categories for the 2018/2019 financial year.



The chart above indicates the main operational expenditure categories as a percentage of the total budget for the 2018/2019 financial year.

1.4.1 Priority given to repairs and maintenance

During the compilation of the 2018/2019 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the district municipality's infrastructure and historic deferred maintenance. Repairs and maintenance decreased by 5 per cent in the 2018/2019 financial year, from R67 million to R63 million and by 4 per cent in 2019/2020 and increase by 6 per cent in 2020/2021.

The percentage of R&M in relation to Capital Expenditure is 5 per cent. The norm that National Treasury recommends is 8 per cent of repairs and maintenance to capital expenditure. The operating and maintenance includes the items which are classified under the general expenditure and not in the repairs but they form part of the operating and maintenance. The items included in the general expenditure are :

OR Tambo District Municipality 2018/2019 Budget and MTREF

- Water purification chemicals amounting to R13 million
- Electricity on water schemes – R37 million

When the above items which form part of operating and maintenance are included, the total amount of O&M amounts to R112 million which is 9per cent of capital expenditure which is above the recommended norm moreover depreciation of R162 million is budgeted for which sets aside funds for planning for the future maintenance of the infrastructure.

Since MIG is considered capital grant, all the expenditure budgeted for under MIG would form part of capital expenditure even though these don't meet the criteria of capital expenditure. In the district municipality, there are projects that are awarded for the construction of sanitation VIP toilets in the rural areas under MIG. The expenditure is not recognised as capital under GRAP.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 7 Repairs and maintenance per asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										

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Repairs and Maintenance by Asset Class	3	-	-	-	87 597	67 978	68 678	62 812	66 258	69 894
Roads Infrastructure		-	-	-	14 000	8 200	8 200	2 626	2 763	2 907
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	42 448	40 228	40 928	32 395	34 176	36 056
Sanitation Infrastructure		-	-	-	17 820	8 120	8 120	18 747	19 778	20 865
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	74 268	56 548	57 248	53 768	56 717	59 828
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	3 694	3 294	3 294	3 466	3 656	3 857
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	3 694	3 294	3 294	3 466	3 656	3 857
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	1 025	1 025	1 025	1 078	1 138	1 200
Furniture and Office Equipment		-	-	-	1 785	1 785	1 785	1 000	1 055	1 113
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	6 825	5 325	5 325	3 500	3 693	3 896
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-

For the 2018/2019 financial year, 84 per cent or R53 million of total repairs and maintenance will be spent on water and sanitation infrastructure assets. Other assets (computer repairs, building repairs and vehicle repairs) has been allocated R10 million equating to 16 per cent to total repairs.

1.4.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the district municipality's Indigent Policy. The target is to register more indigent households during the 2018/2019 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement

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

Since the district municipality is comprised of deeply rural areas, the large quantities of processed water form part of free basic services as the cost will not be recovered since the access to water in rural communities is mainly use of public taps (minimum service levels).

Out of the households in the district, only 7per cent households live in towns and pay for the services rendered being water and sanitation. Even in the 7per cent there are households that are registered as indigent. Then 93per cent households do not pay for services rendered and form part of free basic services. To eradicate backlogs, projects funded by Municipal Infrastructure Grant (MIG) are mainly constructed in these rural areas and a large portion of water is supplied to the areas leaving only less than 7per cent of total household paying for the water and sanitation. Cost recovery in these circumstances is difficult to maintain and the municipality is constantly reliant on grant funding.

1.5 Capital expenditure

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

Table 8 2018/2019 Medium-term capital budget per vote

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1										
Vote 1 - Exec. & Council		-	-	-	2 000	3 800	3 800	3 800	2 500	3 500	10 000
Vote 2 - Fin. & Admin		11 092	18 727	17 337	72 260	67 672	67 672	67 672	66 812	56 705	53 435
Vote 3 - Planning & Dev		824	336	-	3 600	2 673	2 673	2 673	600	-	-
Vote 4 - Health		-	-	-	1 100	1 100	1 100	1 100	1 100	120	-
Vote 5 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Housing		-	-	-	4 070	3 820	3 820	3 820	4 250	545	45
Vote 7 - Public Safety		-	-	-	3 800	6 500	6 500	6 500	3 600	8 000	8 500
Vote 8 - Sports & Recreation		-	-	-	-	-	-	-	-	-	-
Vote 9 - Environmental		-	-	-	-	-	-	-	3 500	3 000	3 000
Vote 10 - Roads		-	-	-	12 664	-	-	-	34 439	33 113	3 293
Vote 11 - Water		422 376	491 145	791 934	1 151 404	1 152 064	1 152 064	1 152 064	1 065 890	1 086 348	1 183 918
Vote 12 - Tourism		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		434 293	510 208	809 272	1 250 898	1 237 629	1 237 629	1 237 629	1 182 690	1 191 331	1 262 191

For 2018/2019 an amount of R1 billion has been appropriated for the development of infrastructure which represents 86 per cent of the total capital budget which is constant in the outer years. Asset Renewal amount to R70 million, R51 million and R67 million for MTREF which relates to infrastructure,.

Total new assets represent 70 per cent or R1.11 billion of the total capital budget while asset renewal equates to 6 per cent or R70 million. Further detail relating to asset classes and proposed capital expenditure is contained in Table 18 MBRR A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class

Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Municipal Infrastructure Grant - R645 million

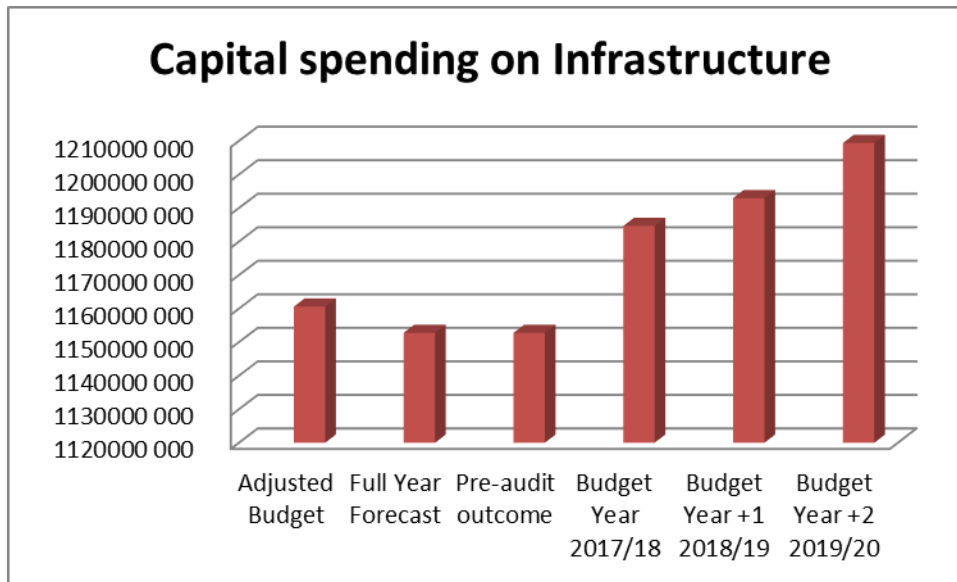
OR Tambo District Municipality 2018/2019 Budget and MTREF

- Regional Bulk Infrastructure Grant - R327 million
- Municipal Water Infrastructure Grant - R124 million
- Buildings - R27 million
- Motor Vehicles - R5 million
- Fire Fighting Equipment - R1 million
- Disaster facilities - R10.8 million
-

Classified under asset renewal

- Refurbishment of Water Schemes - R12 million
- Water Meters - R35 million
- Sewerage Reticulation - R3 million
- Water Pump Stations - R7.6 million
- Maintenance of Pipe Leaks - R6.8 million
- Spring Protection - R6.5 million

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.



Capital Expenditure is funded by

Conditional Grants being:-

- Municipal Infrastructure Grant – R 619 million
- Water Services Infrastructure grant - R 90 million

OR Tambo District Municipality 2018/2019 Budget and MTREF

- Bulk Infrastructure Grant - R309 million
- Rural Roads Asset Management - R 2.9 million

Value Added Tax (VAT)

Refunds of VAT - R160 million

In arriving at the VAT projection, actual outcome received from previous periods form basis of VAT projection and this is not a provision.

1.6 Annual Budget Tables - Consolidation

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2018/2019 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 9 MBRR Table A1 - Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	188 615	195 346	206 822	268 583	268 583	268 583	268 583	284 698	307 474	335 147
Investment revenue	17 413	35 170	39 528	25 000	34 000	34 000	34 000	29 350	30 500	33 850
Transfers recognised - operational	1 194 079	1 349 111	1 525 626	735 126	735 126	735 126	735 126	798 523	855 753	927 444
Other own revenue	118 441	144 791	185 176	332 863	346 422	346 422	346 422	357 888	367 528	366 611
Total Revenue (excluding capital transfers and contributions)	1 518 547	1 724 418	1 957 153	1 361 572	1 384 131	1 384 131	1 384 131	1 470 459	1 561 255	1 663 052
Employee costs	345 106	393 172	436 851	418 203	417 614	417 614	417 614	533 190	570 951	611 387
Remuneration of councillors	16 458	17 701	17 750	17 589	27 080	27 080	27 080	27 512	29 466	31 558
Depreciation & asset impairment	152 109	156 134	164 456	167 308	161 308	161 308	161 308	162 820	171 812	181 302
Finance charges	1 865	579	6 001	-	-	-	-	85	94	103
Materials and bulk purchases	39 262	118 872	128 718	161 147	154 528	154 528	154 528	133 642	140 999	148 762
Transfers and grants	52 419	122 981	110 011	33 404	37 504	37 504	37 504	101 497	108 688	116 428
Other expenditure	697 288	513 773	624 974	560 218	582 590	582 590	582 590	507 363	533 461	566 291
Total Expenditure	1 304 506	1 323 212	1 488 761	1 357 869	1 380 625	1 380 625	1 380 625	1 466 109	1 555 470	1 655 831
Surplus/(Deficit)	214 041	401 206	468 392	3 703	3 506	3 506	3 506	4 350	5 785	7 221
Transfers and subsidies - capital (monetary allocated)	-	-	-	1 099 649	1 099 649	1 099 649	1 099 649	1 022 330	1 023 235	1 088 552
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	214 041	401 206	468 392	1 103 352	1 103 155	1 103 155	1 103 155	1 026 680	1 029 020	1 095 773
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	214 041	401 206	468 392	1 103 352	1 103 155	1 103 155	1 103 155	1 026 680	1 029 020	1 095 773
Capital expenditure & funds sources										
Capital expenditure	434 293	510 208	809 272	1 250 898	1 237 629	1 237 629	1 237 629	1 182 690	1 191 331	1 262 191
Transfers recognised - capital	356 091	481 354	683 123	1 099 649	1 099 649	1 099 649	1 099 649	1 022 330	1 023 235	1 088 552
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	78 202	28 854	126 149	151 249	137 980	137 980	137 980	160 360	168 096	173 639
Total sources of capital funds	434 293	510 208	809 272	1 250 898	1 237 629	1 237 629	1 237 629	1 182 690	1 191 331	1 262 191
Financial position										
Total current assets	493 186	576 192	462 163	925 199	932 271	932 271	932 271	896 436	920 649	930 831
Total non current assets	4 401 136	4 768 381	5 398 654	9 317 447	9 304 178	9 304 178	9 304 178	10 323 967	11 344 509	12 426 476
Total current liabilities	402 531	403 396	403 248	385 569	379 766	379 766	379 766	337 040	352 774	349 150
Total non current liabilities	46 555	54 837	102 837	100	100	100	100	100	100	100
Community wealth/Equity	4 445 236	4 886 340	5 354 732	9 856 977	9 856 584	9 856 584	9 856 584	10 883 264	11 912 284	13 008 057
Cash flows										
Net cash from (used) operating	536 843	616 172	691 071	1 270 660	1 264 145	1 264 145	1 264 145	1 189 585	1 200 926	1 277 178
Net cash from (used) investing	(433 746)	(586 211)	(807 900)	(1 250 898)	(1 237 629)	(1 237 629)	(1 237 629)	(1 182 690)	(1 191 331)	(1 262 191)
Net cash from (used) financing	(664)	(124)	38 775	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	309 312	369 393	291 339	533 218	539 972	539 972	539 972	546 866	556 461	571 448
Cash backing/surplus reconciliation										
Cash and investments available	309 312	369 393	291 339	681 763	688 835	688 835	688 835	707 142	788 239	858 262
Application of cash and investments	233 865	275 891	302 043	191 784	184 689	184 689	184 689	189 795	255 062	303 538
Balance - surplus (shortfall)	75 447	93 502	(10 704)	489 980	504 147	504 147	504 147	517 346	533 177	554 725
Asset management										
Asset register summary (WDV)	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	167 308	161 308	161 308	-	162 000	170 910	180 310
Renewal of Existing Assets	-	-	-	78 563	77 063	77 063	-	70 612	51 330	67 943
Repairs and Maintenance	-	-	-	87 597	67 978	68 678	-	62 812	66 258	69 894
Free services										
Cost of Free Basic Services provided	-	-	-	646 328	646 328	646 328	690 500	690 500	697 198	703 961
Revenue cost of free services provided	-	1 948	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	215	213	212	211	211	211	189	189	187	185
Sanitation/sew erage:	45	37	29	21	21	21	28	28	26	24
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the district municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating has a surplus of R4.5 million in 2018/2019 and R5.7 million and R7.2 million in two outer years respectively over the MTREF
 - b. Capital expenditure is funded by grant transfers and own revenue of which
 - i. 52 per cent (R619 million) is MIG allocation
 - ii. 7.6 per cent (R90 million) is Water Services infrastructure grant
 - iii. 26 per cent (R309 million) is Bulk Infrastructure grant
 - iv. 0.2 per cent (R2.9 million) is rural roads asset management grant
 - v. 13 per cent (R160 million) other assets in capital expenditure are funded by the VAT.
4. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 10 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Functional Classification Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue - Functional	1									
<i>Governance and administration</i>		880 027	998 079	1 094 298	446 319	462 537	462 537	466 026	495 319	526 485
Executive and council		7 072	5 610	-	192 905	207 613	207 613	208 770	221 977	236 033
Finance and administration		872 955	992 469	1 094 298	253 414	254 924	254 924	257 256	273 342	290 451
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		2 758	3 240	-	73 459	75 065	75 065	87 347	93 010	99 047
Community and social services		2 758	-	-	30 094	26 418	26 418	38 994	41 523	44 220
Sport and recreation		-	-	-	7 336	7 091	7 091	7 462	7 908	8 382
Public safety		-	-	-	15 181	19 009	19 009	23 733	25 313	27 001
Housing		-	-	-	13 707	14 926	14 926	13 647	14 537	15 487
Health		-	3 240	-	7 141	7 621	7 621	3 512	3 728	3 957
<i>Economic and environmental services</i>		17 914	61 262	14 182	151 971	145 893	145 893	197 366	205 918	221 105
Planning and development		13 005	58 924	14 182	102 412	99 319	99 319	154 686	160 435	172 633
Road transport		2 363	2 338	-	22 155	16 264	16 264	11 147	11 848	12 593
Environmental protection		2 546	-	-	27 404	30 310	30 310	31 534	33 636	35 879
<i>Trading services</i>		617 848	661 837	849 558	686 162	693 375	693 375	713 832	760 756	809 778
Energy sources		-	-	-	-	-	-	-	-	-
Water management		617 848	661 837	849 558	686 162	693 375	693 375	713 832	760 756	809 778
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	3 661	7 261	7 261	5 888	6 251	6 637
Total Revenue - Functional	2	1 518 547	1 724 418	1 958 038	1 361 572	1 384 131	1 384 131	1 470 459	1 561 255	1 663 052
Expenditure - Functional										
<i>Governance and administration</i>		379 090	350 700	594 546	446 319	462 537	462 537	466 026	495 319	526 485
Executive and council		117 610	143 401	179 746	192 905	207 613	207 613	208 770	221 977	236 033
Finance and administration		261 481	207 298	414 800	253 414	254 924	254 924	257 256	273 342	290 451
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		52 659	52 048	62 683	73 459	75 065	75 065	87 347	93 010	99 047
Community and social services		15 434	11 434	12 636	30 094	26 418	26 418	38 994	41 523	44 220
Sport and recreation		2 513	4 109	5 579	7 336	7 091	7 091	7 462	7 908	8 382
Public safety		24 098	23 716	31 303	15 181	19 009	19 009	23 733	25 313	27 001
Housing		7 200	8 085	8 543	13 707	14 926	14 926	13 647	14 537	15 487
Health		3 414	4 704	4 621	7 141	7 621	7 621	3 512	3 728	3 957
<i>Economic and environmental services</i>		86 871	162 913	126 543	151 971	145 893	145 893	196 516	204 333	218 384
Planning and development		64 346	109 919	79 276	102 412	99 319	99 319	153 836	158 850	169 912
Road transport		5 504	30 926	19 425	22 155	16 264	16 264	11 147	11 848	12 593
Environmental protection		17 021	22 068	27 841	27 404	30 310	30 310	31 534	33 636	35 879
<i>Trading services</i>		784 131	755 363	703 273	682 459	689 869	689 869	710 332	756 556	805 278
Energy sources		-	-	-	-	-	-	-	-	-
Water management		784 131	755 363	703 273	682 459	689 869	689 869	710 332	756 556	805 278
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	1 754	2 187	2 602	3 661	7 261	7 261	5 888	6 251	6 637
Total Expenditure - Functional	3	1 304 506	1 323 212	1 489 647	1 357 869	1 380 625	1 380 625	1 466 109	1 555 470	1 655 831
Surplus/(Deficit) for the year		214 041	401 206	468 392	3 703	3 506	3 506	4 350	5 785	7 221

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

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 12 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
- Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case for Water and Waste water

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functions. As already noted above, the municipality depends on government grants as there is a huge backlog of services, the municipality will be undertaking to endeavour in increasing the revenue collection more especially in water services so as to be able to finance the depreciation of assets and explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.

3.

Table 11 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote										
Vote 1 - Exec. & Council	1	7 072	5 610		192 905	207 613	207 613	208 770	221 977	236 033
Vote 2 - Fin. & Admin		872 955	992 469	1 094 298	253 414	254 924	254 924	257 256	273 342	290 451
Vote 3 - Planning & Dev		13 005	58 924	14 182	102 412	99 319	99 319	154 686	160 435	172 633
Vote 4 - Health			3 240		7 141	7 621	7 621	3 512	3 728	3 957
Vote 5 - Community Services		2 758			14 270	11 244	11 244	13 756	14 637	15 576
Vote 6 - Housing					13 707	14 926	14 926	13 647	14 537	15 487
Vote 7 - Public Safety					31 005	34 183	34 183	48 971	52 199	55 644
Vote 8 - Sports & Recreation					7 336	7 091	7 091	7 462	7 908	8 382
Vote 9 - Environmental		2 546			27 404	30 310	30 310	31 534	33 636	35 879
Vote 10 - Roads		2 363	2 338		22 155	16 264	16 264	11 147	11 848	12 593
Vote 11 - Water		617 848	661 837	848 672	686 162	693 375	693 375	713 832	760 756	809 778
Vote 12 - Tourism					3 661	7 261	7 261	5 888	6 251	6 637
Vote 13 - [NAME OF VOTE 13]										
Vote 14 - [NAME OF VOTE 14]										
Vote 15 - [NAME OF VOTE 15]										
Total Revenue by Vote	2	1 518 547	1 724 418	1 957 153	1 361 572	1 384 131	1 384 131	1 470 459	1 561 255	1 663 052
Expenditure by Vote to be appropriated										
Vote 1 - Exec. & Council	1	117 610	143 401	179 746	192 905	207 613	207 613	208 770	221 977	236 033
Vote 2 - Fin. & Admin		261 481	207 298	414 800	253 414	254 924	254 924	257 256	273 342	290 451
Vote 3 - Planning & Dev		64 346	110 001	79 276	102 412	99 319	99 319	153 836	158 850	169 912
Vote 4 - Health		3 414	4 704	4 621	7 141	7 621	7 621	3 512	3 728	3 957
Vote 5 - Community Services		15 434	11 434	12 636	14 270	11 244	11 244	13 756	14 637	15 576
Vote 6 - Housing		7 200	8 085	8 543	13 707	14 926	14 926	13 647	14 537	15 487
Vote 7 - Public Safety		24 098	23 716	31 303	31 005	34 183	34 183	48 971	52 199	55 644
Vote 8 - Sports & Recreation		2 513	4 109	5 579	7 336	7 091	7 091	7 462	7 908	8 382
Vote 9 - Environmental		17 021	22 068	27 841	27 404	30 310	30 310	31 534	33 636	35 879
Vote 10 - Roads		5 504	30 926	19 425	22 155	16 264	16 264	11 147	11 848	12 593
Vote 11 - Water		784 131	755 363	702 387	682 459	689 869	689 869	710 332	756 556	805 278
Vote 12 - Tourism		1 754	2 187	2 602	3 661	7 261	7 261	5 888	6 251	6 637
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	1 304 506	1 323 294	1 488 761	1 357 869	1 380 625	1 380 625	1 466 109	1 555 470	1 655 831
Surplus/(Deficit) for the year	2	214 041	401 124	468 392	3 703	3 506	3 506	4 350	5 785	7 221

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

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the district municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the water trading services.

Table 12 Surplus/ (Deficit) calculations for the trading services

Description R thousands	Current Year 2017/18		2017/18 Medium Term Revenue & Expenditure		
	Original Budget	Adjusted Budget	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Water					
Revenue (including capital grants and transfers)	1 785 810 969	1 793 023 883	1 736 162 299	1 783 991 097	1 898 330 347
Operating Expenditure	682 458 922	689 868 629	710 332 299	756 556 097	805 278 347
Surplus/(Deficit) for the year	1 103 352 048	1 103 155 254	1 025 830 000	1 027 435 000	1 093 052 000
Percentage Surplus	62%	62%	59%	58%	58%

2. The Water Services trading surplus is 62 per cent in 2017/2018 and in 2018/2019 being 59 per cent and decreased to 58 per cent in two outer years.
3. The surplus on the water account remains relatively constant over the MTREF Table 13

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

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1										
Revenue By Source											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	147 922	156 597	164 031	191 188	191 188	191 188	191 188	199 289	215 232	234 603
Service charges - sanitation revenue	2	39 258	38 749	42 791	77 395	77 395	77 395	77 395	85 409	92 242	100 544
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - other		1 435	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		30	24	35	55	55	55	55	58	61	64
Interest earned - external investments		17 413	32 993	36 425	25 000	34 000	34 000	34 000	29 350	30 500	33 850
Interest earned - outstanding debtors		33 622	42 029	46 914	5 000	5 000	5 000	5 000	5 300	5 618	5 955
Dividends received											
Fines, penalties and forfeits											
Licences and permits											
Agency services		87	88	66							
Transfers and subsidies		1 194 079	1 303 781	1 523 251	735 126	735 126	735 126	735 126	798 523	855 753	927 444
Other revenue	2	84 702	101 176	136 795	327 808	341 367	341 367	341 367	352 530	361 849	360 592
Gains on disposal of PPE			-	-							
Total Revenue (excluding capital transfers and contributions)		1 518 547	1 724 418	1 957 153	1 361 572	1 384 131	1 384 131	1 384 131	1 470 459	1 561 255	1 663 052
Expenditure By Type											
Employee related costs	2	345 106	393 172	436 851	418 203	417 614	417 614	417 614	533 190	570 951	611 387
Remuneration of councillors		16 458	17 701	17 750	17 589	27 080	27 080	27 080	27 512	29 466	31 558
Debt impairment	3	154 081	107 782	147 042	83 338	83 338	83 338	83 338	87 671	92 493	97 580
Depreciation & asset impairment	2	152 109	156 134	164 456	167 308	161 308	161 308	161 308	162 820	171 812	181 302
Finance charges		1 865	579	6 001					85	94	103
Bulk purchases	2	39 262	43 845	42 407	73 550	86 550	86 550	86 550	70 500	74 378	78 468
Other materials	8		75 027	86 311	87 597	67 978	67 978	67 978	63 142	66 621	70 294
Contracted services		21 709	29 036	45 219	20 750	20 750	20 750	20 750	41 764	44 061	46 484
Transfers and subsidies		52 419	122 981	110 011	33 404	37 504	37 504	37 504	101 497	108 688	116 428
Other expenditure	4, 5	521 498	376 955	416 961	456 130	478 503	478 503	478 503	377 928	396 907	422 227
Loss on disposal of PPE			-	15 752							
Total Expenditure		1 304 506	1 323 212	1 488 761	1 357 869	1 380 625	1 380 625	1 380 625	1 466 109	1 555 470	1 655 831
Surplus/(Deficit)		214 041	401 206	468 392	3 703	3 506	3 506	3 506	4 350	5 785	7 221
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6				1 099 649	1 099 649	1 099 649	1 099 649	1 022 330	1 023 235	1 088 552
Transfers and subsidies - capital (in-kind - all)											
Surplus/(Deficit) after capital transfers & contributions		214 041	401 206	468 392	1 103 352	1 103 155	1 103 155	1 103 155	1 026 680	1 029 020	1 095 773
Taxation											
Surplus/(Deficit) after taxation		214 041	401 206	468 392	1 103 352	1 103 155	1 103 155	1 103 155	1 026 680	1 029 020	1 095 773
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		214 041	401 206	468 392	1 103 352	1 103 155	1 103 155	1 103 155	1 026 680	1 029 020	1 095 773
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		214 041	401 206	468 392	1 103 352	1 103 155	1 103 155	1 103 155	1 026 680	1 029 020	1 095 773

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

1. Total revenue is R1.47 billion in 2018/2019 and increase to R1.66 billion by 2020/2021. This represents an increase of 6 per cent for the 2019/2020 financial year and increase R103 million being 6 per cent for the 2020/2021 financial year.
2. Services charges' relating to water and sanitation constitutes the biggest component of the revenue basket of the district municipality totalling R284 million for the 2018/2019 financial year and increasing to R334 million by 2020/2021.
3. Transfers recognised – local government equitable share and other operating grants from national and provincial government.
4. The following graph illustrates the major expenditure items per type.

