

**UTHUKELA**

**UMKHANDLU WESIFUNDA  
DISTRIKSMUNISIPALITEIT  
DISTRICT MUNICIPALITY**

**2018/2019 – 2020/2021  
DRAFT ANNUAL BUDGET & MEDIUM-TERM REVENUE  
AND EXPENDITURE FRAMEWORK**

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## **PART 1- ANNUAL BUDGET**

### **1.1 MAYORS REPORT**

**SPEECH BY THE MAYOR OF UTHUKELA DISTRICT MUNICIPALITY  
PRESENTED TO THE MUNICIPAL COUNCIL ON THE OCCASION OF TABLING OF THE 2018/2019 DRAFT  
BUDGET IN THE COUNCIL  
BOARDROOM, LADYSMITH, ON 23 MARCH 2018**

#### **VISION**

Our vision is an economically sound municipality with effective infrastructure and a municipality that empowers people, protects the environment and demonstrates excellence in leadership.

In this tabled draft budget Council has endeavoured to achieve these calls and has tried to provide for this within its limited resources. Given the constraints on the revenue side, tough decisions have been made to ensure a sustainable budget.

#### **JOB CREATION**

Council has heeded the Government's call for job creation and has partnered with the Department of Public Works to ensure that the EPWP is fully operational in this Municipality. The allocation for EPWP will increase for 2018/19 financial year to R6.2 million financial year which will assist to ensure that service delivery is instigated accordingly. A further R3 million has been provided from internally generated fund to facilitate the job creation programme.

#### **INFRASTRUCTURE DEVELOPMENT**

The total capital grant allocations for 2018/19 financial year have increased from R367 million to R405 million. We will continue to upgrade our infrastructure and embark on new capital projects improve water distribution and reticulation. Various infrastructure projects that have been identified by the community during the needs analysis will be considered in this budget.

#### **DEBT MANAGEMENT**

Council has written off debts for qualifying indigent debtors, a concerted effort has been made to collect and reduce all outstanding debts. Council has also approved the implementation of the flat tariff in order to improve the collection rate. Debt collection and revenue enhancement will remain a priority in the upcoming financial year. The municipality is currently awaiting recommendations from COGTA on the issue of revenue enhancement.

#### **ASSET MANAGEMENT**

Asset management is prioritised and ensuring that councils assets are managed properly. We have responsibility of reducing expenditure on non-essential assets and prioritising repairs and maintenance of municipal assets.

#### **THE WAY FORWARD**

The municipality will remain dedicated to its core business of providing high quality basic services to the community. All areas of non-performance affecting basic service delivery will be identified and remedial measures will be employed accordingly. The limited resources available will be prioritised strictly for basic service delivery.

## **1.2 COUNCIL RESOLUTIONS:**

On 23 March 2018 the Council of UThukela District Local Municipality met in the Council Boardroom of UThukela District Municipality to consider the draft annual budget of the municipality for the financial year 2018/19. The Council approved and adopted the following resolutions:

1. The UThukela District Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
  - 1.1. The annual draft budget of the municipality for the financial year 2018/19 and the multi-year and single-year capital appropriations as set out in the following tables:
    - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table A2
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table A3
    - 1.1.3. Budget Summary as contained in Table A1
    - 1.1.4. Budgeted financial performance (revenue and expenditure) as contained in Table A4
  - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
    - 1.2.1. Budgeted Financial Position as contained in Table A6
    - 1.2.2. Budgeted Cash Flows as contained in Table A7
    - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table A8
    - 1.2.4. Asset management as contained in Table A9
    - 1.2.5. Basic service delivery measurement as contained in Table A10
2. The Council of UThukela District Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) to consider:
  - 2.1. The tariffs for water services.
  - 2.2. The tariffs for sanitation services.
  - 2.3. The tariffs for other municipal services.

### 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 Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

In the compilation of this budget the municipality has taken note of the Cabinet resolution by which all national and provincial departments, constitutional institutions and all public entities are required to implement cost containment measures. These cost containment measures must be implemented to eliminate waste, reprioritise spending and ensure savings on six focus arrears namely consultancy fees, no credit cards, travel and related costs, advertising, catering and events costs as well as accommodation.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Most of which will benefit the municipality as well as consumers. Consultants have also been engaged in the revenue department to assist with the prior year's qualifying matters

National Treasury's MFMA Circular No.90 and 91 were used to guide the compilation of the 2018/19 Draft Budget and MTREF.