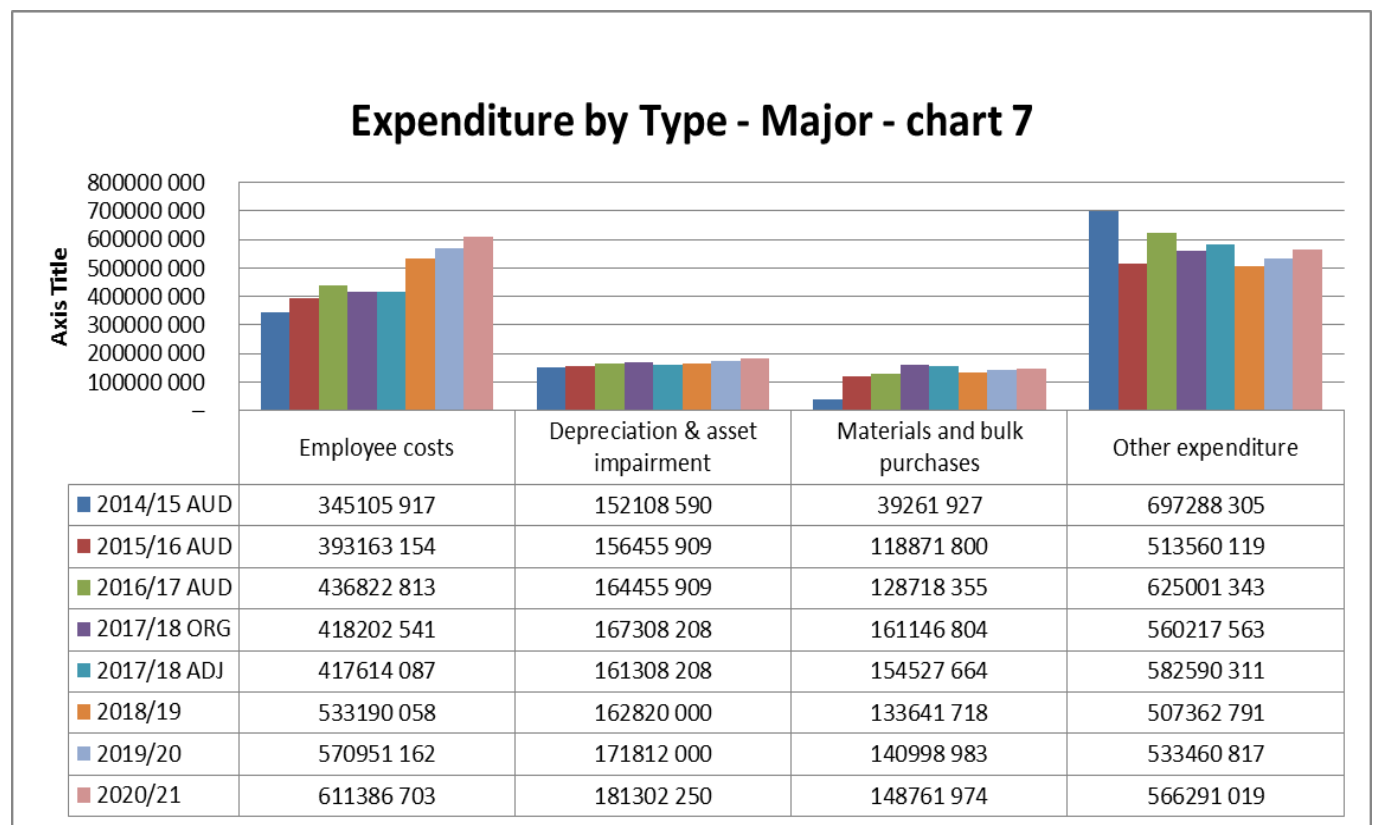


Figure 1 Expenditure by major type

5. Bulk purchases have increased from 2018/2019 to 2019/2020 period from R51 million to R73 million being 4 per cent from 2019/2020 to 2020/2021 respectively. These increases are in line with the tariff increase for bulk water purchases from DWA and repayment of old debt.
6. Employee related costs, bulk purchases, depreciation, are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

When comparing the surplus for the audited outcome for the 2016/2017 financial year with the budget for 2018/19, the actual outcome amounts to R468 million whilst the budget amounts to R4 million. The reason for the difference is due to the classification between GRAP and MBRR. For GRAP, capital revenue is included in the transfer recognised as revenue recognition on the spending of capital grants whilst in MBRR, the actual allocation for the capital transfers is not recognised in the line item for the transfer recognised hence the difference.

Table 14 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Vote 1 - Exec. & Council	1	-	-	-	2 000	3 800	3 800	3 800	2 500	3 500	10 000
Vote 2 - Fin. & Admin		11 092	18 727	17 337	72 260	67 672	67 672	67 672	66 812	56 705	53 435
Vote 3 - Planning & Dev		824	336	-	3 600	2 673	2 673	2 673	600	-	-
Vote 4 - Health		-	-	-	1 100	1 100	1 100	1 100	1 100	120	-
Vote 5 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Housing		-	-	-	4 070	3 820	3 820	3 820	4 250	545	45
Vote 7 - Public Safety		-	-	-	3 800	6 500	6 500	6 500	3 600	8 000	8 500
Vote 8 - Sports & Recreation		-	-	-	-	-	-	-	-	-	-
Vote 9 - Environmental		-	-	-	-	-	-	-	3 500	3 000	3 000
Vote 10 - Roads		-	-	-	12 664	-	-	-	34 439	33 113	3 293
Vote 11 - Water		422 376	491 145	791 934	1 151 404	1 152 064	1 152 064	1 152 064	1 065 890	1 086 348	1 183 918
Vote 12 - Tourism		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		434 293	510 208	809 272	1 250 898	1 237 629	1 237 629	1 237 629	1 182 690	1 191 331	1 262 191

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

1. Table A5 is a breakdown of the capital program in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. Single-year capital expenditure has been appropriated at R1,18 billion for the 2018/2019 financial year and then increases in 2019/2020 to R1.19 billion and in 2020/2021 to R1.26 billion.
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the District Municipality. For the

purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

- The capital programme is funded from capital and provincial grants and transfers being MIG, WSIG and own revenue (VAT).

Table 15 MBRR Table A6 - Budgeted Financial Position

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
ASSETS											
Current assets											
Cash			59 725	105 285	220 000	227 072	227 072	227 072	221 367	333 872	380 150
Call investment deposits	1	309 312	309 668	186 054	461 763	461 763	461 763	461 763	485 775	454 367	478 112
Consumer debtors	1	102 123	102 184	54 602	218 673	218 673	218 673	218 673	163 243	104 926	43 573
Other debtors		65 889	87 904	95 329	4 642	4 642	4 642	4 642	4 884	5 152	5 436
Current portion of long-term receivables					2 400	2 400	2 400	2 400	2 524	2 663	2 810
Inventory	2	15 862	16 711	20 893	17 721	17 721	17 721	17 721	18 643	19 668	20 750
Total current assets		493 186	576 192	462 163	925 199	932 271	932 271	932 271	896 436	920 649	930 831
Non current assets											
Long-term receivables		297	1 198	1 199							
Investments											
Investment property		2 200	2 200	2 200							
Investment in Associate											
Property, plant and equipment	3	4 380 801	4 746 141	5 372 308	9 299 777	9 286 508	9 286 508	9 286 508	10 305 379	11 324 898	12 405 787
Agricultural											
Biological		14 637	16 616	20 955	15 035	15 035	15 035	15 035	15 817	16 687	17 604
Intangible		3 111	2 136	1 902	2 635	2 635	2 635	2 635	2 772	2 924	3 085
Other non-current assets		90	90	90							
Total non current assets		4 401 136	4 768 381	5 398 654	9 317 447	9 304 178	9 304 178	9 304 178	10 323 967	11 344 509	12 426 476
TOTAL ASSETS		4 894 322	5 344 574	5 860 817	10 242 646	10 236 449	10 236 449	10 236 449	11 220 403	12 265 158	13 357 307
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	84	20	-	270	270	270	270	286	303	322
Consumer deposits			2 450	1 605	3 000	3 000	3 000	3 000	3 156	3 330	3 513
Trade and other payables	4	402 447	398 750	399 432	382 299	376 496	376 496	376 496	333 597	349 141	345 316
Provisions			2 176	2 211							
Total current liabilities		402 531	403 396	403 248	385 569	379 766	379 766	379 766	337 040	352 774	349 150
Non current liabilities											
Borrowing		-	-	-	100	100	100	100	100	100	100
Long term liabilities		20	-	38 795							
Provisions		46 534	54 837	64 042	-	-	-	-	-	-	-
Total non current liabilities		46 555	54 837	102 837	100	100	100	100	100	100	100
TOTAL LIABILITIES		449 086	458 234	506 085	385 669	379 866	379 866	379 866	337 140	352 874	349 250
NET ASSETS	5	4 445 236	4 886 340	5 354 732	9 856 977	9 856 584	9 856 584	9 856 584	10 883 264	11 912 284	13 008 057
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		4 445 236	4 886 340	5 354 732	9 856 977	9 856 584	9 856 584	9 856 584	10 883 264	11 912 284	13 008 057
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	4 445 236	4 886 340	5 354 732	9 856 977	9 856 584	9 856 584	9 856 584	10 883 264	11 912 284	13 008 057

Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in

order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. Table 45 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions noncurrent;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 16 MBRR Table A7 - Budgeted Cash Flow Statement

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Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates									-	-	-
Service charges		132 137	138 063	129 549	185 246	185 246	185 246	185 246	197 027	214 981	237 566
Other revenue		175 416	80 400	122 905	327 863	342 988	342 988	342 988	352 588	361 910	360 656
Government - operating	1	815 876	739 552	828 195	735 126	735 126	735 126	735 126	798 523	855 753	927 444
Government - capital	1	356 091	557 033	683 123	1 099 649	1 099 649	1 099 649	1 099 649	1 022 330	1 023 235	1 088 552
Interest		23 928	52 452	57 322	30 000	39 000	39 000	39 000	34 650	36 118	39 805
Dividends					-	-	-	-	-	-	-
Payments											
Suppliers and employees		(964 740)	(827 769)	(1 014 010)	(1 073 819)	(1 100 359)	(1 100 359)	(1 100 359)	(1 114 036)	(1 182 383)	(1 260 417)
Finance charges		(1 865)	(579)	(6 001)	-	-	-	-	-	-	-
Transfers and Grants	1		(122 981)	(110 011)	(33 404)	(37 504)	(37 504)	(37 504)	(101 497)	(108 688)	(116 428)
NET CASH FROM/(USED) OPERATING ACTIVITIES		536 843	616 172	691 071	1 270 660	1 264 145	1 264 145	1 264 145	1 189 585	1 200 926	1 277 178
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			304	539					-	-	-
Proceeds on sale of biological assets		444	294	1 958					-	-	-
Decrease (Increase) in non-current debtors		(180)							-	-	-
Decrease (increase) biological assets		209	401						-	-	-
Decrease (increase) in non-current investments			(901)	(2)					-	-	-
Payments											
Capital assets		(433 469)	(585 887)	(810 077)	(1 250 898)	(1 237 629)	(1 237 629)	(1 237 629)	(1 182 690)	(1 191 331)	(1 262 191)
Biological assets		(751)	(422)	(318)							
NET CASH FROM/(USED) INVESTING ACTIVITIES		(433 746)	(586 211)	(807 900)	(1 250 898)	(1 237 629)	(1 237 629)	(1 237 629)	(1 182 690)	(1 191 331)	(1 262 191)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing				38 795					-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing		(664)	(124)	(20)					-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(664)	(124)	38 775	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		102 433	29 837	(78 054)	19 763	26 517	26 517	26 517	6 895	9 594	14 987
Cash/cash equivalents at the year begin:	2	206 879	339 556	369 393	513 455	513 455	513 455	513 455	539 972	546 866	556 461
Cash/cash equivalents at the year end:	2	309 312	369 393	291 339	533 218	539 972	539 972	539 972	546 866	556 461	571 448

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the District Municipality increased from 2013/14 to 2015/16 period owing directly to a net increase in cash.
4. The approved 2018/2019 MTREF budget provide for a R8 million in cash held.
5. The 2018/2019 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term and shows cash available equivalent to the depreciation which will assist the municipality in asset renewal in future.
6. Cash and cash equivalents totals R521 million as at the end of the 2018/2019 financial year and R560 billion and R643 billion in two outer years.

Table 17 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash and investments available											
Cash/cash equivalents at the year end	1	309 312	369 393	291 339	533 218	539 972	539 972	539 972	546 866	556 461	571 448
Other current investments > 90 days		-	0	(0)	148 545	148 863	148 863	148 863	160 275	231 778	286 814
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		309 312	369 393	291 339	681 763	688 835	688 835	688 835	707 142	788 239	858 262
Application of cash and investments											
Unspent conditional transfers		4 110	9 501	7 230	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	229 755	266 390	294 813	191 784	184 689	184 689	184 689	189 795	255 062	303 538
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		233 865	275 891	302 043	191 784	184 689	184 689	184 689	189 795	255 062	303 538
Surplus(shortfall)		75 447	93 502	(10 704)	489 980	504 147	504 147	504 147	517 346	533 177	554 725

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality’s budget must be “funded”.
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2014/15 to 2016/17 the surplus was from R75 million to deficit of R10 million. The deficit is mainly due to the huge impairment of debtors that was conducted in 2016/17 which reduced the debtors amount and when comparing the debtors to the creditors, there is a R10 million deficit as reflected in the table.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2018/2019 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
7. As can be seen the budget has been modelled to progressively move from actual deficit to surplus of R517 million in 2018/2019 to R554 million in 2020/2021.

Table 18 MBRR Table A9 - Asset Management

OR Tambo District Municipality 2018/2019 Budget and MTREF

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	434 220	510 208	809 272	1 171 735	1 160 216	1 160 216	1 112 079	1 140 001	1 194 248
Roads Infrastructure		10 759	-	-	2 931	2 231	2 231	2 939	3 113	3 293
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		411 617	481 354	791 934	1 096 718	1 096 718	1 096 718	1 019 391	1 020 122	1 085 259
Sanitation Infrastructure		-	-	-	2 468	2 000	2 000	4 596	4 849	10 115
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		422 376	481 354	791 934	1 102 117	1 100 949	1 100 949	1 026 926	1 028 084	1 098 667
Community Facilities		-	-	-	14 800	9 800	9 800	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets					14 800	9 800	9 800			
Heritage Assets						800	800			
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties										
Operational Buildings		-	1 661	199	30 763	18 162	18 162	21 129	50 902	46 479
Housing		-	-	-	3 200	3 200	3 200	3 500	-	-
Other Assets			1 661	199	33 963	21 362	21 362	24 629	50 902	46 479
Biological or Cultivated Assets		751	261							
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	2 600	10 550	10 550	2 651	2 555	2 585
Intangible Assets					2 600	10 550	10 550	2 651	2 555	2 585
Computer Equipment		879	1 561	501	1 835	1 835	1 835	1 450	1 970	2 500
Furniture and Office Equipment		1 526	12 132	8 568	2 285	2 285	2 285	3 000	800	850
Machinery and Equipment		982	4 691	713	8 060	9 060	9 060	45 345	49 691	25 666
Transport Assets		7 705	8 548	7 357	6 075	3 575	3 575	8 078	6 000	17 500
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2				78 563	77 063	77 063	70 612	51 330	67 943
Roads Infrastructure		-	-	-	1 733	1 733	1 733	1 500	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	72 680	67 180	67 180	64 746	39 224	50 584
Sanitation Infrastructure		-	-	-	4 150	8 150	8 150	4 366	12 106	17 359
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure					78 563	77 063	77 063	70 612	51 330	67 943
Community Facilities		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4									
Roads Infrastructure		10 759	-	-	4 664	3 964	3 964	4 439	3 113	3 293
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		411 617	481 354	791 934	1 169 398	1 163 898	1 163 898	1 084 137	1 059 346	1 135 843
Sanitation Infrastructure		-	-	-	6 618	10 150	10 150	8 962	16 954	27 474
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		422 376	481 354	791 934	1 180 679	1 178 012	1 178 012	1 097 537	1 079 413	1 166 610
Community Facilities		-	-	-	14 800	9 800	9 800	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets					14 800	9 800	9 800			
Heritage Assets						800	800			
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties										
Operational Buildings		-	1 661	199	30 763	18 162	18 162	21 129	50 902	46 479
Housing		-	-	-	3 200	3 200	3 200	3 500	-	-
Other Assets			1 661	199	33 963	21 362	21 362	24 629	50 902	46 479
Biological or Cultivated Assets		751	261							
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	2 600	10 550	10 550	2 651	2 555	2 585
Intangible Assets					2 600	10 550	10 550	2 651	2 555	2 585
Computer Equipment		879	1 561	501	1 835	1 835	1 835	1 450	1 970	2 500
Furniture and Office Equipment		1 526	12 132	8 568	2 285	2 285	2 285	3 000	800	850
Machinery and Equipment		982	4 691	713	8 060	9 060	9 060	45 345	49 691	25 666
Transport Assets		7 705	8 548	7 357	6 075	3 575	3 575	8 078	6 000	17 500
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		434 220	510 208	809 272	1 250 298	1 237 279	1 237 279	1 182 690	1 191 331	1 262 191
EXPENDITURE OTHER ITEMS										
Depreciation	7	-	-	-	167 308	161 308	161 308	162 000	170 910	180 310
Repairs and Maintenance by Asset Class	3									
Roads Infrastructure		-	-	-	87 597	67 978	68 678	62 812	66 258	69 894
Storm water Infrastructure		-	-	-	14 000	8 200	8 200	2 626	2 763	2 907
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	42 448	40 228	40 928	32 395	34 176	36 056
Sanitation Infrastructure		-	-	-	17 820	8 120	8 120	18 747	19 778	20 865
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure					74 268	56 548	57 248	53 768	56 717	59 828
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets										
Heritage Assets										
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties										
Operational Buildings		-	-	-	3 694	3 294	3 294	3 466	3 656	3 857
Housing		-	-	-	-	-	-	-	-	-
Other Assets					3 694	3 294	3 294	3 466	3 656	3 857
Biological or Cultivated Assets										
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The district municipality does not meet these recommendations as the district municipality is still having a huge backlog in construction of infrastructure in the rural communities. Bulk of the budget is for construction of new infrastructure.

OR Tambo District Municipality 2018/2019 Budget and MTREF
Table 4 MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Household service targets	1									
Water:										
Piped water inside dwelling		30 770	32 162	33 554	34 946	34 946	34 946	42 489	43 028	43 575
Piped water inside yard (but not in dwelling)		28 764	29 286	29 809	30 331	30 331	30 331	44 176	44 737	45 305
Using public tap (at least min.service level)	2	45 085	46 406	47 727	49 049	49 049	49 049	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	43 959	44 516	45 082
<i>Minimum Service Level and Above sub-total</i>		104 619	107 854	111 090	114 326	114 326	114 326	130 624	132 281	133 962
Using public tap (< min.service level)	3	20 327	19 641	18 954	18 267	18 267	18 267	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	20 062	19 807	19 555
No water supply		194 484	193 835	193 186	192 537	192 537	192 537	169 394	167 242	165 118
<i>Below Minimum Service Level sub-total</i>		214 811	213 476	212 140	210 804	210 804	210 804	189 456	187 049	184 673
Total number of households	5	319 430	321 330	323 230	325 130	325 130	325 130	320 080	319 330	318 635
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		30 770	32 162	33 554	34 946	34 946	34 946	69 348	74 432	79 888
Flush toilet (with septic tank)		20 373	21 408	22 444	23 480	23 480	23 480	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		222 985	230 569	238 152	245 735	245 735	245 735	222 624	218 850	218 961
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		274 128	284 139	294 150	304 161	304 161	304 161	291 972	293 282	298 849
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		45 302	37 191	29 080	20 969	20 969	20 969	28 108	26 048	24 138
<i>Below Minimum Service Level sub-total</i>		45 302	37 191	29 080	20 969	20 969	20 969	28 108	26 048	24 138
Total number of households	5	319 430	321 330	323 230	325 130	325 130	325 130	320 080	319 330	322 987
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Refuse:										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	106 783	106 783	106 783	108 197	109 060	109 942
Sanitation (free minimum level service)		-	-	-	10 097	10 097	10 097	10 195	10 294	10 394
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	646 328	646 328	646 328	483 350	488 038	492 772
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	207 150	209 159	211 188
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		-	-	-	-	-	-	-	-	-
Total cost of FBS provided		-	-	-	646 328	646 328	646 328	690 500	697 198	703 961

Explanatory notes to Table A10 - Basic Service Delivery Measurement

The following tables contain data that is sourced from Statistics SA. The 2010 to 2012 household figures information is extracted from the Stats SA, and the Average percentage and Household increases and decreases from the 2012/2013, the current 2018/2019 to 2020/2021 in Table A10 is extrapolated from it.

The following tables contain data that is sourced from the Water Services Development Plan (WSDP) *DWA National Framework*. The 2017 to 2018 household figures information is extracted from the WSDP data, and the Average percentage and Household increases and decreases in Table A10 is extrapolated from it.

Out of 320 080 households in the district in the 2018/2019 FY, only 7 per cent of households receive a high level of water and sanitation service. This therefore means that 7 per cent of the households in the district are urban in their nature and 93 per cent of the households are rural in nature.

It is estimated that the households will increase from 320 080 to 322 987 in the 2018/2019 MTREF, and 13 per cent of households will be connected with water inside the dwelling.

Service Delivery Standards

Eastern Cape: OR Tambo District Municipality(DC15) - Schedule of Service Delivery Standards Table

Standard	Description	Service Level
Water Service		
	Water Quality rating (Blue/Green/Brown/NO drop)	Blue Drop and No Drop
	Is free water available to all? (All/only to the indigent consumers)	Only to the Indigent Consumer
	Frequency of meter reading? (per month, per year)	Per Month
	Are estimated consumption calculated on actual consumption over (two month's/three month's/longer period)	Two Months
	On average for how long does the municipality use estimates before reverting back to actual readings? (months)	One month
	Duration (hours) before availability of water is restored in cases of service interruption (complete the sub questions)	
	One service connection affected (number of hours)	24 hours
	Up to 5 service connection affected (number of hours)	24 hours
	Up to 20 service connection affected (number of hours)	24 hours
	Feeder pipe larger than 800mm (number of hours)	5 Hours
	What is the average minimum water flow in your municipality?	10l/s
	Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)	Yes
	How long does it take to replace faulty water meters? (days)	5 days
	Do you have a cathodic protection system in place that is operational at this stage? (Yes/No)	No
Sewerage Service		
	Are your purification system effective enough to put water back in to the system after purification?	No
	To what extend do you subsidize your indigent consumers?	100 Percent
	How long does it take to restore sewerage breakages on average	
	Severe overflow? (hours)	5 Hours

Sewer blocked pipes: Large pipes? (Hours)	24 Hours	
Sewer blocked pipes: Small pipes? (Hours)	48 Hours	
Spillage clean-up? (hours)	24 Hours	
Replacement of manhole covers? (Hours)		
Road Infrastructure Services		
Time taken to repair a single pothole on a major road? (Hours)		
Time taken to repair a single pothole on a minor road? (Hours)		
Time taken to repair a road following an open trench service crossing? (Hours)		
Time taken to repair walkways? (Hours)		
Financial Management		
Is there any change in the situation of unauthorised and wasteful expenditure over time? (Decrease/Increase)	Decrease	
Are the financial statement outsources? (Yes/No)	Yes	
Are there Council adopted business process restructuring the flow and management of documentation feeding to Trial Balance?	No	
How long does it take for an Tax/Invoice to be paid from the date it has been received?		30
Is there advance planning from SCM unit linking all departmental plans quarterly and annually including for the next two to three years procurement plans?	no	
Administration		
Reaction time on enquiries and requests?	1-3 mins (call centre)	
Time to respond to a verbal customer enquiry or request? (working days)	< less then day	
Time to respond to a written customer enquiry or request? (working days)	3-5 working days	
Time to resolve a customer enquiry or request? (working days)	1-3 days (fire services)	
What percentage of calls are not answered? (5per cent, 10per cent or more)	< less then 5per cent	
How long does it take to respond to voice mails? (hours)		
Does the municipality have control over locked enquiries? (Yes/No)	Yes	
Is there a reduction in the number of complaints or not? (Yes/No)	Yes	
How long does in take to open an account to a new customer? (1 day/ 2 days/ a week or longer)		
How many times does SCM Unit, CFO's Unit and Technical unit sit to review and resolve SCM process delays other than normal monthly management meetings?		
Community safety and licensing services		
How long does it take to register a vehicle? (minutes)		
How long does it take to renew a vehicle license? (minutes)		
How long does it take to issue a duplicate registration certificate vehicle? (minutes)		
How long does it take to de-register a vehicle? (minutes)		
How long does it take to renew a drivers license? (minutes)		
What is the average reaction time of the fire service to an incident? (minutes)	10 mins urban, 1h35 mins rural depending terrain	
What is the average reaction time of the ambulance service to an incident in the urban area? (minutes)	Provincial competence	

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What is the average reaction time of the ambulance service to an incident in the rural area? (minutes)	
Economic development	
How many economic development projects does the municipality drive?	
How many economic development programme are deemed to be catalytic in creating an enabling environment to unlock key economic growth projects?	
What percentage of the projects have created sustainable job security?	
Does the municipality have any incentive plans in place to create an conducive environment for economic development? (Yes/No)	
Other Service delivery and communication	
Is a information package handed to the new customer? (Yes/No)	Yes
Does the municipality have training or information sessions to inform the community? (Yes/No)	Yes
Are customers treated in a professional and humanly manner? (Yes/No)	Yes

Part 2 – Supporting Documentation

1.7 Overview of the annual budget process

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

The Budget Steering Committee consists of the Municipal Manager and senior officials.

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

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

1.8 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2017) a time schedule that sets out the process to revise the IDP and prepare the budget.

1.9 BUDGET TIME SCHEDULE FOR 2018/2019

Phases	Target/Activity	Role Players Stakeholders	Time Frames	Mechanisms/Tools	Output
Preparation Phase	Development of IDP & Budget Process Plan	IDP manager	Jul 2017	Desktop work	Approved IDP and Budget Process Plan
	Advert for the revival of the IDP and Budget Representative Forum and the IDP and Budget Process Plan (2017/2018)	IDP manager	Jul 2017	Media	
	Adoption of the IDP and Budget Process Plan	Executive Mayor, Senior Management	Aug 2017	Council Meeting	
	Submit Process Plan to the MEC Local Government	IDP Manager	Sep 2017	Courier	
Analysis Phase	First IDP & Budget Rep Forum to present the IDP and Budget Process Plan to Stakeholders	IDP Manager	Sep 2017	Forum	Determine and assess the current level of development and the emerging challenges, opportunities and priority issues.
	Review and document information submitted by Senior Management	IDP Manager	Oct 2017	Desktop work	
	First draft Situational Analysis ready	IDP Manager	Oct 2017	Desktop work	
Strategies Phase	IDP and Budget Steering Committee	Senior Management	Nov 2017	Meeting	Develop Objectives for priority issues and
	Present first draft situational analysis to the	IDP Manager	Nov 2017	Meeting	

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Phases	Target/Activity	Role Players Stakeholders	Time Frames	Mechanisms/Tools	Output
	IDP & Budget Steering Committee and request inputs for the new Municipal Vision, Mission, Strategies & Objectives				determine programmes to achieve strategic intent including the development of the Strategic Scorecard.
	Mayoral Committee to confirm and recommend approval of Situational Analysis, Municipal Vision, Mission, Strategies and Objectives	Executive Mayor	Nov 2017	Meeting	
Projects Phase	Set and agree on IDP priority programmes/projects	Senior Management	Nov – Dec 2017	Meeting	Identifying projects and set outputs & targets
	Senior Management develop draft 2018-2019 SDBIP	Senior Management	Mar 2018	Meeting	
Integration Phase	Senior Management identifying programmes with external stakeholders	Senior Management	Feb – Mar 2018	Meeting	Incorporate programmes and projects into the IDP
	Integration of sector plans and institutional programmes	IDP Manager	Mar 2018	Desktop work	
	Presentation of Draft IDP & Budget to the IDP and Budget Steering Committee and MAYCO	IDP Manager	Mar 2018	Meeting	
	Receive proposed budget from the board of directors of the municipal entity (MFMA S87 (1))	Accounting Officer	Feb 2018		

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Phases	Target/Activity	Role Players Stakeholders	Time Frames	Mechanisms/Tools	Output
Approval Phase	Tabling of the Draft IDP and Budget to Council	Executive Mayor	Mar 2018	Council Meeting	Approved IDP, Budget and SDBIP
	Submission of Draft IDP and Budget to MEC, Treasury and Local Government	IDP Manager	Apr 2018	Courier	
	Invite public comments on Draft IDP and Budget including Outreaches	IDP Manager	Apr – May 2018	Media	
	IDP & Budget Steering Committee considers submissions, representations and recommendations from IDP Outreaches. Executive Mayor be provided with an opportunity to respond to submissions during consultation and table amendments for Council consideration.	ALL	May 2018	Meeting	
	Adoption of final IDP, Budget and Budget related policies	Council	May 2018	Council meeting	Approved SDBIP and
	Submission of final IDP and Budget to MEC, Treasury and Local Government.	IDP Manager	May – Jun 2018	Courier	
	Publication of approved IDP and Budget on	IDP Manager	Jun 2018	Media	

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Phases	Target/Activity	Role Players Stakeholders	Time Frames	Mechanisms/Tools	Output
	website and local newspaper				annual performance agreements
	Finalization and submission of draft 2018-2019 SDBIP and annual performance agreement by Municipal Manager to the Executive Mayor	Municipal Manager	Jun – Jul 2018	Meeting	
	Executive Mayor approves the 2018-2019 SDBIP and annual performance agreements of the Municipal Manager and Senior Managers within 28 days after the approval of the IDP and Budget	Executive Mayor	Jun – July 2018	Meeting	
	Submit the approved SDBIP and performance agreements to MEC, Local Government, Local Government within 14 days after approval.	IDP Manager, Corporate Services Manager	Jul 2018	Courier	
Monitoring and Evaluation	Commence with the compilation of the Annual Report 2016-2017	Senior Management	Jul 2017 – Mar 2018	Desktop work	Compile Annual report
	Quarterly SDBIP performance progress report for first quarter Section 80 Committees, MAYCO and Council	Senior Management	Oct 2017	Desktop work	SDBIP performance reported
	Quarterly SDBIP performance progress report for second quarter,	Senior Management	Jan 2018	Desktop work	SDBIP performance reported

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Phases	Target/Activity	Role Players Stakeholders	Time Frames	Mechanisms/Tools	Output
	Section 80 Committees, MAYCO and Council				
	Mid-year budget and performance assessment MFMA Section 72 (1)(2)(3)	Senior Management	Jan 2018	Management Session	Mid-Term finance and service delivery performance report compliant with MFMA
	Executive Mayor tables the Annual Report 2016-2017 MFMA Section 127 (2)	Executive mayor	Jan 2018	Council meeting	Draft Annual Report
	Executive Mayor tables adjustment budget for approval by Council MFMA Section 28	Executive Mayor	Feb 2018	Council meeting	Approved Adjusted Budget
	Publicise both the Annual Report (invite public inputs into the report – MFMA 127 & MSA section 21A) and the adjustment budget on the municipal website and in local newspapers.	Municipal Manager	Feb – Mar 2018	Media	Annual Report and adjustment budget publicized
	Council to consider and adopt Annual & Oversight Report by end March MFMA Section 129 (1)	Municipal Manager & Executive Mayor	Mar 2018	Council meeting	
	Publicise Annual & Oversight Report, within 7 days of adoption MFMA	Municipal Manager	Apr 2018	Media	

Phases	Target/Activity	Role Players Stakeholders	Time Frames	Mechanisms/Tools	Output
	Section 129(3) & MSA Section 21A				Approved Annual Report & Oversight Report
	Within 7 days of adoption of Annual Report & Oversight Report submit to Provincial Legislature/MEC for Local Government	Municipal Manager	Apr 2018	Courier	
	Quarterly SDBIP performance progress report for third quarter, Section 80 Committees, MAYCO and Council	Senior Management, Executive Mayor	Apr 2018	Desktop work	SDBIP performance report noted
	Quarterly SDBIP performance progress report for fourth quarter, Section 80 Committees, MAYCO and Council	Senior Management, Executive Mayor	Jul 2018	Desktop work	
	Ensure board of Directors of a municipal entity approve the entity's budget after tabling account of any hearing or recommendations by Council (MFMA) (87) 4	Accounting Officer	June 2018		Approved Budget for the Municipal Entity

1

The process was partially followed and not all the process was done at the stipulated timeframes being:

- No review of tariffs in October, the tariffs were first reviewed in February and no consultative processes for tariffs were undertaken in November. Tariffs were only

consulted on when the budget has been tabled and community consultations are undertaken on budget and IDP.

- Budget inputs by departments were only submitted in March 2017

1.1 IDP and Service Delivery and Budget Implementation Plan

This is the draft IDP as drafted by Council in March 2018.

The District Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2018/2019 MTREF, based on the approved 2017/2018 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2018/2019 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2017/2018 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

The Local Government Municipal Systems Act No. 32 of 2000, section 28 stipulates that the Municipal Council must adopt a process to guide the planning, drafting and adoption of its IDP within a prescribed period (10 months before the start of the new financial year as per MFMA 21 (1)). The Local Government Municipal Finance Management Act No. 56 of 2003 (MFMA), section 21 (1) (b) prescribes that the Executive Mayor must table in the Municipal Council a time schedule outlining the key deadlines for the preparation, tabling and approval of the annual budget, annual review of the Integrated Development Plan as well as the budget related policies and related consultative processes.

The main objective of an IDP process plan is to set out a procedure to guide planning, drafting and adoption of the IDP. It seeks to achieve the following: -

- i. To draw up a process that would encourage inclusiveness and transparency by ensuring the following:
 - a) Participation by all local municipalities, other stakeholders and communities is encouraged in every way possible
 - b) Comments and inputs made during the IDP Road Shows and Mayoral and IGR outreach programmes are fully considered in developing the IDP
- ii. To solicit and align development priorities of the O.R. Tambo District Municipality with those of the local municipalities as well as provincial and national sector departments, by looking at the following:
 - a) Aligning the IDP, PMS and Budgeting process to the budgeting cycles of the National and Provincial Government department
 - b) Developing a schedule for critical alignment deadlines to ensure that the district is able to timeously align its planning and budgeting processes to inform those of the national and provincial spheres, thereby increasing the scope for funding commitments.
- iii. To enhance service delivery and development through the following:
 - a) Preparation and review of relevant sector plans.
 - b) Implementation and review of PMS.
 - c) Preparation and adoption of annual municipal budget.
 - d) Alignment of IDP and Budgeting processes with national and provincial planning and budgeting processes.

1.1.1 Community Consultation

The draft 2018/2019 MTREF as tabled before Council on 31 March 2015 for community consultation. Notice of community road shows for different wards will be published in the local newspaper.

Ward Committees will be utilised to facilitate the community consultation process, and included public briefing sessions. The applicable dates and venues will be published in the local and provincial newspapers. Other stakeholders will be involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects will be addressed, and where relevant considered as part of the finalisation of the 2018/2019 MTREF. Feedback and responses to the submissions received is available on request. The following are some of the main issues and concerns raised as well as comments received in consultation processes in previous years:

- Several complaints were received regarding poor service delivery, especially water distribution in rural communities, state of road infrastructure;
- Incomplete pit toilets and poor access to health facilities in rural communities.

- Poor performance of contractors relating to water infrastructure development and maintenance were raised;
- Constant water outages.

These issues will be addressed together with any new that will be raised when the public participation gatherings will be in progress.

The MSA, 2000: Section 17(4) states that participation must take place through the established structures. It must also take place through mechanisms, processes and procedures that exist in terms of the MSA itself or that have been established by the Council. The MSA mentions the ward committees as a vehicle for participation. In addition to ward committees, the council may for instance, establish advisory committees consisting of persons who are not councillors. The mechanisms, processes and procedures mentioned in the MSA must include:

- Procedures to receive and deal with petitions and complaints of the public;
- Procedures to notify the community about important decisions (such as the IDP, service delivery choices etc) and allowing public comment when it is appropriate;
- Public hearings;
- Consultative meetings with recognized community organizations when appropriate, traditional authorities; and
- Report back to the community

These systems must as a minimum measure, be established in every municipality. The special needs of women, illiterate people, physically challenged people, and other disadvantaged groups must be taken into account. Four major functions can be aligned with the public participation process namely; Needs orientation, Appropriateness of solutions, Community ownership and Empowerment.

The following participation mechanisms are proposed:

IDP REPRESENTATIVE FORUM

The IDP Representative Forum is the main organizational mechanism in place for discussion, negotiation and decision-making between stakeholders with the municipal area. It is constituted of Councillors, Mayors and Municipal managers of all constituent municipalities, representative of organised role playing groups, NGO, Senior officials from Government departments and municipal heads of departments. Additional organizations should be encouraged to participate in the Forum throughout the process.

MEDIA

Amongst others the local press will be used to inform the community of the progress with respect to the IDP.

CIRCULATE NOTICE

Notices on the IDP Process (in English and isiXhosa) will be placed at strategic Notice boards: public buildings (e.g. Schools, Clinics, and Tribal/Magistrates Courts etc) and places of religion. Notices can also be attached on the municipal customer's monthly accounts.

WEBSITE AND ELECTRONIC BILLBOARD

Notices on the IDP processes will be published in the O.R. Tambo DM website.

ROADSHOWS

A number of road shows will be conducted in an effort to ensure that the public is actively involved throughout the process. Announcements of the road show programme will have to be made in local and community radio stations and also make use of local newspaper publications.

1.2 Overview of alignment of annual budget with IDP

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

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

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

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

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

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

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

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2018/2019 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 5 IDP Strategic Objectives

2018/2019 Financial Year	2018/2019 MTREF
1. Institutional Transformation and Development	1. Improve workplace and community skills development to ensure capacity to achieve set objectives and sustainable job creation
2. Good governance and public participation	1. Building a coherent district that is responsible, accountable and promote clear governance
3. Financial viability and Management	1. Ensure sound financial management, sustainability, viability of the municipality

4. Improve coordination and intergration of LED programs and enhancing access to LED infrastructure and promoting sustainable community livelyhood	1 Promote economic growth and creating sustainable economic activities through rationalised programmes within a limited natural resources
5. The provision of quality basic services and infrastructure	1. Provide adequate accessible infrastructure and enhancing the community

In order to ensure integrated and focused service delivery between all spheres of government it was important for the District Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Institutional Transformation and Development
 - o Promote workplace and community skills development
 - o Improve institutional systems and structures
 - o Proper Labour relations planning
 - o Review existing organisational structure
2. Good Governance and public participation
 - o Promote transparency and accountability
 - o Promote effective functioning of Inter Governmental Relations (IGR)
 - o Promote Batho Pele principles
3. Financial Viability and Management
 - o Ensure effective financial management planning and budgeting
 - o Develop effective and efficient system of internal controls
 - o Promote transparency in procurement
 - o Achieve optimum revenue collection
4. Fighting poverty, building clean, safe, healthy and sustainable communities
 - o Promote local economic development projects
 - o Provide assistance to local emerging contractors and businesses
5. Provision of quality basic services and infrastructure which includes, amongst others:
 - o Provide water;
 - o Provide sanitation;
 - o Provide housing;
 - o Provide roads and storm water;
 - o Provide public transport;
 - o Provide District Municipality planning services; and
 - o Maintaining the infrastructure of the District Municipality.

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

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

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

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

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

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

The 2018/2019 MTREF has therefore been directly informed by the IDP process and the following tables provide reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

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

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
R thousand													
Providing Access to potable water, and sanitation services and improve the community livelihood	Provide adequate and accessible infrastructure and enhancing the community livelihood			622 969	667 415	848 672	1 881 424	1 884 353	1 884 353	1 834 656	1 888 848	2 009 971	
Improve coordination and intergration of LED programs and enhancing access to LED infrastructure and promoting sustainable community livelihood	Promoting economic growth and creating sustainable economic activities through rationalised programmes within limited natural resources			15 551	58 924	14 182	133 478	136 890	136 890	192 108	200 322	215 149	
Promote workplace skills development	Improve the institutional systems and overall capacity			42	607	410	111 823	112 754	112 754	128 701	136 803	145 422	
Strengthening governance and control environment	Building a coherent district that is responsible, accountable and promote clean governance			7 072	5 610	-	192 905	207 613	207 613	208 770	221 977	236 033	
Financial viability and Management	Ensure sound financial management, sustainability, viability of the municipality			872 913	991 862	1 093 889	141 590	142 170	142 170	128 554	136 539	145 029	
Total Revenue (excluding capital transfers and contributions)				1	1 518 547	1 724 418	1 957 153	2 461 221	2 483 780	2 483 780	2 492 789	2 584 490	2 751 604

Table 21 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
R thousand													
Providing Access to potable water, and sanitation services and improve the community livelihood	Provide adequate and accessible infrastructure and enhancing the community livelihood			842 294	838 337	784 495	778 072	781 198	781 198	808 826	861 413	916 919	
Improve coordination and intergration of LED programs and enhancing access to LED infrastructure and promoting sustainable community livelihood	Promoting economic growth and creating sustainable economic activities through rationalised programmes within limited natural resources			83 122	134 257	109 720	133 478	136 890	136 890	191 258	198 737	212 428	
Promote workplace skills development	Improve the institutional systems and overall capacity			90 182	99 716	129 107	86 621	84 220	84 220	96 180	102 339	108 899	
Strengthening governance and control environment	Building a coherent district that is responsible, accountable and promote clean			165 203	192 572	244 840	218 108	236 147	236 147	290 398	308 501	327 750	
Financial viability and Management	Ensure sound financial management, sustainability, viability of the municipality			123 705	55 834	218 733	141 590	142 170	142 170	79 448	84 480	89 836	
Total Expenditure				1	1 304 506	1 320 717	1 486 894	1 357 869	1 380 625	1 380 625	1 466 109	1 555 470	1 655 831

Table 22 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand												
Providing Access to potable water, and sanitation services and improve the community	Provide adequate and accessible infrastructure and enhancing the community	A		422 376	566 824	791 934	1 173 037	1 163 484	1 163 484	1 109 279	1 128 126	1 195 756
Improve coordination and intergration of LED programs and enhancing access to LED	Promoting economic growth and creating sustainable economic activities through	B		824	336	-	3 600	2 673	2 673	4 100	3 000	3 000
Promote workplance skills development	Improve the institutional systems and overall capacity	C		-	-	-	-	-	-	1 201	1 555	2 085
Strengthening governance and control environment	Building a coherent district that is responsible, accountable and promote clean	D		-	-	-	2 000	3 800	3 800	2 500	3 500	10 000
Financial viability and Management	Ensure sound financial management, sustainability, viability of the municipality	E		11 092	18 727	17 337	72 260	67 672	67 672	65 611	55 150	51 350
Total Capital Expenditure			1	434 293	585 887	809 272	1 250 898	1 237 629	1 237 629	1 182 690	1 191 331	1 262 191

1.3 Measurable performance objectives and indicators

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

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

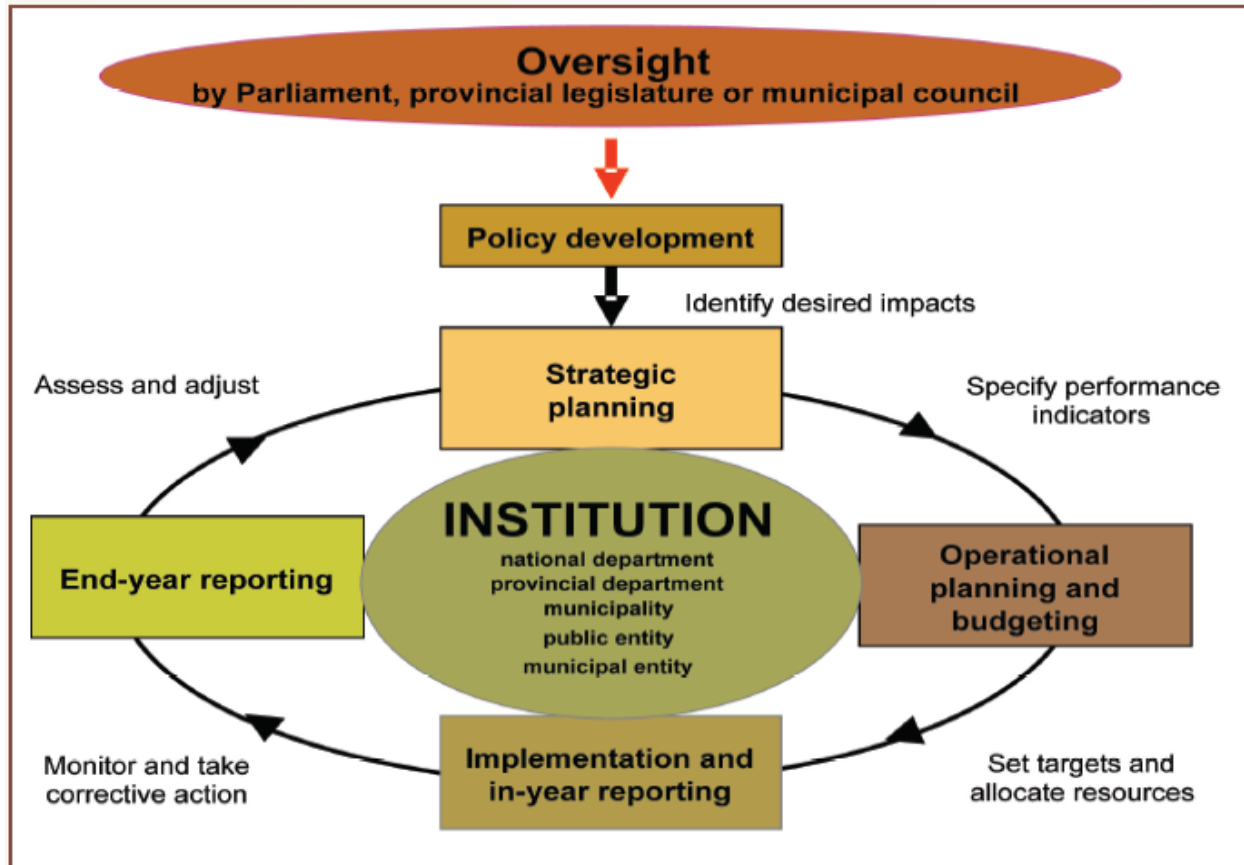


Figure 2 Planning, budgeting and reporting cycle

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

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

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

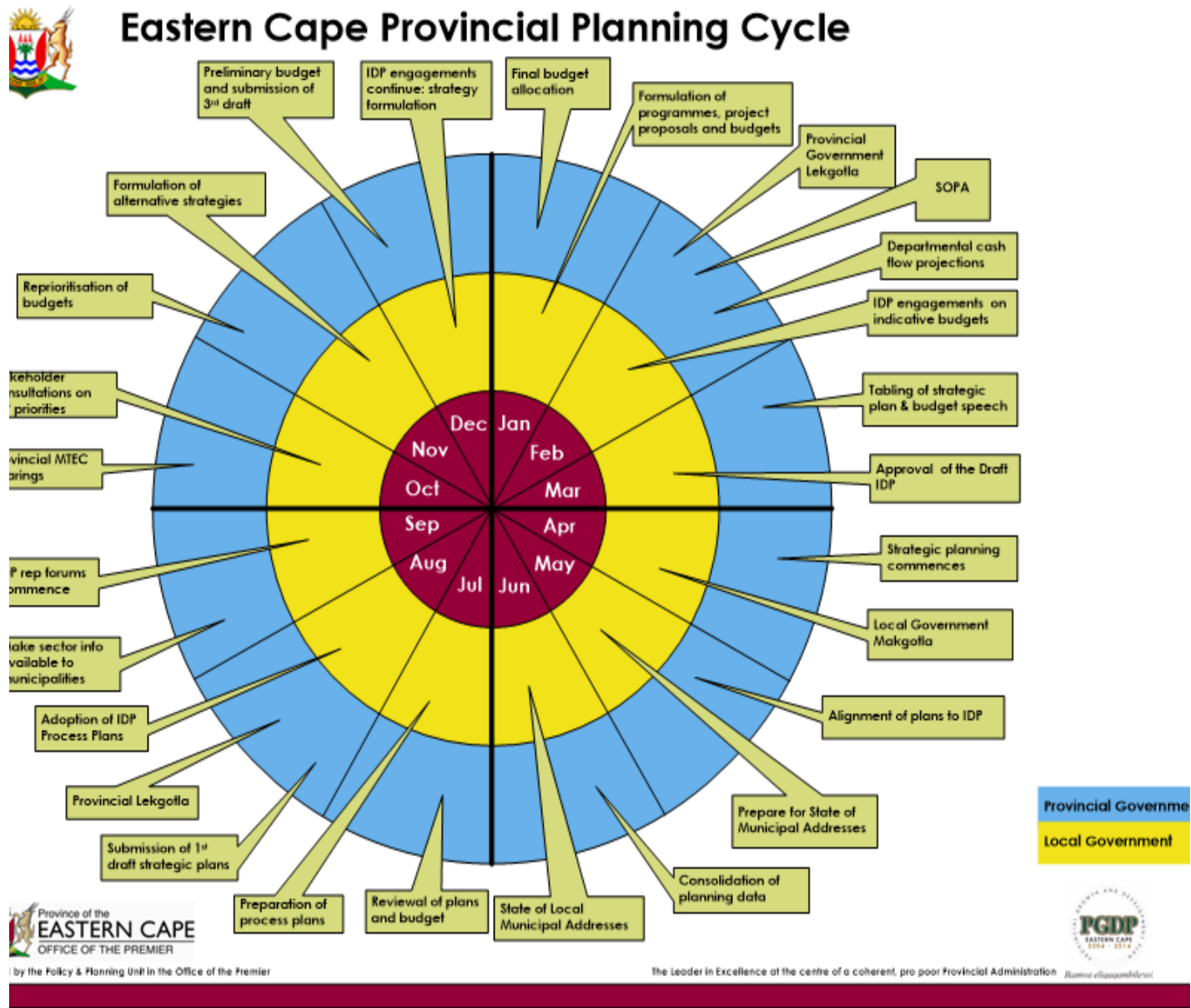


Figure 3 (1) Planning, budgeting and reporting cycle

The planning of the District includes the sector departments within the area which must be aligned with the planning of those sector departments

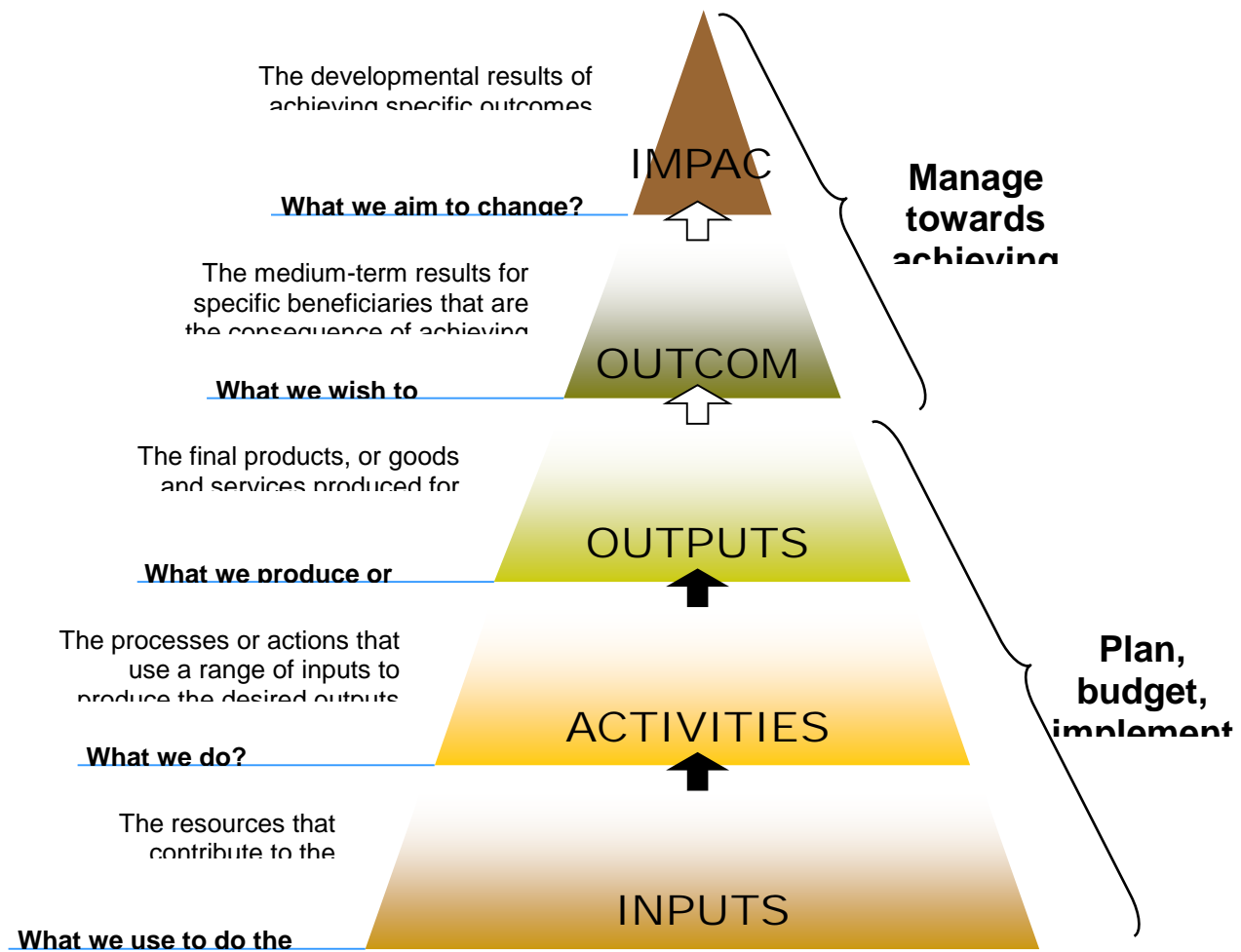


Figure 4 Definition of performance information concepts

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

Table 63 MBRR Table SA7 - Measurable performance objectives

Description	Unit of measurement	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
Vote 1 - vote name	Number of Meetings	14	14	14	14	14	14	14	14	14
Function 1 - (name)	Number of Meetings	4	4	4	4	4	4	4	4	4
Sub-function 1 - (name)										
<i>Insert measure/s description</i>	Number of Meetings	12	12	12	12	12	12	12	12	12
	Number of Meetings	4	4	4	4	4	4	4	4	4

Table 24 MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.2%	0.0%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.8%	0.1%	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0.0%	0.0%	30.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	1.2	1.4	1.1	2.4	2.5	2.5	2.5	2.7	2.6	2.7
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.2	1.4	1.1	2.4	2.5	2.5	2.5	2.7	2.6	2.7
Liquidity Ratio	Monetary Assets/Current Liabilities	0.8	0.9	0.7	1.8	1.8	1.8	1.8	2.1	2.2	2.5
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		70.1%	70.9%	62.6%	69.0%	69.0%	69.0%	69.0%	69.2%	69.9%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		70.1%	70.7%	62.6%	69.0%	69.0%	69.0%	69.0%	69.2%	69.9%	70.9%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	11.1%	11.1%	7.7%	16.6%	16.3%	16.3%	16.3%	11.6%	7.2%	3.1%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		128.8%	105.4%	134.6%	71.7%	69.7%	69.7%	69.7%	61.0%	62.7%	60.4%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)	6 717	6 650	6 517	5 931	5 931	5 931	5 931	5 041	4 285	3 642
	Total Cost of Losses (Rand '000)	21603.141	21387.10959	20959.3674	19073.02433	19	19	19	16	14	12
	% Volume (units purchased and generated less units sold)/units purchased and generated										
		25	24	24	22	22	22	22	18	16	13
Employee costs	Employee costs/(Total Revenue - capital revenue)	22.7%	22.8%	22.3%	30.7%	30.2%	30.2%	30.2%	36.3%	36.6%	36.8%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	23.8%	22.3%	21.9%	32.0%	32.1%	32.1%		38.1%	38.5%	38.7%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	6.4%	4.9%	5.0%		4.3%	4.2%	4.2%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	10.1%	9.1%	8.7%	12.3%	11.7%	11.7%	11.7%	11.1%	11.0%	10.9%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	6.2	7.3	14.4	16.1	16.1	16.1	18.7	18.6	17.7	18.5
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	89.1%	97.3%	72.5%	84.0%	84.0%	84.0%	84.0%	59.9%	36.7%	15.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	4.4	5.1	3.5	7.4	7.3	7.3	7.3	6.3	6.0	5.8

1.3.1 Performance indicators and benchmarks

1.3.1.1 Borrowing Management

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

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. The District Municipality is not intending to borrow funds.

1.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves. During the 2017/2018 financial year the ratio was only 0 per cent of equity and debt utilised to finance assets. Then in 2018/2019 MTREF the ratio is 0 per cent.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. Since the District is not intending to borrow, this ratio is nil since the municipality does not intend to borrow funds.

1.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities. This gives an indication of how much the cash will be able to cover the current liabilities and the best practice is about 3:1. In 2014/15 to 2015/16 the ratio is 1,1:1 which indicates that the municipality is in break even point to cover the current liabilities due to a number of reasons being one of them the poor collection rate on service charges. But in 2017/2018 budget, it is anticipated that the ratio is 2.5:1 due to the decrease in current liabilities and increase in current assets, this decrease was as a result of decrease in accruals but still this is not safe enough as it is in breakeven point. For the 2018/2019 MTREF the current ratio is 2,7:1 this will improve as the collections rate will improve and the cash on hand will increase (largely due to the reserve funds from depreciation) but there is still room for improvement in the area of collections for this ratio to rise and closer to the best practice.

1.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management strategy has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection. Currently the projected collection rate is at 70 per cent for 2017/2018 which is anticipated to be reached. For 2018/2019, anticipated collection rate is 85 per cent. There is a revenue strategy that is planned by 2018/2019 where the consumers will be encouraged to pay their old debts.

1.3.1.5 Creditors Management

- The District Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. Though there are some challenges in payments of contractors for MIG spending due to the process of verification of work done, there are mechanisms in place to address these. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation.
- Other Indicators
- Employee costs being 36 per cent as a percentage of operating revenue is fairly constant over the MTREF. This is due to the increment of 7 per cent and the filling of vacant posts.
- Repairs and Maintenance is significantly lower as the percentage of total property plant and equipment which is 4.3 per cent. This as a result of some items which were reclassified from repairs and maintenance to capital expenditure and other direct costs on operations and maintenance being classified under other expenditure. Even then this is not enough still to address the aging of the infrastructure more especially in towns. Funding the depreciation will assist in asset renewal and replacement.

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

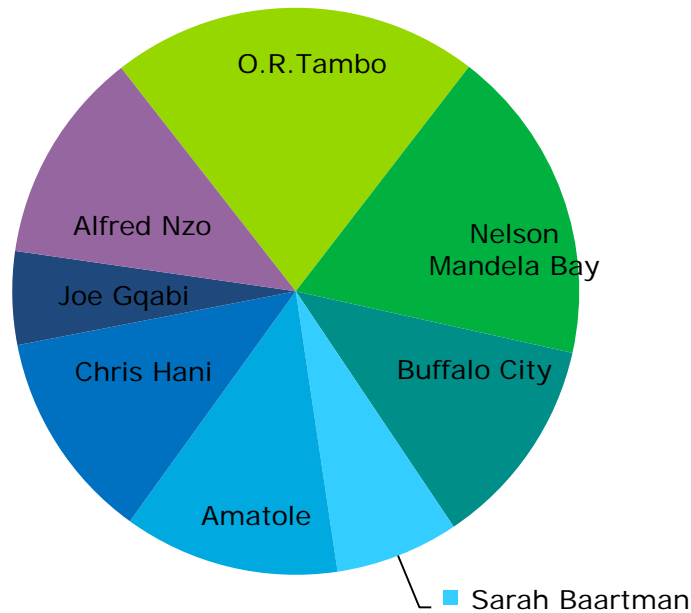
Table 24 a MBRR Table SA9 – Social, Economic and demographic statistics assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2014/15	2015/16	2016/17	Current Year	2018/19 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population			1 677	1 862	1 365	1 977	2 168	2 180	1 490	1 520	1 540	1 550
Females aged 5 - 14			287	264	257	372	408	410	412	415	419	423
Males aged 5 - 14			285	270	260	377	413	415	417	421	425	429
Females aged 15 - 34			234	239	248	360	394	397	400	404	408	412
Males aged 15 - 34			197	220	239	346	379 899.76	382	384	388	392	396
Unemployment			179	66	67	97	107	107	99 613	101	101	102
Monthly household income (no. of households)												
No income	1, 12		9 744	3 133	362	524	575	584	590	650	717	791
R1 - R1 600			36 506	17 227	3 640	5 271	5 783	5 873	5 990	6 607	7 288	8 039
R1 601 - R3 200			118 387	91 695	57 244	50 678	49 157	49 923	50 921	56 171	6 196	68 350
R3 201 - R6 400			63 966	95 960	117 911	170 758	187 321	190 240	194 045	214 051	236 119	260 463
R6 401 - R12 800			14 629	41 606	63 479	91 930	100 847	102 418	104 466	115 236	127 117	140 223
R12 801 - R25 600			8 944	20 181	31 263	45 275	49 667	50 440	51 449	56 753	62 604	69 058
R25 601 - R51 200			3 466	7 396	10 804	15 646	17 164	17 431	17 780	19 613	21 635	23 866
R52 201 - R102 400			3 052	7 569	12 337	17 866	19 599	19 905	20 303	22 396	24 705	27 252
R102 401 - R204 800			1 246	2 718	3 983	5 768	6 328	6 426	6 555	7 231	7 977	8 799
R204 801 - R409 600			712	1 140	1 497	2 168	2 378	2 415	2 463	2 717	2 997	3 306
R409 601 - R819 200			131	274	276	311	320	325	332	366	404	446
> R819 200			15	43	48	54	56	57	58	64	71	78
Poverty profiles (no. of households)												
< R2 060 per household per month	13		9 744	3 133	362	342.80	336.63	308	289.00	271	255	240
Insert description	2		-	-	-	0.00	0.00	-	-	-	-	-
Household/demographics (000)												
Number of people in municipal area			1 676 592	1 441 120	1 364 931	1 977	2 168	2 207	1 490	1 520	1 540	1 550
Number of poor people in municipal area			1 607 878	-	828 500	1 200	1 316	1 293	909 542	854 384	802 608	75 397
Number of households in municipal area			339 294	356 085	298 229	432	474	478	317 221	322 000	326 991	332 059
Number of poor households in municipal area			9 744	3 133	362	1	1	1	291	273	256	240
Definition of poor household (R per month)			R0 - R2544	R0 - R2544	2 544	3 684	4 042	-	2 400	2 647	2 920	3 221
Housing statistics												
Formal	3		297 139	277 085	305 303	314 689	316 129	317 552	138 308	140 452	142 629	144 840
Informal			9 324	5 996	3 274	4 741	5 201	4 816	178 912	178 894	178 876	178 858
Total number of households			306 463	283 081	308 577	319 430	321 330	322 368	-	319 346	321 505	323 698
Dwellings provided by municipally	4		-	-	-	-	-	-	-	-	-	-
Dwellings provided by province/s			-	-	-	-	-	-	-	-	-	-
Dwellings provided by private sector	5		-	-	-	-	-	-	-	-	-	-
Total new housing dwellings			-	-	-	-	-	-	-	-	-	-
Economic												
Inflation/inflation outlook (CPIX)	6					5.6%	4.8%			5.3%	5.4%	5.5%
Interest rate - borrowing						0.0%	0.0%			7.0%	7.2%	7.3%
Interest rate - investment						0.0%	0.0%			7.1%	7.1%	7.1%
Remuneration increases						5.5%	4.4%			6.0%	7.0%	7.0%
Consumption growth (electricity)						0.0%	0.0%					
Consumption growth (water)						0.57%	0.57%					
Collection rates												
Property tax/service charges	7					80.0%	98.0%			100.0%	100.0%	100.0%
Rental of facilities & equipment						6.0%	6.3%			100.0%	100.0%	100.0%
Interest - external investments						10.0%	10.0%			40.0%	40.0%	40.0%
Interest - debtors												
Revenue from agency services												

POPULATION

Population statistics is important when analysing an economy, as the population growth directly and indirectly impacts employment and unemployment, as well as other economic indicators such as economic growth and per capita income. With 1.47 million people, the O.R.Tambo District Municipality housed 2.6% of South Africa's total population in 2016. Between 2006 and 2016 the population growth averaged 0.94% per annum which is close to half than the growth rate of South Africa as a whole (1.54%). Compared to Eastern Cape's average annual growth rate (0.83%), the growth rate in O.R.Tambo's population at 0.94% was very similar than that of the province.

Total population
Eastern Cape Province, 2016



Source: IHS Markit Regional eXplorer version 1181

When compared to other regions, the O.R.Tambo District Municipality accounts for a total population of 1.47 million, or 21.0% of the total population in the Eastern Cape Province, which is the most populous region in the Eastern Cape Province for 2016. The ranking in terms of the size of O.R.Tambo compared to the other regions remained the same between 2006 and 2016. In terms of its share the O.R.Tambo District Municipality was slightly larger in 2016 (21.0%) compared to what it was in 2006 (20.8%). When looking at the average annual growth rate, it is noted that O.R.Tambo ranked fourth (relative to its peers in terms of growth) with an average annual growth rate of 0.9% between 2006 and 2016.

The Ngquza Hill Local Municipality increased the most, in terms of population, with an average annual growth rate of 1.3%, the King Sabata Dalindyebo Local Municipality had the second highest growth in terms of its population, with an average annual growth rate of 1.2%. The Mhlontlo Local Municipality had the lowest average annual growth rate of -0.39% relative to the other within the O.R.Tambo District Municipality.

The population pyramid reflects a projected change in the structure of the population from 2016 and 2021. The differences can be explained as follows:

- In 2016, there is a significantly larger share of young working age people between 20 and 34 (27.5%), compared to what is estimated in 2021 (25.5%). This age category of young working age population will decrease over time.
- The fertility rate in 2021 is estimated to be significantly higher compared to that experienced in 2016.
- The share of children between the ages of 0 to 14 years is projected to be significant smaller (35.9%) in 2021 when compared to 2016 (37.3%).
- In 2016, the female population for the 20 to 34 years age group amounts to 14.3% of the total female population while the male population group for the same age amounts to 13.2% of the total male population. In 2021, the male working age population at 12.5% does not exceed that of the female population working age population at 13.0%, although both are at a lower level compared to 2016.

Population by population group, Gender and Age

The total population of a region is the total number of people within that region measured in the middle of the year. Total population can be categorised according to the population group, as well as the sub-categories of age and gender. The population groups include African, White, Coloured and Asian, where the Asian group includes all people originating from Asia, India and China. The age subcategory divides the population into 5-year cohorts, e.g. 0-4, 5-9, 10-13, etc.

O.R.Tambo District Municipality's male/female split in population was 87.7 males per 100 females in 2016. The O.R.Tambo District Municipality has significantly more females (53.28%) than males, when compared to a typical stable population. This is most probably an area with high male out migration to look for work elsewhere. In total there were 784 000 (53.28%) females and 688 000 (46.72%) males. This is different from the Eastern Cape Province as a whole where the female population counted 3.67 million which constitutes 52.31% of the total population of 7.01 million.

In 2016, the O.R.Tambo District Municipality's population consisted of 99.12% African (1.46 million), 0.18% White (2 720), 0.47% Coloured (6 940) and 0.22% Asian (3 230) people. The largest share of population is within the babies and kids (0-14 years) age category with a total number of 550 000 or 37.3% of the total population. The age category with the second largest number of people is the young working age (25-44 years) age category with a total share of 25.5%, followed by the teenagers and youth (15-24 years) age category with 323 000 people. The age category with the least number of people is the retired / old age (65 years and older) age category with only 78 200 people, as reflected in the population pyramids below.

ECONOMY

The economic state of O.R.Tambo District Municipality is put in perspective by comparing it on a spatial level with its neighbouring district municipalities, Eastern Cape Province and South Africa. The section will also allude to the economic composition and contribution of the regions within O.R.Tambo District Municipality.

The O.R.Tambo District Municipality does not function in isolation from Eastern Cape, South Africa and the world and now, more than ever, it is crucial to have reliable information on its economy for effective planning. Information is needed that will empower the municipality to plan and implement policies that will encourage the social development and economic growth of the people and industries in the municipality respectively.

With a GDP of R 38 billion in 2016 (up from R 16.3 billion in 2006), the O.R.Tambo District Municipality contributed 11.23% to the Eastern Cape Province GDP of R 338 billion in 2016 increasing in the share of the Eastern Cape from 11.47% in 2006. The O.R.Tambo District Municipality contributes 0.87% to the GDP of South Africa which had a total GDP of R 4.35 trillion in 2016 (as measured in nominal or current prices). It's contribution to the national economy stayed similar in importance from 2006 when it contributed 0.89% to South Africa, but it is lower than the peak of 0.92% in 2007.

The O.R.Tambo District Municipality had a total GDP of R 38 billion and in terms of total contribution towards Eastern Cape Province the O.R.Tambo District Municipality ranked third relative to all the regional economies to total Eastern Cape Province GDP. This ranking in terms of size compared to other regions of O.R.Tambo remained the same since 2006. In terms of its share, it was in 2016 (11.2%) slightly smaller compared to what it was in 2006 (11.5%). For the period 2006 to 2016, the average annual growth rate of 1.0% of O.R.Tambo was the sixth relative to its peers in terms of growth in constant 2010 prices.

The table above indicates the statistical demographic information for the district municipality. Based on the census for 2001 and later on the census for 2011 with the projected growing index of 0.97 per cent per annum population growth from 2011 census.

As indicated in the table above total number of people in the municipal area amount to 1.36 million in the 2011 census and out of that number, number of poor people in the municipal area amounted to 828,500 which means 60 per cent of people in the municipal area are poor. This number grew in the subsequent years using the growth index to 1 million poor people out of 1.9 million total population but the percentage remains the same since the same index in both total population and poor people. But this indicated the challenge the municipality has in the expanding its revenue base due to the demographic dynamics.

The district is located in one of the deeply rural areas in the country with nonexistent infrastructure in some of the areas. The district as per 2011 census comprises of close to 308 577 households of which 93 per cent are rural. The rural communities comprising of 93 per cent households receive water and sanitation without paying for them and this forms part of free basic service.

For the 7 per cent in towns social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the District

Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2018/2019 financial year 1600 registered indigent households have been provided for in the budget with this figured expected to increase. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 19 MBRR A10 (Basic Service Delivery Measurement)

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

1.3.3 Providing clean water and managing waste water

The District Municipality is the Water Services Authority for the entire district in terms of the Water Services Act, 1997 and acts as water services provider. The District Municipality source water from dams (DWA) to water pump stations for purification then to consumers. There are other sources of water being boreholes

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

- Decrease of water supply due to drought
- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and
- There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

1.4 Overview of budget related-policies

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

1.4.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in October 2008 is reviewed in 2018/2019 and the Council approved the revised Credit Control Policy as well Tariff policy on the 31 March 2018. The newly revised draft policy is now credible, sustainable, manageable and informed by affordability and value for money that has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions have been included to enhance the lowering of the credit periods for the down payment of debt. In addition emphasis has been placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

The collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the District Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

1.4.2 Supply Chain Management Policy

The Supply Chain Management Policy was draft by Council in December 2005. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on and will be in compliance with the newly revised SCM regulations.

1.4.3 Budget and adjustment budget, Reserves and funding and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the District Municipality's system of delegations incorporating the restrictions of mSCOA segments in the amendments of the budget . The Budget related Policies has been approved by the council when tabling 2018/2019 MTREF.

1.4.4 Cash Management and Investment Policy

The aim of the policy is to ensure that the District Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

1.4.5 Tariff Policies

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

1.5 Overview of budget assumptions

1.5.1 External factors

Domestically, after years of strong growth, during which millions jobs were created, our economy had a CPIX of 5.4 per cent in 2017. Due to the active industrial action in different sectors taking place and mass protests, devaluation of rand to dollar exchange, worsening of country's credit rating (downgrade to junk status), uncertainty on Eskom electricity supply, gloomy political climate (which is slightly improving due to the new executive), drought resulting in potential import of produce, this will have negative impact on the economy in a long run and the loss of jobs will continue to increase as these circumstances prevail with an increase in budgeted deficit for the country not helping. It is expected that recovery from this deterioration will be slow and uneven, and this will be the same for 2018/2019 which is 5.3 per cent and in 2019/2020 and 2020/2021 at 5.4 and 5.5 respectively. The increase in the VAT from 14 per cent to 15 per cent will hit the consumers in many areas resulting in increase of many products which will inevitably reflect negatively in the earnings of the population which is already stretched. The anticipated rise in fuel prices as the crude oil is rising in price. This will likely increase the inflation.

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

1.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2018/2019 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on District Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 36 per cent of total operating expenditure in the 2018/2019 MTREF and a budgeted increment of 8 per cent, and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

1.5.3 Collection rate for revenue services

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

The rate of revenue collection is currently expressed as a percentage (69 per cent) of annual billings. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

1.5.4 Growth or decline in tax base of the municipality

Due to the location of the District Municipality which is situated in one of the poorest provinces in the country, even then in one to the poorest regions the tax base will both grow and decline as in towns, there is a potential for growth due to increase in job creation projects whilst in rural areas, the tax base will decrease as the municipality have to subsidise services without revenue.

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

1.5.5 Salary increases

The overall salary increases is projected at 7.1 per cent, as guided by MFMA Circular 86 provision for outcome of wage negotiations.

1.5.6 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

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

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

2.5.7 VAT Refunds

The municipality is registered on cash basis. Receipt of grants is zero rated and does not attract output vat. Main component of refund is the spending on the MIG grant. The municipality ensures that the service providers for the spending of MIG are VAT registered so as to be able to claim the VAT. VAT refund funds the capital expenditure of the district. Therefore it is assumed that the amount projected will be fully collected.

2.5.8 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of 100 per cent is achieved on operating expenditure and on the capital programme for the 2018/2019 MTREF of which performance has been factored into the cash flow budget

2.5.9 Departmental Budget narrative

Water Services

Human Settlement

CONFERENCE FEES

The funds are budgeted for attendance to Human Settlements development conferences that officials and Portfolio Head for Human Settlements must attend.

PROTECTIVE CLOTHING

The money will be used for protective clothing for officials such as building inspectors on sites as per Health and Safety regulations.

COMMUNITY TRAINING

The department is currently developing a business plan with a purpose of attaining projects to implement them through different housing subsidy instruments. Communities will be trained on different housing instruments and qualification criteria in order for them to understand Human Settlements policies when applying for a housing subsidy. In areas where there is a housing project being implemented these funds will be also used in training communities on building,

carpentry, plastering etc. The training will be conducted by Accredited Service providers with the officials from the DM and the Regional Office of Human Settlements.

SUBSISTENCE TRAVELLING

This will be used for travelling expenses and booking for officials and the Portfolio Head. The travelling relates to Human Settlement development e.g. monitoring of projects, filling of beneficiary subsidy forms, attending conferences, workshops and meetings etc.

LAUNCHES – HOUSING PROJECTS

There are preparations for project launches events to take place in all 5 Local Municipalities for social relief houses that are being constructed and to be handed over to beneficiaries.

HOUSING FORUMS

The department convenes Human Settlements forums quarterly which are organised to deal with Human Settlement matter for the region in consultation with all the five local municipalities. Other departments also participate and government departments are also invited when there is a need. The meetings are chaired by the Portfolio Head for Human Settlement

GRANT ADHOC HOUSING

The funds will be used to enhance housing development in areas where houses are constructed for special cases as identified by the Local Municipalities in areas where destitute programme will be implemented.

EQUIPMENT AND LABORATORY FEES

The budget will be used to buy things like cameras, tools for testing of building material where quality is suspected not to conform to the norms and standards.

DISTRICT HOUSING DEVELOPMENT STRATEGY

The budget will be used for payment of a service provider appointed for development of this policy document.

HOUSING SOCIAL RELIEF PROGRAMME

The program is meant to assist destitute families in the O R Tambo region by providing them with adequate housing with basic level of services. The funding will be used for building houses for people identified as special cases in all 5 local municipalities of the DM. It is important that in the program provincial norms and standards be adhered to as the DM is requested to finance the program where upon completion of the houses the provincial department is expected to refund .The fund is aimed at constructing more houses through this fund together with the funding from E.P.W.P to assist top up in the program, so as to have an incremental system of construction.

Corporate Services

The HR Services budget is used for

- Organisational Structure Review
- Job Evaluation
- Staff Provisioning
- Conditions of Service
- Skills Development and Training
- Employee Wellness
- Labour Relations

The ICT Management budget is used for

- Procurement, installation, support and maintenance of ICT Infrastructure
- Development, installation, support and maintenance of Information Systems

The Security Services budget is used for

- Procurement, installation, monitoring and maintenance of Security systems

The GIS Service budget is used for

- Procurement, installation, support and maintenance of Spatial and Geographic Information Systems

The Records and Auxiliary services budget is used for

- Procurement, installation, support and maintenance of records management and archiving systems

Office of the Executive Mayor

This is a summarized narrative intended to highlight the significance of allocating reasonable share of the Municipal budget to the Executive Mayoral Services. The narrative is meant to firstly acknowledge the reasoning by National Treasury, that massive budget of the municipality must

be directed to the core business of the municipality, i.e. water and sanitation. Notwithstanding the above highlighted demand, it is also imperative to note that as the sphere of government, the political leadership of the municipality has a socio- economic responsibility to reach out to the inhabitants of the District. The Executive Mayoral Services has therefore flagship programmes that are championed by the Executive Mayor such as One tree one Child and One home one food garden. Within the office of the Executive Mayor there is also a Special Programmes Unit, which is a constitutional responsibility of the District Municipality to care for the vulnerable groups within the District Municipality. The presentation will begin by highlighting the importance of funding programmes under Special Programmes Unit and further elaborate the significance of reasonable funding to the Mayoral Flagship programmes.

1. Special Programmes Unit Reason for Existence and Mandate

The existence of the Special Programmes is based on Chapter 9 of the Constitution of the Republic of South Africa (1996), White Paper on Local Government (1998) and other many pieces of legislations and government policies that promote the wellbeing of all vulnerable population groups. The mandate of the Special Programmes Unit is to spearhead the mainstreaming of all programmes aimed at improving the lives of vulnerable groups (youth, women, children, people with disabilities and elderly) in order to ensure that the District Municipality complies with the constitution of South Africa, Bill of Rights, policies and other pieces of legislations. This includes the implementation of intervention programmes in collaboration with other stakeholders. Mainstreaming is the core function for Special Programmes.

2. Legislative obligation

2.1 The White Paper on Developmental Local Government (1998)

Section B (1) of The White Paper on Developmental Local Government (1998) states that “developmental Local Government is local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material

needs and improve their quality of life". These groups include women, youth, disabled persons and children.

Some of the important specific policies that demand local government focus on previously disadvantaged population groups include Disability Framework for Local Government (2009), Youth Development Framework for Local Government (2009) and Gender Policy Framework for Local Government.

2.2 Municipal Systems Act (Act No. 32 of 2000)

Chapter 4 of the Local Government Municipal Systems Act (Act No. 32 of 2000) provides for the development of a culture of participatory governance. Municipalities are encouraged to create conditions for local communities to participate in their affairs

2.3 Mainstreaming and budget

In local government Special Programmes Units has a responsibility of ensuring that needs of vulnerable groups (youth, children, women, people with disabilities and elderly) are consciously mainstreamed in the strategic and operational plans of the municipalities. The policies define mainstreaming as a process that entails setting up appropriate mechanisms for vulnerable groups' participation in policy making and Local Government planning, monitoring and reporting. Mainstreaming consists of two levels: ***External mainstreaming*** that begins with all spheres of government developing and implementing vulnerable groups friendly policies and strategies, setting out clear targets and budgets for vulnerable groups within their budgetary and programmatic activities. ***Internal mainstreaming*** is a second level which requires that every line department within a municipality takes into account the issues affecting vulnerable groups needs in communities within municipal areas and further make sure that the budget is available to address their prioritised needs.

3. Poverty relief programmes and flagship programmes

The OR Tambo is classified as a Category C2 municipality, indicating a largely rural character and low urbanisation rate. The district is heavily reliant on the government and community services sector for formal employment. The O.R.Tambo District has a low economy, high levels of poverty, underdevelopment and infrastructure backlogs as well as heavy reliance on government grants.

The Development priorities of the district are accordingly directed at four areas: Alleviation of poverty and high levels of unemployment that contributes to the high crime rate; Access to basic services, housing and social infrastructure, especially in rural areas The O.R.Tambo District also claims a comparatively high proportion of child-headed households, and below average access to education and particularly health services and professionals. The District has a high HIV prevalence rate in the Province, with 29.20per cent of residents infected.

O.R. Tambo has a poor skills base with low literacy rate. The ratio of women to men, at 1.18, reflects a higher presence of women in the area and the overwhelming majority (82.17per cent) of the population is living in poverty and the unemployment rate stands at about 70.per cent.

4. Eradication of poverty in the District

Poverty Relief is a Mayoral Flagship programme which was established to alleviate poverty and to change the lives of distressed people of O.R. Tambo District. The programme has got three segments i.e. One Home One Food Garden, including hydroponic tunnels situated at Walter Sisulu University, Zamukulungisa campus- Mthatha, One Tree One Child and Cleaning and Greening

There is a set of statutory prescripts that mandate the District Municipality to prioritise poverty relief programmes and they are the following,

- O.R.Tambo District Municipality Council resolution.
- United Nations Development Goals, Goal 1
- Local Government Municipal System Act 32 of 2000
- National Anti- Poverty Strategy

- National Council on Poverty

5. Flagship programmes

5.1 ONE HOME ONE FOOD GARDEN

The aim of this programme is to support vulnerable households with vegetable seedlings, fertilisers and necessary gardening tools. 600 households have already benefited from the programme across all O.R.Tambo DM local municipalities. The target beneficiaries for the programme are the elderly, child headed households, HIV/Aids infected, women and generally needy households. There are also hydroponic tunnels placed at WSU that are also under revamp to ensure that the District is able to propagate its own seedlings for quicker and reliable supply to our beneficiaries.

5.2 ONE TREE ONE CHILD

Climate change has been identified as one of the most pressing challenges of our time. The District Municipality has a responsibility to protect its citizens and the inhabitants at large and well as protecting O.R. Tambo environment. Through One tree One Child programme, ten schools within the District were used as a sample to enrol the programme. The schools were issued with different species of fruit trees. Each pupil from these identified schools is given one tree to plant at school and one tree to plant at home. This is an initiative to prevent soil erosion and other natural attacks to the soil. It is also important to make mention of the fact that ORTDM as result of One Tree One Child, it's now a member of the Eastern Cape Forestry Sector Forum which among its mandate is to discuss the XIV WFC 2015.

5.3 CLEANING AND GREENING

The District Municipality is also entrusted with the responsibility of beautifying all its towns through greening and landscaping. The District Municipality has a very rich heritage and it is wildly

recognised as the home of the Legends. If the cleaning and greening budget can be maximised, that will eventually yield to economic development through tourism. To have these towns beautified will attract investors and tourists and the District will immensely benefit through tourism multiplier effects. Through this programme about 200 job opportunities have been created. The programme is designed to ensure that the towns are cleaned and maintained.

This is a summary intended to project the dire need for the preservation and sustenance of the above mentioned programmes through broader budgetary considerations.

Rural Economic and Developmental Planning

1.1 Background

The ORTDM Department REDP is responsible for rural and economic development in the district. The ORTDM has its state owned company the Ntinga Development Agency. The district had recently re-aligned Kei Fresh Produce market and the Ntinga Development Agency to the requirements of both the MFMA and Municipal Systems Act.

1.2 Mandate

The Rural Economic and Development Planning (REDP) department, derives its mandate from S152(1) (c) (d) (e) of the Constitution of the Republic of South Africa, has a responsibility to

- promote social and economic development;
- promote a safe and healthy environment; and
- encourage the involvement of communities and community organisations in the matters of local government.

LED is also guided by National Framework for LED, NSDP, MSA, LED White Paper, IPAP, NDP, PGDP among other policies in its mandate to coordinate developmental initiatives of the district and monitor implementation of priority programmes.

The REDP department is also responsible for the proper functioning of its respective IGR structures to ensure aligned integrated development planning, coordinating capacity building initiatives in all the LED sectors for the district, implementation of REDP programmes as per the approved budget, and support LMs on economic development initiatives.

2. PROGRAMS FOR IMPLEMENTATION ON THE 2018/19 FINANCIAL YEAR

The department operates with FIVE sub-units listed as follows:

- 2.1 Environmental & Waste Management.
- 2.2 Spatial Planning & Land Use Management
- 2.3 Tourism
- 2.4 Rural Development, Resource Mobilisation and Research
- 2.5 SMME Development

3. ENVIRONMENT & WASTE MANAGEMENT

3.1 Greenest Municipal Awards

In 2018/19 financial year the department has budgeted for the Greenest Municipality Competition an amount of R650 000.00, this budget will be utilized for the assessment that will be conducted in Local Municipalities as well as hosting the Greenest Municipality Competition Awards to be held in the third quarter. Municipalities will then be assisted towards waste management activities with the budget that will be allocated for prizes in the competition. This competition is a feeder to the Provincial & National Greenest Municipal Competition Awards.

3.2 Environmental Management Planning

In the 2018/2019 financial year, Environmental Management section will be developing the Biodiversity Management Plan and reviewing its Environmental Management Plan

with the allocated budget of R800 000.00. These two plans are one of the sector plans that are supposed to be integrated in the IDP as compliance and planning tools.

3.3 Environmental Awareness

In order to improve the standards and manner in which the environment is managed and protected, the National Environmental Management Act mandates all spheres of Government to conduct and facilitate environmental management program to ensure environmental awareness in the communities around. Environmental Management Section has planned to implement educational programs in school and communities as well as establishing Environmental Clubs in all local municipalities with the allocated budget of R1 400 000.00.

3.4 Integrated Waste Management Plan

The district municipality will be reviewing its IWMP and AQMP due to the fact that the air quality function has been devolved from being the Provincial function to the district as per amended National Environmental Management Air Quality Act (39 of 2004). This act mandates the Municipality to develop and implement projects in the Air quality management implementation Plan for complying with the Atmospheric Emission standards. Much has changed in the district with regards to waste management; this then therefore requires the review of the IWMP with the allocated budget of R1000 000.00

3.5 Recycling Facilities

Environmental section will be implementing the established Regional Recycling Program in 2018/19 financial year with the allocated budget of R3 500 000.00. Regional Recycling Program is mainly looking at enhancing quality of environment, creating jobs opportunities, SMME development, and also responding to rampant pollution and climate change. This is looking at linking the harvesting and transportation of recyclable materials from the five local municipalities of O.R Tambo region. Each local Municipality is envisaged to have primary cooperative, which collect, sort and sell/transport to the

secondary cooperative, which is based, at a regional level. This regional recycling facility will look at encompassing all types of recyclable waste such as papers, cans, plastics and bottles etc. In a long term, the facility is considering the option of generating renewable energy from the landfill, as well as establishing a factory that will be producing recyclable by-products. The section is also looking at expanding the program with resources so as to include the steel product that are sold along the national roads in assisting the waste pickers even from rural areas.

4. SPATIAL PLANNING AND LAND USE MANAGEMENT (SPLUM)

For the 2018/19 Financial year the SPLUM Unit has been allocated a budget of R985 000.00 for the implementation of SPLUMA. The main activities to be undertaken in that budget include:

- The consultation meetings with Traditional Leaders of the District, on SPLUMA implementation
- Development of Nyandeni LM Land Use Management Systems (LUMS) for urban and peri-urban areas
- Operational costs of the District Municipal Planning Tribunal (DMPT)

The major concerns we have identified regarding this budget is that is likely to be insufficient as the bulk of it is expected to be used towards the development of LUMS. It is expected that during the 2018/19 financial year the DMPT will have meetings, which will cost us to run them (frequency will be determined by the DMPT).

The SPLUM unit has also been allocated a budget of R1700 000.00 for the development of Spatial Development Frameworks (SDFs) in the District. The unit will develop the Local Spatial Development Frameworks (LSDFs) for :

- Ntlangano Node

- Mpande Node
- Mngazana Node and
- Ntlaza Precinct Plan

With an estimated costs of around R400 000.00 per LSDFs, there are no budgetary constraints anticipated for these projects.

5. BUDGET NARRATIVE FOR TOURISM SECTION FOR 2018/2019

Tourism play's crucial role in the district economy. It essentials that latent potential be tapped into through various actions, strategies and policies. Key levers such as routes, nodes, must be coupled with interventions such as concentrated marketing, and infrastructure provision to make sure that tourism reaches its full potential

The total budget for Tourism Section **is R3 439 401**, The Votes are as follows:

5.1 Research and Development

With a budget of R662 760.00 for 2018/19, the program seeks to conduct an analysis audit and facilitate the provision of infrastructure to and at tourist's attraction sites: access roads, signage, Water and Sanitation, Electricity, Ablution Facilities, Viewing Sites and Amenities. This programme seeks to give overall support to tourism product owners/entrepreneurs by: assessment the state of tourism Products Identification of training needs, create linkages to funding opportunities, assist on development

Planned for 2018/19

- Infrastructure Audit.
- Development of Signage.
- Support to SMME'S and Co-operatives.

5.2 Regional and Local Tourism Organisations.

With a Budget of R55 230.00, this program faces huge financial constraints as its purpose is to support and facilitate the establishment of Regional Tourism Organisations, with the formation of the Associations and Local Tourism Organisations with all Local Municipality which will feed to Regional Tourism Organisation. The purpose of this Structure is to drive and manage tourism development of the O.R Tambo Region.

Planned for financial year 2018/19

Ensure sitting of the Sector Forum Meetings

Support functionality and registration of the Local Tourism Organisations

Facilitate the establishment of the Regional Tourism Organisation.

5.3 Arts and Craft Development

With a budget of R220 920.00 this program is responsible for the assessment of skills, improving quality, capacity building, facilitate institutional arrangements, facilitate production centers and equipment, access to markets, quality control. Resource mobilization, liaising with sector department and stakeholders.

Planned for Financial year 2018/19

- Support to Visual arts and Crafters/ Product Development.
- Support Crafters to attend and exhibit in National and International Trade Shows such as the Grahamstown Arts Festival and the Mangaung African Cultural Festival(MACUFE)

5.4 District Tourism Marketing

With a budget of R1 500 491.00 this program focuses on tourism marketing and Research on tourism information and management systems, Visitor arrivals, trends, destination marketing (print Media, Website, Social Media, Exhibitions, Shows, and Identify platforms).

Planned for financial year 2018/19

- Website Population.
- Exhibit at the International Tourism Indaba and design & manufacture the new exhibition stand.
- Development of Tourism DVD, brochure reprint
- Graphic Design Training.
- Development of promotional material

5.5 Tourism Education and Awareness

With a budget of R1 000.000.00 the program seeks to encourage participation local stakeholders in tourism planning by creating platforms such regional and local tourism forums, wherein experiences, challenges and solutions will be shared.

The main focal point on this program is to conduct awareness campaigns to create awareness focusing on host communities (where there are tourist activities) through activities such as Tourism Month & Heritage Activities in September, O.R Tambo Month in October, Festive Season Tourism Safety Awareness and Support of Festival Activities conducted together with Private Sector. The program also involves use of Media (Print and electronic), to engage learners and public to debates to support the cause for tourism, Events, Safety and security related activities with SAPS.

Planned for financial year 2018/19

- Tourism Beach Sport
- Kayaking Competition
- Events promotion
- Tourism Awareness Campaigns in all Local Municipalities
- Tourism Awards

6. RURAL DEVELOPMENT & RESEARCH

6.1 RAFI (Rural Agro-Industries and Financial Initiative)

Given the vast amount of land and favourable climatic conditions in the Eastern side of the Eastern Cape, the O.R Tambo District has been identified as a potential food basket and agricultural primary production hub for the Eastern Cape Province. In tapping on this Economic and Comparative advantage, the O.R Tambo District Municipality intends to implement the Rural Agro-Industries and Financial Initiative (RAFI) as means to enhance primary production in the district.

With a budget set aside of **R9.5m**, the program seeks to implement a commercial pilot for large scale production of oil seeds / high cash crops (soya beans), and seed multiplication for the district. This program is implemented in partnership with the Government of Argentina. Currently 430ha pilot program is under implementation to consider the Argentinian technology of direct planting and no till. This program which will create more jobs once is implemented fully.

6.2 Development of LED Sector Plans

i) LED Strategy and Capacitation

The LED strategy has been reviewed to align it with key policy frameworks such as DDP, Sector Plans and other frameworks from national, provincial and district levels. Therefore, budget for 2018/19 which is R750 000.00 will be used to facilitate and co-ordinate implementation of sector plans DDP, Agriculture Development Strategy, Forest Development Strategy, development of Aquaculture Development Strategy. These strategies have key programs which brings Co-operatives and SMMEs into the main stream economy and job creation and thus contributing to radical economic transformation. The R600 000.00 budget for 2018/19 for capacitation would help in

training the people of the region in terms of the needs of the economy through HDR Council in order to align skills with the economy.

ii) Sector Development Plans

As part of driving broad development within the region, its important to have plan on Rural Development hence we to development Rural Development Plan for the District which will be the key driver of development and helps to co-ordinate other sector plans. Therefore, the budget for 2018/19 which is R 600 000.00 will be used to develop Rural Development Plan and facilitate its implementation in relation with sector plans. This plan together with LED Strategy will be tools to co-ordinate other sector departments on sharing of resources and expertise in fast tracking development within the region and help in creating sustainable jobs.

iii) Agriculture Development Strategy

The Agricultural Sector has significant contribution to the GDP recently and has become one of the key focus areas for economic growth of the country. Therefore, our District has identified Agriculture development as one of its pillars for its economic growth and development. The Agriculture Development Strategy was developed to enhance Agriculture in order to boost economy and create sustainable jobs. Therefore, the budget for 2018/19 which is R400 000.00 will be used to facilitate implementation of the strategy as part radicalising development of agriculture through SMME/ Co-operative support as indicated above.

6.3 Agri-Parks Program.

The Agricultural sector Is one of the drivers of the economy and key contributors to the GDP in the country. Therefore, the national government has developed Agri-Parks Programme in order to drive and re-engineer Agriculture development to boost economy of the country. Contrary to that, the O.R Tambo District Municipality is the net importer of

all its food including vegetables, fruit and meat products. All Districts Municipalities have been earmarked as drivers of the programme in order to boost Agriculture. Given the fact that, O.R Tambo Region import fruit and vegetables at cost of R10 billion a year, the District Municipality wants to contribute to the implementation of Agri-Parks programme through development of FPSUs business plans as well as establishing Hydroponics Program in various Local Municipalities.

With a budget of **R15m**, as part of promoting radical economic development and creating vibrant communities, the District has embarked on Number of Economic programs. Guided by the NDP, PDP, the IPAP, the District LED strategy document, the IDP and outcomes of the DDP Summit, the O.R Tambo District Municipality has explored number of areas with high potential for driving economic growth and job creation. Those include but not limited to:

- Focusing on Agriculture & Agro-processing as one of the pillars with a specific focus on intensifying primary production
- A need for investment on sustainable economic infrastructure, which includes industrial parks; alternative energy sources and modern communication technology as major drivers for creating a conducive environment for private investment.
- Sustaining and development of Tourism & Ocean economic opportunities as highlighted through the Operation Phakisa methodologies
- Tapping on the opportunities persuaded by Major National and Provincial driven Projects such as the Agri-Parks Program, Wild Coast SEZ, N2 Wild Coast road, Umzimvubu Dam, Mthatha airport Upgrade, Mthatha Presidential Infrastructure intervention Projects etc.

Programs for 2018/19

- Develop Business Plans for THREE Farmer Production Support Production Units in three LMs.

- Establish FIVE Agri-Tech Incubation Centres for increased vegetable production.

6.4 Regional Industrial Development Program

With a budget of R5m the department aims to enhance industrial development for establishing factory for rural communities for tissue manufacturing, chemicals and enhanced capacity for the Auto-Motive Sector Incubation. A feasibility study for the Regional Auto-Motive Hub is envisaged in this program and intensive training on panel beating and Auto-Body repairs is also primary in this program.

6.5 Trade and Investment Promotion

The successful implementation of the programs mentioned above require collaboration of both government and private sector. Therefore, Trade and Investment Strategy was developed among other things to promote investment in the district. In this regard, a task team has been established to facilitate and co-ordinate investment activities within the region. Therefore, the R200 000.00 budget for 2018/19 will be used to facilitate and co-ordinate investment for the region including preparations for land and economic investment conference. This programme aimed at facilitating and creating conducive environment for radical economic transformation which will ultimately create sustainable jobs.

7. SMME, COOPERATIVES AND INFORMAL TRADE SUPPORT

With a budget of R12m the district plans to enhance job creation and support SMMEs, Cooperatives and Informal Trade enterprises on material, inputs and supplies necessary to unlock the potential of business in the rural communities. In addition the budget aims to ensure a fully established and operational Cooperatives Development Centre for the District.

Co-operatives have been supported in previous financial years but their contribution to the economy of the region is minimal due the fact that, they are not able to sustain

themselves due to a number of challenges such as lack of financial management, lack of entrepreneurial knowledge, lack of skills, lack of access to market and lack of sufficient financial support. These challenges will be addressed through the planned SMME/Co-operative Funding Policy for the district, HRD Council which focuses on skills development, Partnerships we have with other sectors such as ECDC, DTI and other departments. Therefore, the budget for 2018/19 will be used support co-operatives with inputs, training and facilitate access to market. The District Municipality will improve its monitoring and assistance to Co-operatives and SMMEs through the development and implementation of SMME/Co-operative Funding Policy which will be processed to council for approval. The development of this Policy also aims to strengthen our economic cluster through IGR in order to create sustainable jobs and bring SMMEs/Co-operatives to the main stream economy.

Community Services

Subsistence & Travelling	To cover for the accommodation, flights and all travelling arrangements for the personnel and the office of the Portfolio Head in areas of programmes that require his intervention.
Disaster Risk Management	Budget will be used to ensure integrated approach to disaster risk management focusing on building resilience, improved institutional capacity to mitigate and respond to disasters through programmes like Disaster Management Information System; Scientific Disaster Management; Skills Development and Capacity Building; Stipend for emergency volunteers- who are used to do community awareness programmes on disaster management and Disaster preparedness and response- This programme serves as an immediate intervention whenever an strikes
Fire Emergency Services	Budget for Fire Fighting Services covers matters like uniform and protective clothing, Business and Public building inspections in terms of compliance to fire prevention; stipend for volunteers who assist in building community awareness on fire emergency services; Firefighting equipment that focuses on purchasing fire trucks.

Municipal Health Services	Municipal health services establishment focusing in establishing Satellite Offices in Local Municipalities; Primary Health Care- focussing in coordinating National Health Insurance programme; municipal health services which includes testing of water, taking food samples, inspecting funeral parlours and waste management landfill sites.
Sports, Recreation, Arts, Culture and Heritage	District Sports Council and establishment and building capacity of other structures of all sport codes ; Transfer of Sports Facilities that are developed in rural areas where communities especially youth is affected; Ingquza Hill Massacre (Pondoland Revolt) which is commemorated yearly in June; Sports and Recreation which includes building capacity and supporting arts and cultural groups with necessary equipment
Social Development and Community Safety	Budget will assist in coordinating Safety and security programmes; coastal safety- which supports four Local municipalities with coastal beaches by providing coastal patrollers and life guards (when funds permit); social relief programme which serves as an intervention whenever an incident strikes; library services- that promotes usage of libraries and building capacity of librarians that are in the rural libraries; early childhood development- which supports some of the centres that are not catered for by Department of Education and Social Development; child protection services- which is a programme that is used to create public awareness on violence committed against children and moral regeneration programs that are meant for youth.

Legislative Services

This report will concentrate more on cost drivers.

COUNCIL AND COMMITTEES

According to MFMA Calendar and the Structures Act, there are 12 council meetings to be held in a financial year. This includes compliance reports and ordinary council meetings.

In addition to the above, there are 2 Open Council meetings which include SODA and Taking Council to the People”.

In line with Municipal Oversight Model, oversight committees have a responsibility of analysing performance reports of the departments and conduct project visits (when it is necessary). In the process, MMCs and HODs are called for engagement sessions by each committee. This includes sitting of 14 committee meetings twice per quarter to look at the quarterly reports of the departments.

OR Tambo District Municipality 2018/2019 Budget and MTREF

Since O.R Tambo District municipality is vast and rural in nature, councillors attending Council meetings need to be accommodated whenever they attend council and committee meetings since they are preceded by Caucus (and study groups) meetings which usually sit in the evenings of the previous day. Most committee meetings take for about 5 hours long since O.R. Tambo has 5 local municipalities under its jurisdiction. Circular 82 of MFMA has been taken into consideration in instances where meetings go beyond 3pm for part-time councillors.

In addition to that, there are councillors identified for capacity building in areas relating to Council business (excluding tertiary institutions), whose accommodation needs to be budgeted for.

In light of the above, accommodation for the sitting of council and committee meetings can be estimated to R9 737 600.

The above amount excludes S&T travelling claims for councillors and other municipal programmes from other departments.

MPAC OVERSIGHT ROADSHOWS

The Council adopted Circular 63 of MFMA for the adoption of the Annual report. The process includes taking of the report to communities, inviting comments. After the report has been tabled, the MPAC committee embarks on oversight roadshows and project verification. This process takes about 4 months to conclude.

In addition to the above, MPAC has an overall responsibility of interrogating all the departments quarterly and mid-term reports.

PUBLIC PARTICIPATION

The programmes under public participation include the following programmes:

- Moral Regeneration movement
- Public Participation Forum
- Community Education Programmes (Speaker's Outreaches)
- Support to functionality of ward committees

- District Speaker's Forums

WHIPPERY SERVICES

The unit is responsible for the following activities that need to be financed:

- Sitting of study groups (caucuses) for each committee meeting
- Sitting of caucus meetings for each council meeting
- Multi party meetings
- Whippery Forums
- District Chief Whips meetings
- Troika meetings
- Extended Troika meetings
- Constituency meetings

RESEARCH

For each and every committee to be in a position to analyse the departmental report, the reports need to be taken to researchers. For researchers to be fully effective, they have to develop Research Agenda.

COST BREAKDOWN

1. ACCOMODATION

Line item	No. of Cllrs that qualify for accomodation/ Guests	Number of Days	Number of meetings	Number of committees	Cost P/P P Night/ day	Total Cost

Council meetings	63	1	12	N/A	R1700 (Bed, Dinner & Breakfast)	R1 285 200
Committee meetings & Study groups	14	2	8	14	R1700	R5 331 200
Open Council Meetings	63	2	2	N/A	R1700	R428 400
Whippery Project Visits	30 (party whips and chairpersons)	5	2	N/A	R1700	R510,000
Committee Project Visits (Focused Intervention Study)	14	2	2	14	R1700	R1 332 800
Capacity Building	10	5	10	N/A	R1700	R850 000
TOTAL						R9 737 600

2. CATERING

Line item	No. of Cllrs / Guests	Number of Days	Number of meetings	Number of committees	Cost P/P P Plate	Total Cost
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OR Tambo District Municipality 2018/2019 Budget and MTREF

Council meetings	100	1	12		R100	R120 000
Committee meetings	15	1	8	14	R100	R168 000
Committee study Groups	15	1	8	14	R100	R168 000
Open Council Meetings	300	1	2	N/A	R100	R60,000
Speaker's Outreach Programmes	300	1	2	N/A	R100	R60 000
Sector Parliament	200	1	1	N/A	R100	R20,000
Whippery Outreaches	200	1	2	N/A	R100	R40 000
Whippery Project Visits	30	5	2	N/A	R100	R30 000
Committee Project Visits (FIS)	14	2	2	14	R100	R78 400
TOTAL						R744 400

3. COUNCIL NOTICES

- a. R9000 x 13 = R117 000

4. MOBILISATION / TRANSPORTATION

- a. 300 delegates x R100 x 2 (2 Open Councils, 4 Outreaches) = R180 000

- 5. Vehicles for the Speaker and Whippery = R 1,000,000

1.5.7

6. TENTS AND CHAIRS

- a. 2 x R30 000 Outreaches = R 60,000
- b. 2 x R30 000 Open Councils = R60,000

7. HIRING OF P.A.SYSTEM

- a. 2 x R10 000 Outreaches = R 20,000
- b. 2 x R10 000 Open Councils = R20,000

8. FEES FOR SERVICE PROVIDERS

- a. Speaker's Outreaches (Community Education workshop) = R450 000
- b. Whippery Outreaches (community Education workshop) = R450 000
- c. Voter Education = R450 000

Table 27 MBRR Table A7 - Budget cash flow statement

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates									-	-	-
Service charges		132 137	138 063	129 549	185 246	185 246	185 246	185 246	197 027	214 981	237 566
Other revenue		175 416	80 400	122 905	327 863	342 988	342 988	342 988	352 588	361 910	360 656
Government - operating	1	815 876	739 552	828 195	735 126	735 126	735 126	735 126	798 523	855 753	927 444
Government - capital	1	356 091	557 033	683 123	1 099 649	1 099 649	1 099 649	1 099 649	1 022 330	1 023 235	1 088 552
Interest		23 928	52 452	57 322	30 000	39 000	39 000	39 000	34 650	36 118	39 805
Dividends					-	-	-	-	-	-	-
Payments											
Suppliers and employees		(964 740)	(827 769)	(1 014 010)	(1 073 819)	(1 100 359)	(1 100 359)	(1 100 359)	(1 114 036)	(1 182 383)	(1 260 417)
Finance charges		(1 865)	(579)	(6 001)	-	-	-	-	-	-	-
Transfers and Grants	1		(122 981)	(110 011)	(33 404)	(37 504)	(37 504)	(37 504)	(101 497)	(108 688)	(116 428)
NET CASH FROM/(USED) OPERATING ACTIVITIES		536 843	616 172	691 071	1 270 660	1 264 145	1 264 145	1 264 145	1 189 585	1 200 926	1 277 178
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			304	539					-	-	-
Proceeds on sale of biological assets		444	294	1 958					-	-	-
Decrease (Increase) in non-current debtors		(180)							-	-	-
Decrease (increase) biological assets		209	401						-	-	-
Decrease (increase) in non-current investments			(901)	(2)					-	-	-
Payments											
Capital assets		(433 469)	(585 887)	(810 077)	(1 250 898)	(1 237 629)	(1 237 629)	(1 237 629)	(1 182 690)	(1 191 331)	(1 262 191)
Biological assets		(751)	(422)	(318)							
NET CASH FROM/(USED) INVESTING ACTIVITIES		(433 746)	(586 211)	(807 900)	(1 250 898)	(1 237 629)	(1 237 629)	(1 237 629)	(1 182 690)	(1 191 331)	(1 262 191)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing				38 795					-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing		(664)	(124)	(20)					-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(664)	(124)	38 775	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		102 433	29 837	(78 054)	19 763	26 517	26 517	26 517	6 895	9 594	14 987
Cash/cash equivalents at the year begin:	2	206 879	339 556	369 393	513 455	513 455	513 455	513 455	539 972	546 866	556 461
Cash/cash equivalents at the year end:	2	309 312	369 393	291 339	533 218	539 972	539 972	539 972	546 866	556 461	571 448

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The above table shows that cash and cash equivalents of the District Municipality decreased from the 2014/15 from R309million to 2016/17 R291 million. The main reason for the decrease in 2016/17 cash held deficit of R78 million which is mainly due to increase in employee costs, withholding of conditional grant (MIG). With the 2017/2018 budget various cost efficiencies and savings had to be realised to ensure the District Municipality could meet its operational expenditure commitments and an increase to R533 million was budgeted for and in the adjustment budget increased to R539 million. For the 2018/2019 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to be R546 million, R556 million, R571 billion for MTREF respectively

1.5.8 Cash Backed Reserves/Accumulated Surplus Reconciliation

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

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality’s budget must be ‘funded’. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 28 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash and investments available											
Cash/cash equivalents at the year end	1	309 312	369 393	291 339	533 218	539 972	539 972	539 972	546 866	556 461	571 448
Other current investments > 90 days		-	0	(0)	148 545	148 863	148 863	148 863	160 275	231 778	286 814
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		309 312	369 393	291 339	681 763	688 835	688 835	688 835	707 142	788 239	858 262
Application of cash and investments											
Unspent conditional transfers		4 110	9 501	7 230	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	229 755	266 390	294 813	191 784	184 689	184 689	184 689	189 795	255 062	303 538
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		233 865	275 891	302 043	191 784	184 689	184 689	184 689	189 795	255 062	303 538
Surplus(shortfall)		75 447	93 502	(10 704)	489 980	504 147	504 147	504 147	517 346	533 177	554 725

From the above table it can be seen that the cash and investments available total R309 million in 2014/15 audit outcomes then increase to R309 million in 2015/16 and decrease to R291 million in 2016/17. The decrease is as explained above in explanation of table A7 being cash shortage of R78 million was experienced in the 2016/17 financial year which was as a result of withholding of MIG resulting in municipality utilising own reserves, increase in employee costs. Cash available of R707 million in 2018/2019 then increase to R859 million at end of the MTREF, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. For 2018/2019 MTREF there was unspent conditional of R7 million.
- In other working capital requirements, a key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, as was experienced by the District Municipality in 2017/2018 resulting in cash flow challenges. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. For 2014/15 audited outcome, the working capital amounted to R229 million which then increased to R266 million in 2015/16 and R294 in 2016/17 resulting in the surplus of cash in 2014/15 and 2015/16 of R75 million and R93 million respectively. In 2016/17 there was a shortfall of R10 million.

The main reasons of the shortfall is in 2016/2017 audit outcome

- Decrease in the cash due to the withholding of conditional grant (MIG) resulting in municipality financing from own funds the commitments that were already contracted for.
- Increase in debt impairment (due to the internal leakages of households within the dwelling identified that resulted in increase in impairing debtors as per the recommendation of AG) which in turn decreased the debtors in the balance sheet. The formula used to determine the "other working capital requirements" takes the already impaired net debtors in the balanced sheet and compare with the creditors. If the formula was using the gross debtors which amounted to R643 million, the amount would be favourable. But since the already impaired debtors balance (with impairment of R147 million) is utilised, it will seem as if the debtors are smaller than the creditors

It can be concluded that the District Municipality has a surplus against the cash backed and accumulated surpluses reconciliation.

1.5.9 Funding compliance measurement

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

Table 29 MBRR SA10 – Funding compliance measurement

Description	MFMA section	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	309 312	369 393	291 339	533 218	539 972	539 972	539 972	546 866	556 461	571 448
Cash + investments at the yr end less applications - R'000	18(1)b	2	75 447	93 502	(10 704)	489 980	504 147	504 147	504 147	517 346	533 177	554 725
Cash year end/monthly employee/supplier payments	18(1)b	3	4.4	5.1	3.5	7.4	7.3	7.3	7.3	6.3	6.0	5.8
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	214 041	401 206	468 392	1 103 352	1 103 155	1 103 155	1 103 155	1 026 680	1 029 020	1 095 773
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(2.4%)	(0.1%)	23.9%	(6.0%)	(6.0%)	(6.0%)	0.0%	2.0%	3.0%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	100.2%	64.2%	64.4%	85.3%	85.9%	85.9%	85.9%	85.5%	85.5%	85.2%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	81.7%	55.2%	71.1%	31.0%	31.0%	31.0%	31.0%	30.8%	30.1%	29.1%
Capital payments % of capital expenditure	18(1)c:19	8	99.8%	100.0%	100.1%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	30.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	13.1%	(21.1%)	50.5%	0.0%	0.0%	0.0%	(24.4%)	(33.9%)	(54.0%)
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	303.5%	0.1%	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	0.0%	0.0%	0.9%	0.7%	0.7%	0.7%	0.6%	0.6%	0.6%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	6.3%	6.2%	6.2%	6.2%	6.0%	4.3%	5.4%

1.5.9.1 Cash/cash equivalent position

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

If the municipality’s forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2018/2019 MTREF shows R546 million then R556 million and R571 million at end of MTREF.

1.5.9.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 28,. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

1.5.9.3 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2018/2019 MTREF the indicative outcome is a surplus of R1 billion respectively.

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

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc. For 2018/2019 resulted in (0per cent) then in 2020/2021 amounted to 3 per cent. Reason for increase in revenue has been mentioned in the revenue analysis above being the anticipated increase in billing due to the data cleansing resulting in higher collection rate.

1.5.9.5 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 86 per cent for MTREF. Given that the assumed collection rate was based on a 69 per cent performance target and the free basic component in determining the collection rate is reduced hence the targeted collection is 69 per cent The cash flow statement has been conservatively determined. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly. The municipality has succeeded in collecting the refunds from SARS for VAT. The collection rate is above 95per cent of the claims that are submitted for the VAT refund. The amount for VAT claims is directly affected by the level of spending on more especially MIG projects.

1.5.9.6 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at average of 30 per cent over the MTREF.

1.5.9.7 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 100 per cent timing discount has been factored into the cash position forecasted over the entire financial year.

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

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. District Municipality will not undertake any borrowing.

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

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

1.5.9.10 Consumer debtors change (Current and Non-current)

The purposes of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position.

1.5.9.11 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the District Municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 42 MBRR SA34C.

1.5.9.12 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and

future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 41 MBRR SA34b.

1.6 Expenditure on grants and reconciliations of unspent funds

Table 30 MBRR SA19 - Expenditure on transfers and grant programmes

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
EXPENDITURE:										
Operating expenditure of Transfers and Grants										
National Government:		564 347	631 409	674 226	735 126	735 126	735 126	798 523	855 753	927 444
Local Government Equitable Share		548 919	622 201	669 303	728 270	728 270	728 270	791 526	853 638	925 329
EPWP Incentive		12 994	6 693	3 213	4 811	4 811	4 811	4 882	-	-
Finance Management		1 500	1 575	1 710	2 045	2 045	2 045	2 115	2 115	2 115
Municipal Systems Improvement		934	940	-						
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]										
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants		564 347	631 409	674 226	735 126	735 126	735 126	798 523	855 753	927 444
Capital expenditure of Transfers and Grants										
National Government:		710 999	660 205	1 070 117	1 099 649	1 099 649	1 099 649	1 022 330	1 023 235	1 088 552
Municipal Infrastructure Grant (MIG)		604 371	519 099	617 195	645 218	645 218	645 218	619 684	633 395	671 322
Regional Bulk Infrastructure				343 183	327 500	327 500	327 500	309 707	286 727	308 437
Municipal Water Services Infrastructure Grant (WSIG)		89 442	124 303	109 739	124 000	124 000	124 000	90 000	100 000	105 500
Department of water affairs		10 000	10 000							
Other government departments		4 500	4 110							
Department of Roads and Transport		2 686	2 693		2 931	2 931	2 931	2 939	3 113	3 293
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		710 999	660 205	1 070 117	1 099 649	1 099 649	1 099 649	1 022 330	1 023 235	1 088 552
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		1 275 346	1 291 614	1 744 343	1 834 775	1 834 775	1 834 775	1 820 853	1 878 988	2 015 996

1.7 Councillor and employee benefits

Table 31 MBRR SA22 - Summary of 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		11 664	11 963	16 747	13 228	22 719	22 719	21 948	23 507	25 176
Pension and UIF Contributions		4 794	627							
Medical Aid Contributions										
Motor Vehicle Allowance			4 291		4 362	4 362	4 362	5 564	5 959	6 382
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances										
Sub Total - Councillors		16 458	16 882	16 747	17 589	27 080	27 080	27 512	29 466	31 558
% increase	4		2.6%	(0.8%)	5.0%	54.0%	-	1.6%	7.1%	7.1%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		8 024	11 223	12 457	14 747	14 027	14 027	14 558	15 592	16 699
Pension and UIF Contributions		491	319	571						
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3	4 837	3 520	2 455	1 279	1 639	1 639	1 639	1 755	1 880
Cellphone Allowance	3		12	282	296	390	390	330	353	379
Housing Allowances	3									
Other benefits and allowances	3		103	306						
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		13 352	15 177	16 072	16 321	16 056	16 056	16 527	17 701	18 958
% increase	4		13.7%	5.9%	1.6%	(1.6%)	-	2.9%	7.1%	7.1%
Other Municipal Staff										
Basic Salaries and Wages		253 339	233 285	250 678	312 167	281 919	281 919	334 736	358 414	383 783
Pension and UIF Contributions		40 320	11 046	11 989	30 751	42 093	42 093	51 974	55 661	59 604
Medical Aid Contributions			10 316	11 402	12 545	13 962	13 962	50 648	54 243	58 095
Overtime		6 261	11 651	16 822	8 210	11 110	11 110	20 654	22 121	23 691
Performance Bonus										
Motor Vehicle Allowance	3	24 416	24 410	31 574	18 543	27 389	27 389	34 500	36 947	39 560
Cellphone Allowance	3		1 214	582	955	1 110	1 110	2 146	2 297	2 457
Housing Allowances	3		10 137	11 409	10 976	16 063	16 063	16 888	18 087	19 371
Other benefits and allowances	3				7 384	7 563	7 563	5 117	5 480	5 868
Payments in lieu of leave			9 193	11 103						
Long service awards			7 840	10 440	349	349	349			
Post-retirement benefit obligations	6	7 418	33 053	38 992						
Sub Total - Other Municipal Staff		331 754	352 146	394 991	401 881	401 558	401 558	516 663	553 250	592 429
% increase	4		6.1%	12.2%	1.7%	(0.1%)	-	28.7%	7.1%	7.1%
Total Parent Municipality		361 564	384 205	427 809	435 792	444 694	444 694	560 702	600 417	642 944

Table 32 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Table 33 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers	Ref	2016/17			Current Year 2017/18			Budget Year 2018/19		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		60	-	60	71	-	71	71	-	71
Board Members of municipal entities	4	11	-	11	10	-	10	10	-	10
Municipal employees	5	-	-	-	-	-	-	-	-	-
Municipal Manager and Senior Managers	3	18	-	18	13	-	10	12	-	10
Other Managers	7	50	50	-	55	55	-	65	51	-
Professionals		103	93	10	103	93	-	129	52	77
Finance		51	41	10	51	41	-	77	-	77
Spatial/town planning		1	1	-	1	1	-	1	1	-
Information Technology		-	-	-	-	-	-	-	-	-
Roads		-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Other		51	51	-	51	51	-	51	51	-
Technicians		97	95	2	97	94	-	101	96	-
Finance		-	-	-	-	-	-	-	-	-
Spatial/town planning		-	-	-	-	-	-	-	-	-
Information Technology		8	6	2	8	6	-	10	8	-
Roads		-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-
Water		85	85	-	85	84	-	87	84	-
Sanitation		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Other		4	4	-	4	4	-	4	4	-
Clerks (Clerical and administrative)		249	245	4	261	245	16	356	245	16
Service and sales workers		73	73	-	73	73	-	193	93	5
Skilled agricultural and fishery workers		18	-	18	-	-	-	-	-	-
Craft and related trades		-	-	-	-	-	-	-	-	-
Plant and Machine Operators		60	60	-	60	59	-	96	59	-
Elementary Occupations		909	833	76	909	895	-	1 158	1 148	78
TOTAL PERSONNEL NUMBERS	9	1 648	1 449	199	1 652	1 514	107	2 191	1 744	267
% increase					0.2%	4.5%	(46.2%)	32.6%	15.2%	149.5%
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10	118	118	-	118	118	-	118	118	-
Human Resources personnel headcount	8, 10	20	-	-	22	21	1	22	21	1

Implementation of the Approved Organisational Structure

The revised Micro Organizational Structure which was approved by Council on 6 December 2014 is presumed to be vacant pending completion of the following sequence of processes:

1. Job Description writing
2. Job Evaluation
3. Costing of Organizational Structure
4. Placement of Employees

The processes in question are still work in progress. However, the personnel that is currently operational which is still to migrate to the newly approved organogram is the main cost driver within the municipality's payroll.

Currently nine senior management S56 posts have been filled with three outstanding.

Employment of Casual Employees

The District Municipality has employed casual workers who have been retained for a number of years. These casuals now fit the definition of employee in terms of our LRA amendment as they have been employed for more than three (03) months since the date of effect of the amendment namely 01 January 2015.

They were contracted on twelve (12) months fixed contract so as to regulate their open ended employment with the District Municipality. The basis of entering into the one year contract was a resolution taken by the LLF that casual employees must be contracted for a year (1st March 2014 to 28 February 2015), meanwhile a verification process to distinguish between those employed prior 2010 and those employed post 2010 is being conducted. The objective was that those employed post 2010 were unlawfully employed as it was resolved not to employ any additional casual employees after 31 January 2010.

Upon expiry of the fixed term contract in February 2015, it became realistic that the verification process was not finalized and that no alternative plans were in place for the service delivery department, specifically DWASS, in ensuring uninterrupted water provisioning to communities, however, the departments affected reported that despite the expiry of contracts, the contracted workers refused to accept termination as their contractual arrangements were to allow time to finalise verification. The verification is currently at its final stages.

1.8 Monthly targets for revenue, expenditure and cash flow

Table 34 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand																
Revenue By Source																
Property rates																
Service charges - electricity revenue																
Service charges - water revenue		19 475	15 083	16 728	18 822	14 893	8 266	8 388	19 048	27 224	14 865	18 578	17 918	199 289	215 232	234 603
Service charges - sanitation revenue		8 346	6 464	7 169	8 067	6 383	3 543	3 595	8 163	11 667	6 371	7 962	7 679	85 409	92 242	100 544
Service charges - refuse revenue																
Service charges - other																
Rental of facilities and equipment		5	5	5	5	5	5	5	5	5	5	5	5	58	61	64
Interest earned - external investments		2 446	2 335	3 185	1 249	3 554	1 596	2 571	2 446	2 631	2 446	2 446	2 446	29 350	30 500	33 850
Interest earned - outstanding debtors		442	422	575	225	642	288	464	442	475	442	442	442	5 300	5 618	5 955
Dividends received																
Fines, penalties and forfeits																
Licences and permits																
Agency services																
Transfers and subsidies		318 156	-	-	-	265 062	-	-	1 221	214 084	-	-	0	798 523	855 753	927 444
Other revenue		195 249	15 973	15 630	17 634	16 035	17 375	9 086	15 983	14 371	10 464	10 646	14 085	352 530	361 849	360 592
Gains on disposal of PPE																
Total Revenue (excluding capital transfers and contributions)		544 118	40 282	43 293	46 002	306 574	31 072	24 109	47 307	270 457	34 593	40 079	42 575	1 470 459	1 561 255	1 663 052
Expenditure By Type																
Employee related costs		44 433	44 433	44 433	44 433	44 433	44 433	44 433	44 433	44 433	44 433	44 433	44 433	533 190	570 951	611 387
Remuneration of councillors		2 293	2 293	2 293	2 293	2 293	2 293	2 293	2 293	2 293	2 293	2 293	2 293	27 512	29 466	31 558
Debt impairment		7 306	7 306	7 306	7 306	7 306	7 306	7 306	7 306	7 306	7 306	7 306	7 306	87 671	92 493	97 580
Depreciation & asset impairment		13 568	13 568	13 568	13 568	13 568	13 568	13 568	13 568	13 568	13 568	13 568	13 568	162 820	171 812	181 302
Finance charges		7	7	7	7	7	7	7	7	7	7	7	7	85	94	103
Bulk purchases		5 875	5 875	5 875	5 875	5 875	5 875	5 875	5 875	5 875	5 875	5 875	5 875	70 500	74 378	78 468
Other materials		5 038	5 170	5 091	4 777	5 592	5 089	5 142	5 538	5 686	5 569	5 412	5 038	63 142	66 621	70 294
Contracted services		5 129	6 102	4 801	4 324	3 921	3 424	2 113	3 071	2 199	2 047	2 034	2 599	41 764	44 061	46 484
Transfers and subsidies		8 458	8 458	8 458	8 458	8 458	8 458	8 458	8 458	8 458	8 458	8 458	8 458	101 497	108 688	116 428
Other expenditure		33 917	33 700	41 215	31 500	33 001	34 899	23 429	31 192	32 826	28 849	27 302	26 098	377 928	396 907	422 227
Loss on disposal of PPE																
Total Expenditure		126 023	126 911	133 046	122 541	124 453	125 352	112 623	121 741	122 650	118 404	116 688	115 675	1 466 109	1 555 470	1 655 831
Surplus/(Deficit)																
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		206 817	-	-	-	305 817	-	-	-	509 696	-	-	-	1 022 330	1 023 235	1 088 552
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)																
Transfers and subsidies - capital (in-kind - all)																
Surplus/(Deficit) after capital transfers & contributions		624 912	(86 629)	(89 754)	(76 539)	487 937	(94 279)	(88 514)	(74 434)	657 503	(83 811)	(76 610)	(73 100)	1 026 680	1 029 020	1 095 773
Taxation																
Attributable to minorities																
Share of surplus/ (deficit) of associate																
Surplus/(Deficit)	1	624 912	(86 629)	(89 754)	(76 539)	487 937	(94 279)	(88 514)	(74 434)	657 503	(83 811)	(76 610)	(73 100)	1 026 680	1 029 020	1 095 773

Table 35 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote																
Vote 1 - Exec. & Council		79 430	-	-	-	66 827	-	-	-	54 224	-	-	8 289	208 770	221 977	236 033
Vote 2 - Fin. & Admin		94 686	2 170	2 923	1 207	79 225	1 515	2 379	2 268	64 079	2 268	2 268	2 268	257 256	273 342	290 451
Vote 3 - Planning & Dev		44 927	4 480	4 577	4 356	37 804	4 395	4 507	5 713	30 450	4 492	4 492	4 492	154 686	160 435	172 633
Vote 4 - Health		1 392	-	-	-	1 171	-	-	-	950	-	-	0	3 512	3 728	3 957
Vote 5 - Community Services		5 450	-	-	-	4 585	-	-	-	3 721	-	-	-	13 756	14 637	15 576
Vote 6 - Housing		5 407	-	-	-	4 549	-	-	-	3 691	-	-	0	13 647	14 537	15 487
Vote 7 - Public Safety		19 402	-	-	-	16 323	-	-	-	13 245	-	-	0	48 971	52 199	55 644
Vote 8 - Sports & Recreation		2 956	-	-	-	2 487	-	-	-	2 018	-	-	0	7 462	7 908	8 382
Vote 9 - Environmental		12 494	-	-	-	10 511	-	-	-	8 529	-	-	0	31 534	33 636	35 879
Vote 10 - Roads		4 416	-	-	-	3 716	-	-	-	3 015	-	-	0	11 147	11 848	12 593
Vote 11 - Water		271 226	33 632	35 793	40 438	77 412	25 162	17 223	39 326	84 942	27 832	33 318	27 526	713 832	760 756	809 778
Vote 12 - Tourism		2 333	632	-	-	1 963	-	-	-	1 593	-	-	0	5 888	6 251	6 637
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote		544 118	40 282	43 293	46 002	306 574	31 072	24 109	47 307	270 457	34 593	40 079	42 575	1 470 459	1 561 255	1 663 052
Expenditure by Vote to be appropriated																
Vote 1 - Exec. & Council		19 423	17 426	18 123	18 037	17 361	14 484	17 604	19 750	15 781	17 879	17 517	15 386	208 770	221 977	236 033
Vote 2 - Fin. & Admin		29 841	24 168	26 778	21 459	21 402	21 292	18 685	18 489	18 290	21 553	17 407	17 892	257 256	273 342	290 451
Vote 3 - Planning & Dev		10 149	13 149	15 915	10 149	13 277	14 974	10 349	10 277	17 839	11 649	10 400	15 709	153 836	158 850	169 912
Vote 4 - Health		282	295	282	332	307	282	295	307	282	282	282	282	3 512	3 728	3 957
Vote 5 - Community Services		756	756	795	815	2 693	1 085	1 359	1 773	1 498	756	757	713	13 756	14 637	15 576
Vote 6 - Housing		1 219	1 055	1 585	1 055	1 447	1 122	792	1 162	1 123	1 037	1 037	1 013	13 647	14 537	15 487
Vote 7 - Public Safety		4 060	3 999	4 673	4 247	4 286	4 854	3 430	3 765	3 764	3 879	3 601	4 412	48 971	52 199	55 644
Vote 8 - Sports & Recreation		571	188	1 342	888	1 009	870	216	626	591	599	290	272	7 462	7 908	8 382
Vote 9 - Environmental		2 037	2 541	2 898	2 568	2 974	2 471	2 323	2 332	3 223	2 463	3 015	2 687	31 534	33 636	35 879
Vote 10 - Roads		548	548	1 100	813	1 181	681	614	1 302	1 590	1 114	1 041	614	11 147	11 848	12 593
Vote 11 - Water		56 459	62 203	58 985	61 304	58 257	62 865	56 752	61 427	57 965	56 489	61 138	56 489	710 332	756 556	805 278
Vote 12 - Tourism		678	584	571	874	259	371	204	530	704	704	204	204	5 888	6 251	6 637
Total Expenditure by Vote		126 023	126 911	133 046	122 541	124 453	125 352	112 623	121 741	122 650	118 404	116 688	115 675	1 466 109	1 555 470	1 655 831
Surplus/(Deficit) before assoc.		418 095	(86 629)	(89 754)	(76 539)	182 120	(94 279)	(88 514)	(74 434)	147 806	(83 811)	(76 610)	(73 100)	4 350	5 785	7 221

Table 36 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
R thousand																	
Revenue - Functional																	
<i>Governance and administration</i>		174 116	2 170	2 923	1 207	146 052	1 515	2 379	2 268	118 303	2 268	2 268	10 557	466 026	495 319	526 485	
Executive and council		79 430	-	-	-	66 827	-	-	-	54 224	-	-	8 289	208 770	221 977	236 033	
Finance and administration		94 686	2 170	2 923	1 207	79 225	1 515	2 379	2 268	64 079	2 268	2 268	2 268	257 256	273 342	290 451	
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<i>Community and public safety</i>		34 607	-	-	-	29 116	-	-	-	23 625	-	-	0	87 347	93 010	99 047	
Community and social services		5 450	-	-	-	4 585	-	-	-	3 721	-	-	25 238	38 994	41 523	44 220	
Sport and recreation		2 956	-	-	-	2 487	-	-	-	2 018	-	-	0	7 462	7 908	8 382	
Public safety		19 402	-	-	-	16 323	-	-	-	13 245	-	-	(25 238)	23 733	25 313	27 001	
Housing		5 407	-	-	-	4 549	-	-	-	3 691	-	-	0	13 647	14 537	15 487	
Health		1 392	-	-	-	1 171	-	-	-	950	-	-	0	3 512	3 728	3 957	
<i>Economic and environmental services</i>		61 837	4 480	4 577	4 356	52 031	4 395	4 507	5 713	41 994	4 492	4 492	4 492	197 366	205 918	221 105	
Planning and development		44 927	4 480	4 577	4 356	37 804	4 395	4 507	5 713	30 450	4 492	4 492	4 492	154 686	160 435	172 633	
Road transport		4 416	-	-	-	3 716	-	-	-	3 015	-	-	0	11 147	11 848	12 593	
Environmental protection		12 494	-	-	-	10 511	-	-	-	8 529	-	-	0	31 534	33 636	35 879	
<i>Trading services</i>		271 226	33 632	35 793	40 438	77 412	25 162	17 223	39 326	84 942	27 832	33 318	27 526	713 832	760 756	809 778	
Energy sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Water management		271 226	33 632	35 793	40 438	77 412	25 162	17 223	39 326	84 942	27 832	33 318	27 526	713 832	760 756	809 778	
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<i>Other</i>		2 333	-	-	-	1 963	-	-	-	1 593	-	-	0	5 888	6 251	6 637	
Total Revenue - Functional		544 118	40 282	43 293	46 002	306 574	31 072	24 109	47 307	270 457	34 593	40 079	42 575	1 470 459	1 561 255	1 663 052	
Expenditure - Functional																	
<i>Governance and administration</i>		49 264	41 594	44 901	39 496	38 763	35 776	36 289	38 240	34 071	39 431	34 924	33 278	466 026	495 319	526 485	
Executive and council		19 423	17 426	18 123	18 037	17 361	14 484	17 604	19 750	15 781	17 879	17 517	15 386	208 770	221 977	236 033	
Finance and administration		29 841	24 168	26 778	21 459	21 402	21 292	18 685	18 489	18 290	21 553	17 407	17 892	257 256	273 342	290 451	
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<i>Community and public safety</i>		6 889	6 293	8 676	7 337	9 742	8 214	6 092	7 633	7 258	6 553	5 968	6 692	87 347	93 010	99 047	
Community and social services		756	756	795	815	2 693	1 085	1 359	1 773	1 498	756	757	25 951	38 994	41 523	44 220	
Sport and recreation		571	188	1 342	888	1 009	870	216	626	591	599	290	272	7 462	7 908	8 382	
Public safety		4 060	3 999	4 673	4 247	4 286	4 854	3 430	3 765	3 764	3 879	3 601	(20 826)	23 733	25 313	27 001	
Housing		1 219	1 055	1 585	1 055	1 447	1 122	792	1 162	1 123	1 037	1 037	1 013	13 647	14 537	15 487	
Health		282	295	282	332	307	282	295	307	282	282	282	282	3 512	3 728	3 957	
<i>Economic and environmental services</i>		12 734	16 238	19 913	13 530	17 432	18 126	13 286	13 912	22 652	15 226	14 455	19 011	196 516	204 333	218 384	
Planning and development		10 149	13 149	15 915	10 149	13 277	14 974	10 349	10 277	17 839	11 649	10 400	15 709	153 836	158 850	169 912	
Road transport		548	548	1 100	813	1 181	681	614	1 302	1 590	1 114	1 041	614	11 147	11 848	12 593	
Environmental protection		2 037	2 541	2 898	2 568	2 974	2 471	2 323	2 332	3 223	2 463	3 015	2 687	31 534	33 636	35 879	
<i>Trading services</i>		56 459	62 203	58 985	61 304	58 257	62 865	56 752	61 427	57 965	56 489	61 138	56 489	710 332	756 556	805 278	
Energy sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Water management		56 459	62 203	58 985	61 304	58 257	62 865	56 752	61 427	57 965	56 489	61 138	56 489	710 332	756 556	805 278	
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<i>Other</i>		678	584	571	874	259	371	204	530	704	704	204	204	5 888	6 251	6 637	
Total Expenditure - Functional		126 023	126 911	133 046	122 541	124 453	125 352	112 623	121 741	122 650	118 404	116 688	115 675	1 466 109	1 555 470	1 655 831	
Surplus/(Deficit) before assoc.		418 095	(86 629)	(89 754)	(76 539)	182 120	(94 279)	(88 514)	(74 434)	147 806	(83 811)	(76 610)	(73 100)	4 350	5 785	7 221	
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit)	1	418 095	(86 629)	(89 754)	(76 539)	182 120	(94 279)	(88 514)	(74 434)	147 806	(83 811)	(76 610)	(73 100)	4 350	5 785	7 221	

Table 37 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<i>Single-year expenditure to be appropriated</i>																
Vote 1 - Exec. & Council		-	-	-	-	1 500	1 000	-	-	-	-	-	-	2 500	3 500	10 000
Vote 2 - Fin. & Admin		5 219	6 802	7 067	4 655	6 817	7 802	5 755	10 923	2 862	3 858	5 051	-	66 812	56 705	53 435
Vote 3 - Planning & Dev		-	-	-	-	-	-	-	600	-	-	-	-	600	-	-
Vote 4 - Health		-	1 000	-	100	-	-	-	-	-	-	-	-	1 100	120	-
Vote 5 - Community Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Housing		-	400	300	1 020	-	240	1 630	-	-	660	-	-	4 250	545	45
Vote 7 - Public Safety		-	-	400	2 000	-	400	-	-	800	-	-	-	3 600	8 000	8 500
Vote 8 - Sports & Recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Environmental		-	117	117	350	350	350	350	350	350	350	350	467	3 500	3 000	3 000
Vote 10 - Roads		-	300	2 700	4 700	2 708	4 950	4 773	2 858	2 750	3 100	2 800	2 800	34 439	33 113	3 293
Vote 11 - Water		76 295	79 262	94 626	92 072	100 388	72 256	80 018	96 157	97 031	86 679	104 180	86 926	1 065 890	1 086 348	1 183 918
Vote 12 - Tourism		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	2	81 514	87 881	105 210	104 896	111 763	86 998	92 526	110 888	103 794	94 647	112 381	90 193	1 182 690	1 191 331	1 262 191
Total Capital Expenditure	2	81 514	87 881	105 210	104 896	111 763	86 998	92 526	110 888	103 794	94 647	112 381	90 193	1 182 690	1 191 331	1 262 191

Table 38 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital Expenditure - Functional	1															
<i>Governance and administration</i>		5 219	6 802	7 067	4 655	8 317	8 802	5 755	10 923	2 862	3 858	5 051	-	69 312	60 205	63 435
Executive and council		-	-	-	-	1 500	1 000	-	-	-	-	-	-	2 500	3 500	10 000
Finance and administration		5 219	6 802	7 067	4 655	6 817	7 802	5 755	10 923	2 862	3 858	5 051	-	66 812	56 705	53 435
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	1 400	700	3 120	-	640	1 630	-	800	660	-	-	8 950	8 665	8 545
Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	400	2 000	-	400	-	-	800	-	-	-	3 600	8 000	8 500
Housing		-	400	300	1 020	-	240	1 630	-	-	660	-	-	4 250	545	45
Health		-	1 000	-	100	-	-	-	-	-	-	-	-	1 100	120	-
<i>Economic and environmental services</i>		-	417	2 817	5 050	3 058	5 300	5 123	3 808	3 100	3 450	3 150	3 267	38 539	36 113	6 293
Planning and development		-	-	-	-	-	-	-	600	-	-	-	-	600	-	-
Road transport		-	300	2 700	4 700	2 708	4 950	4 773	2 858	2 750	3 100	2 800	2 800	34 439	33 113	3 293
Environmental protection		-	117	117	350	350	350	350	350	350	350	350	467	3 500	3 000	3 000
<i>Trading services</i>		76 295	79 262	94 626	92 072	100 388	72 256	80 018	96 157	97 031	86 679	104 180	86 926	1 065 890	1 086 348	1 183 918
Energy sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water management		76 295	79 262	94 626	92 072	100 388	72 256	80 018	96 157	97 031	86 679	104 180	86 926	1 065 890	1 086 348	1 183 918
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	2	81 514	87 881	105 210	104 896	111 763	86 998	92 526	110 888	103 794	94 647	112 381	90 193	1 182 690	1 191 331	1 262 191
Funded by:																
National Government		206 817	-	-	-	305 817	-	-	-	509 696	-	-	-	1 022 330	1 023 235	1 088 552
Provincial Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		206 817	-	-	-	305 817	-	-	-	509 696	-	-	-	1 022 330	1 023 235	1 088 552
Public contributions & donations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		13 531	15 586	15 128	17 805	15 670	17 459	6 382	15 599	13 445	8 224	8 468	13 063	160 360	168 096	173 639
Total Capital Funding		220 348	15 586	15 128	17 805	321 486	17 459	6 382	15 599	523 142	8 224	8 468	13 063	1 182 690	1 191 331	1 262 191

OR Tambo District Municipality 2018/2019 Budget and MTREF
Table 39 MBRR 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
Cash Receipts By Source													1		
Property rates													-		
Service charges - electricity revenue													-		
Service charges - water revenue	12 169	7 777	9 422	11 516	7 587	960	1 082	11 742	19 918	7 559	11 272	10 612	111 618	122 739	137 022
Service charges - sanitation revenue	8 346	6 464	7 169	8 067	6 383	3 543	3 595	8 163	11 667	6 371	7 962	7 679	85 409	92 242	100 544
Service charges - refuse revenue													-		
Service charges - other													-		
Rental of facilities and equipment	5	5	5	5	5	5	5	5	5	5	5	5	58	61	64
Interest earned - external investments	2 446	2 335	3 185	1 249	3 554	1 596	2 571	2 446	2 631	2 446	2 446	2 446	29 350	30 500	33 850
Interest earned - outstanding debtors	442	422	575	225	642	288	464	442	475	442	442	442	5 300	5 618	5 955
Dividends received													-		
Fines, penalties and forfeits													-		
Licences and permits													-		
Agency services													-		
Transfer receipts - operational	318 156	-	-	-	265 062	-	-	1 221	214 084	-	-	0	798 523	855 753	927 444
Other revenue	195 249	15 973	15 630	17 634	16 035	17 375	9 086	15 983	14 371	10 464	10 646	14 085	352 530	361 849	360 592
Cash Receipts by Source	536 813	32 976	35 987	38 696	299 268	23 766	16 803	40 001	263 151	27 287	32 773	35 269	1 382 788	1 468 762	1 565 472
Other Cash Flows by Source															
Transfer receipts - capital	206 817	-	-	-	305 817	-	-	-	509 696	-	-	-	1 022 330	1 023 235	1 088 552
Total Cash Receipts by Source	743 629	32 976	35 987	38 696	605 084	23 766	16 803	40 001	772 847	27 287	32 773	35 269	2 405 118	2 491 997	2 654 024
Cash Payments by Type															
Employee related costs	44 433	44 433	44 433	44 433	44 433	44 433	44 433	44 433	44 433	44 433	44 433	44 433	533 190	570 951	611 387
Remuneration of councillors	2 293	2 293	2 293	2 293	2 293	2 293	2 293	2 293	2 293	2 293	2 293	2 293	27 512	29 466	31 558
Finance charges													-		
Bulk purchases - Electricity													-		
Bulk purchases - Water & Sewer	5 875	5 875	5 875	5 875	5 875	5 875	5 875	5 875	5 875	5 875	5 875	5 875	70 500	74 378	78 468
Other materials	5 038	5 170	5 091	4 777	5 592	5 089	5 142	5 538	5 686	5 569	5 412	5 038	63 142	66 621	70 294
Contracted services	5 129	6 102	4 801	4 324	3 921	3 424	2 113	3 071	2 199	2 047	2 034	2 599	41 764	44 061	46 484
Transfers and grants - other municipalities	8 458	8 458	8 458	8 458	8 458	8 458	8 458	8 458	8 458	8 458	8 458	8 458	101 497	108 688	116 428
Transfers and grants - other													-		
Other expenditure	33 917	33 700	41 215	31 500	33 001	34 899	23 429	31 192	32 826	28 849	27 302	26 098	377 928	396 907	422 227
Cash Payments by Type	105 142	106 030	112 165	101 660	103 572	104 470	91 742	100 860	101 769	97 523	95 807	94 794	1 215 533	1 291 071	1 376 845
Other Cash Flows/Payments by Type															
Capital assets	81 514	87 881	105 210	104 896	111 763	86 998	92 526	110 888	103 794	94 647	112 381	90 193	1 182 690	1 191 331	1 262 191
Repayment of borrowing													-		
Other Cash Flows/Payments													-		
Total Cash Payments by Type	186 656	193 910	217 375	206 556	215 335	191 469	184 268	211 748	205 563	192 170	208 188	184 987	2 398 223	2 482 403	2 639 037
NET INCREASE/(DECREASE) IN CASH HELD	556 973	(160 935)	(181 388)	(167 860)	389 749	(167 702)	(167 465)	(171 747)	567 284	(164 883)	(175 415)	(149 718)	6 895	9 594	14 987
Cash/cash equivalents at the month/year begin:	539 972	1 096 945	936 011	754 623	586 762	976 512	808 809	641 344	469 598	1 036 882	871 999	696 584	539 972	546 866	556 461
Cash/cash equivalents at the month/year end:	1 096 945	936 011	754 623	586 762	976 512	808 809	641 344	469 598	1 036 882	871 999	696 584	546 866	546 866	556 461	571 448

1.9 Contracts having future budgetary implications

In terms of the District Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years).

1.10 Capital expenditure details

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

Table 40 MBRR SA 34a - Capital expenditure on new assets by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		422 376	–	–	1 102 117	1 100 949	1 100 949	1 026 926	1 028 084	1 098 667
Roads Infrastructure		10 759	–	–	2 931	2 231	2 231	2 939	3 113	3 293
<i>Roads</i>		10 759			2 931	2 231	2 231	2 939	3 113	3 293
<i>Road Structures</i>										
Water Supply Infrastructure		411 617	–	–	1 096 718	1 096 718	1 096 718	1 019 391	1 020 122	1 085 259
<i>Water Treatment Works</i>		411 617			1 096 718	1 096 718	1 096 718	1 019 391	1 020 122	1 085 259
Sanitation Infrastructure		–	–	–	2 468	2 000	2 000	4 596	4 849	10 115
<i>Toilet Facilities</i>					2 468	2 000	2 000	4 596	4 849	10 115
Community Assets		–	–	–	14 800	9 800	9 800	–	–	–
Community Facilities		–	–	–	14 800	9 800	9 800	–	–	–
<i>Halls</i>										
<i>Centres</i>					14 800	9 800	9 800			
Heritage assets		–	–	–	–	800	800	–	–	–
Monuments						800	800			
Other assets		–	1 661	–	33 963	21 362	21 362	24 629	50 902	46 479
Operational Buildings		–	1 661	–	30 763	18 162	18 162	21 129	50 902	46 479
<i>Municipal Offices</i>			1 661		27 000	15 162	15 162	16 200	45 500	45 000
<i>Yards</i>					3 763	3 000	3 000	4 929	5 402	1 479
Housing		–	–	–	3 200	3 200	3 200	3 500	–	–
<i>Staff Housing</i>					3 200	3 200	3 200	3 500	–	–
Biological or Cultivated Assets		751	261	–	–	–	–	–	–	–
Biological or Cultivated Assets		751	261							
Intangible Assets		–	–	–	2 600	10 550	10 550	2 651	2 555	2 585
Servitudes										
Licences and Rights		–	–	–	2 600	10 550	10 550	2 651	2 555	2 585
<i>Water Rights</i>										
<i>Effluent Licenses</i>										
<i>Solid Waste Licenses</i>										
<i>Computer Software and Applications</i>					2 600	10 550	10 550	2 651	2 555	2 585
<i>Load Settlement Software Applications</i>										
<i>Unspecified</i>										
Computer Equipment		879	1 561	–	1 835	1 835	1 835	1 450	1 970	2 500
Computer Equipment		879	1 561		1 835	1 835	1 835	1 450	1 970	2 500
Furniture and Office Equipment		1 526	2 267	–	2 285	2 285	2 285	3 000	800	850
Furniture and Office Equipment		1 526	2 267		2 285	2 285	2 285	3 000	800	850
Machinery and Equipment		982	4 691	–	8 060	9 060	9 060	45 345	49 691	25 666
Machinery and Equipment		982	4 691		8 060	9 060	9 060	45 345	49 691	25 666
Transport Assets		7 705	8 548	–	6 075	3 575	3 575	8 078	6 000	17 500
Transport Assets		7 705	8 548		6 075	3 575	3 575	8 078	6 000	17 500
Total Capital Expenditure on new assets	1	434 220	18 989	–	1 171 735	1 160 216	1 160 216	1 112 079	1 140 001	1 194 248

Table 41 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

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
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		-	-	-	78 563	77 063	77 063	70 612	51 330	67 943
Roads Infrastructure		-	-	-	1 733	1 733	1 733	1 500	-	-
<i>Roads</i>					1 733	1 733	1 733	1 500	-	-
Water Supply Infrastructure		-	-	-	72 680	67 180	67 180	64 746	39 224	50 584
<i>Dams and Weirs</i>										
<i>Boreholes</i>					19 100	19 100	19 100	9 255	9 764	15 301
<i>Reservoirs</i>										
<i>Pump Stations</i>					11 590	10 090	10 090	8 100	13 545	15 515
<i>Water Treatment Works</i>										
<i>Capital Spares</i>					41 990	37 990	37 990	47 391	15 914	19 767
Sanitation Infrastructure		-	-	-	4 150	8 150	8 150	4 366	12 106	17 359
<i>Pump Station</i>					1 000	6 000	6 000	1 052	1 110	5 671
<i>Reticulation</i>					3 150	2 150	2 150	3 314	10 996	11 688
<i>Waste Water Treatment Works</i>										
Total Capital Expenditure on renewal of existing	1	-	-	-	78 563	77 063	77 063	70 612	51 330	67 943
<i>Renewal of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	6.3%	6.2%	6.2%	6.0%	4.3%	5.4%
<i>Renewal of Existing Assets as % of deprecn"</i>		0.0%	0.0%	0.0%	47.0%	47.8%	47.8%	43.6%	30.0%	37.7%

Table 42 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		-	-	-	74 268	56 548	57 248	53 768	56 717	59 828
Roads Infrastructure		-	-	-	14 000	8 200	8 200	2 626	2 763	2 907
<i>Roads</i>					14 000	8 200	8 200	2 626	2 763	2 907
Water Supply Infrastructure		-	-	-	42 448	40 228	40 928	32 395	34 176	36 056
<i>Dams and Weirs</i>										
<i>Boreholes</i>					875	2 875	2 875	921	971	1 025
<i>Reservoirs</i>					1 025	1 050	1 750	2 183	2 303	2 430
<i>Pump Stations</i>					25 285	2 245	2 245	9 882	10 425	10 999
<i>Water Treatment Works</i>										
<i>Capital Spares</i>					15 263	34 058	34 058	19 410	20 477	21 603
Sanitation Infrastructure		-	-	-	17 820	8 120	8 120	18 747	19 778	20 865
<i>Pump Station</i>					1 500	1 500	1 500	1 578	1 665	1 756
<i>Reticulation</i>					14 320	5 320	5 320	15 065	15 893	16 767
<i>Waste Water Treatment Works</i>					2 000	1 300	1 300	2 104	2 220	2 342
Other assets		-	-	-	3 694	3 294	3 294	3 466	3 656	3 857
Operational Buildings		-	-	-	3 694	3 294	3 294	3 466	3 656	3 857
<i>Municipal Offices</i>					3 465	3 065	3 065	3 224	3 402	3 589
<i>Yards</i>					229	229	229	241	254	268
Computer Equipment		-	-	-	1 025	1 025	1 025	1 078	1 138	1 200
Computer Equipment					1 025	1 025	1 025	1 078	1 138	1 200
Furniture and Office Equipment		-	-	-	1 785	1 785	1 785	1 000	1 055	1 113
Furniture and Office Equipment					1 785	1 785	1 785	1 000	1 055	1 113
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment										
Transport Assets		-	-	-	6 825	5 325	5 325	3 500	3 693	3 896
Transport Assets					6 825	5 325	5 325	3 500	3 693	3 896
Libraries		-	-	-	-	-	-	-	-	-
Libraries										
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
Total Repairs and Maintenance Expenditure	1	-	-	-	87 597	67 978	68 678	62 812	66 258	69 894
<i>R&M as a % of PPE</i>		0.0%	0.0%	0.0%	0.9%	0.7%	0.7%	0.7%	0.6%	0.6%
<i>R&M as % Operating Expenditure</i>		0.0%	0.0%	0.0%	6.5%	4.9%	5.0%	4.5%	4.5%	4.5%

Legislation compliance status

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

1. In year reporting
Reporting to National Treasury in electronic format was not fully complied with on a monthly basis since there are returns that the district municipality was unable to prepare due to the capacity challenges (staff shortages) in the unit.
2. Internship programme
The District Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.
3. Budget and Treasury Office (BTO)
The Budget and Treasury Office has been established in accordance with the MFMA, but council has approved the proposed structure that will be in compliance with the requirements of MFMA for establishment of BTO office.
4. Audit Committee
The Audit Committee is yet to be appointed as the previous committee term has recently expired.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2018/2019 MTREF in June 2015 directly aligned and informed by the 2018/2019 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
Senior management of the district municipality and the all the staff the Budget and Treasury office have registered for the minimum competency level program required by National Treasury.
8. MSCOA compliance

1.11 Other supporting documents

Table 43 MBRR Table SA1 - Supporting detail to budgeted financial performance

Detailed list of other expenditure reflected at R108 million

DISCRIPTION	AMOUNT	DISCRIPTION	AMOUNT
ADVERTISING FEES	1 044 110.00	LAUNCHES - HOUSING PROJECTS	220 920.00
AFFLUENT MANAGEMENT PROGRAM	552 300.00	LED CAPACITY	600 000.00
AGRICULTURAL DEVELOPMENT STRATEGY	400 000.00	LED STRATEGY	750 000.00
AGRI-PACKS	15 000 000.00	LEGAL FEES	5 706 500.00
AMBASSADORS	331 380.00	LEVELLING OF SPORTS FACILITIES	220 920.00
ARTS AND CRAFT DEVELOPMENT	220 920.00	LIBRARY SERVICES	607 530.00
ARTS, CULTURE & HERITAGE	1 578 000.00	LOCAL LABOUR FORUM PROGRAMME DEVELOPMENT	165 690.00
ASSISTANCE TO EX-COMBATANTS	386 610.00	MANDELA MONTH	3 000 000.00

OR Tambo District Municipality 2018/2019 Budget and MTREF

DISCRIPTION	AMOUNT	DISCRIPTION	AMOUNT
AUDIT COMMITTEE ALLOWANCES	405 020.00	MAYORAL IMBIZO	2 624 740.00
BANK CHARGES	1 041 600.00	MEDICAL EXAMINATION	110 460.00
BLUE DROP PROGRAM	1 552 300.00	MEMBERSHIP FEES	517 868.00
BOOKS & PUBLICATIONS	351 815.10	MORAL REGENERATION PROGRAMS	635 500.00
CHILD PROTECTION SERVICES	530 000.00	MUNICIPAL HEALTH SERVICES	1 465 000.00
CLEANING MATERIALS AND SERVICES	1 634 808.00	MUNICIPAL SUPPORT PROGRAM	3 522 400.00
COASTAL SAFETY	2 251 280.00	MUNICIPAL SYSTEMS IMPROVEMENT GRANT	250 000.00
COMMUNICATION	6 373 920.00	OCCUPATIONAL HEALTH & SAFETY	333 159.98
COMMUNITY TRAINING	270 364.00	OFFICE RENTAL	1 880 450.00
CONFERENCE FEES	1 310 242.93	OR TAMBO MONTH	2 500 000.00
CO-OPERATIVE SUPPORT	12 000 000.00	OVERSIGHT COMMITTEE & ROADSHOWS	957 320.00
CORPORATE EXPENSES	191 990.00	PERFORMANCE MANAGEMENT SYSTEM	1 325 520.00
COUNCIL AND COMMITTEE	3 987 080.00	POSTAGE	289 300.00
COUNCIL MEETINGS	563 346.00	PRIMARY HEALTHCARE	75 000.00
COUNCIL RECEPTIONS	22 092.00	PROJECT MANAGEMENT OFFICE	2 000 000.00
CUSTOMER RELATIONS SERVICES	1 209 200.00	PUBLIC PARTICIPATION	2 100 000.00
DISASTER MANAGEMENT INFORMATION SYSTEM	2 000 000.00	PUBLIC TRANSPORT ASSISTANCE PROGRAM	1 215 060.00
DISASTER MANAGEMENT PLAN	1 500 000.00	RAIN HARVESTING	1 104 600.00
DISASTER MANAGEMENT SUMMIT	690 000.00	REGIONAL & LOCAL TOURISM ORGANISATIONS	55 230.00
DISASTER PREPAREDNESS AND RESPONSE	1 740 000.00	REGIONAL INDUSTRIAL DEVELOPMENT PROGRAM	5 000 000.00
DISTRICT PLANNING STRATEGY	300 000.00	RELOCATION COSTS	373 460.00
DISTRICT SPEAKER'S FORUM	441 840.00	RESEARCH AND DEVELOPMENT	662 760.00
DISTRICT SPORTS COUNCIL	77 322.00	RESEARCH AND POLICY DEVELOPMENT	998 518.48
DISTRICT TOURISM MARKETING	1 500 490.59	RISK ASSESSMENT AND REDUCTION PROGRAM	270 000.00
DISTRICTWIDE ELECTRIFICATION PLAN	552 300.00	RISK MANAGEMENT	807 409.00

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DISCRIPTION	AMOUNT	DISCRIPTION	AMOUNT
EARLY CHILDHOOD DEVELOPMENT	1 055 000.00	RURAL AGRO INDUSTRIAL SUPPORT	9 500 000.00
EMPLOYEE ASSISTANCE PROGRAM	1 130 900.00	SAFETY AND SECURITY PROGRAMMES	231 966.00
ENVIROMENTAL AWARENESS	1 400 000.00	SALGA FEES	5 228 000.00
ENVIRONMENTAL MANAGEMENT PLANNING	800 000.00	SECTION 79 COMMITTEES	1 052 000.00
FINANCIAL & BUDGETING REFORMS	2 151 340.00	SECTOR DEVELOPMENT	600 000.00
FIRE FIGHTING SERVICE	2 423 282.00	SECTORAL ENGAGEMENT	552 300.00
FREE BASIC SERVICES	1 215 060.00	SITTING ALLOWANCE - TRADITIONAL LEADERS	220 920.00
FUNCTIONS & STAFF WELFARE	936 280.00	SOCIAL RELIEF PROGRAMME	500 000.00
GET THE RECORDS STRAIGHT PROJECT (GTRS)	1 954 542.00	SPATIAL DEVELOPMENT FRAMEWORK	1 700 000.00
GRANT - ADHOC HOUSING	55 230.00	SPLUMA	985 000.00
GREENEST MUNICIPAL AWARDS	650 000.00	SPORTS AND RECREATION	1 714 760.00
HERITAGE DEVELOPMENT	186 730.00	SPORTS DEVELOPMENT	452 360.00
HERITAGE SECTOR PLAN	276 150.00	STANDING ORDERS & RESOLUTIONS REGISTER	633 830.00
HIV/AIDS (OR TAMBO DM) & INKCIYO PROGRAMME	1 450 000.00	STIPEND FOR EMERGENCY VOLUNTEERS	4 600 000.00
HIV/AIDS COMMUNITY AWARENESS	1 000 000.00	SUPPORT TO TRADITIONAL AUTHORITIES	723 250.00
HOUSING DEVELOPMENT STRATEGY	263 000.00	TECHNICAL FORUM WSJTT	717 990.00
HOUSING FORUMS	124 662.00	TOURISM EDUCATION AND AWARENESS	1 000 000.00
HOUSING SOCIAL RELIEF PROGRAMME	2 854 076.00	TRADE AND INVESTMENT PROMOTION	200 000.00
HUMAN RESOURCE WORKSHOP	6 522.40	VERIFICATION OF INDIGENT HOUSEHOLDS	736 400.00
INITIATION SUPPORT	794 110.00	VIP PROTECTION UNIT	1 049 370.00
INTEGRATED DEVELOPMENT PLAN-GRANT	5 482 350.00	WASTE WATER MANAGEMENT	662 760.00
INTEGRATED SPATIAL MANAGEMENT SYSTEM	276 150.00	WATER AND SANITATION MASTER PLANS	1 156 000.00
INTEGRATED WASTE MANAGEMENT PLAN	1 000 000.00	WATER PLANT HIRE	5 260 000.00
INTEREST EXPENSES - EXTERNAL	662 760.00	WATER QUALITY MONITORING	1 159 585.88

OR Tambo District Municipality 2018/2019 Budget and MTREF

DISCRIPTION	AMOUNT	DISCRIPTION	AMOUNT
INTER-GOVERNMENTAL RELATIONS	1 528 030.00	WEBSITE MAINTENANCE	220 920.00
INTERNSHIP PROGRAMME	717 990.00	WHIPPERY SUPPORT	3 156 000.00
JOB EVALUATION PROGRAM	1 157 200.00		
LANDSCAPING	526 000.00		
WOMEN'S CAUCUS	1 052 000.00		
WORKMEN'S COMPENSATION FUND	3 313 800.00		
WSA PLANS	2 450 000.00		
WSDIP	2 209 200.00		

Table 44 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Ref	Vote 1 - Exec. & Council	Vote 2 - Fin. & Admin	Vote 3 - Planning & Dev	Vote 4 - Health	Vote 5 - Community Services	Vote 6 - Housing	Vote 7 - Public Safety	Vote 8 - Sports & Recreation	Vote 9 - Environmental	Vote 10 - Roads	Vote 11 - Water	Vote 12 - Tourism	Vote 13 - [NAME OF VOTE 13]	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]	Total
R thousand	1																
Revenue By Source																	
Property rates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	199 289	-	-	-	-	199 289
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	85 409	-	-	-	-	85 409
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	58	-	-	-	-	-	-	-	-	-	-	-	-	-	58
Interest earned - external investments		-	26 000	3 350	-	-	-	-	-	-	-	-	-	-	-	-	29 350
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	5 300	-	-	-	-	5 300
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue		-	1 157	50 559	-	-	-	-	-	-	-	300 814	-	-	-	-	352 530
Transfers and subsidies		208 770	230 040	100 777	3 512	13 756	13 647	48 971	7 462	31 534	11 147	123 020	5 888	-	-	-	798 523
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		208 770	257 256	154 686	3 512	13 756	13 647	48 971	7 462	31 534	11 147	713 832	5 888	-	-	-	1 470 459
Expenditure By Type																	
Employee related costs		80 294	113 866	49 125	1 412	7 816	8 767	34 803	2 260	22 949	5 980	203 470	2 449	-	-	-	533 190
Remuneration of councillors		27 512	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27 512
Debt impairment		-	-	-	-	-	-	-	-	-	-	87 671	-	-	-	-	87 671
Depreciation & asset impairment		-	-	820	-	-	-	-	-	-	-	162 000	-	-	-	-	162 820
Finance charges		-	-	85	-	-	-	-	-	-	-	-	-	-	-	-	85
Bulk purchases		-	-	-	-	-	-	-	-	-	-	70 500	-	-	-	-	70 500
Other materials		-	9 044	330	-	-	-	-	-	-	2 626	51 141	-	-	-	-	63 142
Contracted services		-	41 764	-	-	-	-	-	-	-	-	-	-	-	-	-	41 764
Transfers and subsidies		19 445	-	39 149	75	2 085	270	-	2 388	-	-	38 085	-	-	-	-	101 497
Other expenditure		81 518	92 582	64 327	2 025	3 855	4 609	14 168	2 814	8 585	2 541	97 464	3 439	-	-	-	377 928
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		208 770	257 256	153 836	3 512	13 756	13 647	48 971	7 462	31 534	11 147	710 332	5 888	-	-	-	1 466 109
Surplus/(Deficit)		0	0	850	-	(0)	-	-	-	-	-	3 500	-	-	-	-	4 350
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	-	-	-	-	-	-	-	-	-	1 022 330	-	-	-	-	1 022 330
Surplus/(Deficit) after capital transfers & contributions		0	0	850	-	(0)	-	-	-	-	-	1 025 830	-	-	-	-	1 026 680

Table 45 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
ASSETS											
Call investment deposits											
Call deposits		309 312	337 630	253 823	461 763	461 763	461 763	461 763	485 775	454 367	478 112
Other current investments											
Total Call investment deposits	2	309 312	309 668	186 054	461 763	461 763	461 763	461 763	485 775	454 367	478 112
Consumer debtors											
Consumer debtors		466 977	544 229	643 684	537 363	537 363	537 363	537 363	569 604	603 781	640 008
Less: Provision for debt impairment		(364 854)	(442 045)	(589 082)	(318 690)	(318 690)	(318 690)	(318 690)	(406 361)	(498 854)	(596 435)
Total Consumer debtors	2	102 123	102 184	54 602	218 673	218 673	218 673	218 673	163 243	104 926	43 573
Debt impairment provision											
Balance at the beginning of the year		383 636	334 628	427 231	235 352	235 352	235 352	235 352	318 690	406 361	498 854
Contributions to the provision		64 910	107 693	161 747	83 338	83 338	83 338	83 338	87 671	92 493	97 580
Bad debts written off		(51)	(276)	105							
Balance at end of year		448 494	442 045	589 082	318 690	318 690	318 690	318 690	406 361	498 854	596 435
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		6 482 626	7 050 684	7 813 953	12 352 205	12 338 937	12 338 937	12 338 937	13 521 627	14 712 959	15 975 150
Leases recognised as PPE					1 000	1 000	1 000	1 000			
Less: Accumulated depreciation		2 101 824	2 304 543	2 441 645	3 053 429	3 053 429	3 053 429	3 053 429	3 216 249	3 388 061	3 569 363
Total Property, plant and equipment (PPE)	2	4 380 801	4 746 141	5 372 308	9 299 777	9 286 508	9 286 508	9 286 508	10 305 379	11 324 898	12 405 787
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities		84	20		270	270	270	270	286	303	322
Total Current liabilities - Borrowing		84	20	-	270	270	270	270	286	303	322
Trade and other payables											
Trade and other creditors		398 337	389 249	392 202	382 299	376 496	376 496	376 496	333 597	349 141	345 316
Unspent conditional transfers		4 110	9 501	7 230	-	-	-	-	-	-	-
VAT					-	-	-	-	-	-	-
Total Trade and other payables	2	402 447	398 750	399 432	382 299	376 496	376 496	376 496	333 597	349 141	345 316
Non current liabilities - Borrowing											
Borrowing											
Finance leases (including PPP asset element)					100	100	100	100	100	100	100
Total Non current liabilities - Borrowing		-	-	-	100	100	100	100	100	100	100
Provisions - non-current											
Retirement benefits		46 534	54 837	64 042							
List other major provision items											
Refuse landfill site rehabilitation											
Other											
Total Provisions - non-current		46 534	54 837	64 042	-	-	-	-	-	-	-
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		4 231 195	4 473 503	4 886 340	8 753 625	8 753 428	8 753 428	8 753 428	9 856 584	10 883 264	11 912 284
GRAP adjustments			11 631		-						
Restated balance		4 231 195	4 485 134	4 886 340	8 753 625	8 753 428	8 753 428	8 753 428	9 856 584	10 883 264	11 912 284
Surplus/(Deficit)		214 041	401 206	468 392	1 103 352	1 103 155	1 103 155	1 103 155	1 026 680	1 029 020	1 095 773
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
Accumulated Surplus/(Deficit)	1	4 445 236	4 886 340	5 354 732	9 856 977	9 856 584	9 856 584	9 856 584	10 883 264	11 912 284	13 008 057
Reserves											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
Total Reserves	2	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	4 445 236	4 886 340	5 354 732	9 856 977	9 856 584	9 856 584	9 856 584	10 883 264	11 912 284	13 008 057

1.12 Municipal manager's quality certificate

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

Print Name _____

Municipal manager of OR Tambo District Municipality (DC15)

Signature _____

Date _____