The main challenges experienced during the compilation of the Draft 2018//19 MTREF can be summarised as follows:

- The on-going difficulties in the national and local economy;
- Aging water infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk electricity (due to tariff increases from Eskom), 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;
- Escalating water losses
- Wage increases for municipal staff that continues to exceed consumer inflation, as well as the need to fill critical vacancies.

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

**Table 1 Consolidated Overview of the 2018/19 MTREF**

R'000	Adjustment Budget 2017/2018	Budget Year 2018/2019	Budget Year 2019/2020	Budget Year 2020/2021
<b>Total operating revenue</b>	618 806	742 405	791 085	849 672
Total operating expenditure	622 703	699 936	748 312	812 941
<b>Surplus/(Deficit) for the year</b>	<b>(3 897)</b>	<b>42 469</b>	<b>42 773</b>	<b>36 731</b>
Total Capital Funding(Grant	367 339	407 804	420 034	438 864
Total capital Funding(internal generated	750	27		
Total Capital Expenditure	368 089	407 831	420 034	438 864
<b>Total Budget</b>	<b>990 792</b>	<b>1 107 767</b>	<b>1 168 346</b>	<b>1 251 805</b>

**Operating Revenue**

Total operating revenue has increased by 20% for the 2018/19 financial year when compared to the 2017/18 adjustments budget. The high increase is due to the adjustment of operational grants allocation from R367 million to R300 million in 2017/2018 budgets. The general % increase in revenue is 6% which is applied to service Charges tariffs and across all revenue generated by the municipality.

**Operating Expenditure**

Total operating expenditure for the 2018/19 financial year has been appropriated at R699 million and translates into a budget surplus of R43 million. Comparing to the 2017/18 adjustment Budget operating expenditure has increased by 12% due to the fact that Debt impairment, Depreciation and electricity do not use the prescribed 5.3% increment as per CPI projections by the circular 89. Apart from the mentioned expenditure 5.3% increase was applied to the rest of the operating expenditure and 5.4% and 5.5 for the 2 outer years respectively.

**Capital Expenditure**

The above table explains that R27 000 of the capital expenditure will be funded internally this is for the office equipment needed for the staff from Budget and Treasury department. R407million

is funding from national Government Grants for water and sanitation capital projects which are core functions of the municipality.

## **1.4 OPERATING REVENUE FRAMEWORK**

For UThukela 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. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to achieve a 50% annual collection rate for key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- 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 Municipality.

The following table is a summary of the 2018/19 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue sourceA4**

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue By Source</b>										
Service charges - water revenue	110 739	133 216	139 715	245 892	245 892	245 892	245 892	261 847	277 558	294 212
Service charges - sanitation revenue	15 701	16 900	14 306	20 264	29 264	29 264	29 264	31 019	32 881	34 853
Interest earned - external investments	9 073	11 991	7 189	11 539	8 000	8 000	8 000	8 480	8 989	9 528
Interest earned - outstanding debtors	19 149	20 215	44 410	40 774	30 774	30 774	30 774	32 620	34 577	36 652
Transfers and subsidies	301 291	322 989	347 535	367 387	300 254	300 254	300 254	405 533	434 001	471 163
Other revenue	9 561	3 567	7 145	3 370	3 032	3 032	3 032	2 905	3 080	3 264
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>465 513</b>	<b>508 879</b>	<b>560 300</b>	<b>689 225</b>	<b>617 216</b>	<b>617 216</b>	<b>617 216</b>	<b>742 405</b>	<b>791 085</b>	<b>849 672</b>

**Table 3 percentage growth in revenue by main revenue source A4**

Description	2018/19 Medium Term Revenue & Expenditure Framework							
	Adjusted Budget	%	Budget Year 2018/19	%	Budget Year +1 2019/20	%	Budget Year +2 2020/21	%
<b>Revenue By Source</b>								
Service charges - water revenue	245 892	40%	261 847	35%	277 558	35%	294 212	35%
Service charges - sanitation revenue	29 264	5%	31 019	4%	32 881	4%	34 853	4%
Interest earned - external investments	8 000	1%	8 480	1%	8 989	1%	9 528	1%
Interest earned - outstanding debtors	30 774	5%	32 620	4%	34 577	4%	36 652	4%
Transfers and subsidies	300 254	49%	405 533	55%	434 001	55%	471 163	55%
Other revenue	3 032	0%	2 905	0%	3 080	0%	3 264	0%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>617 216</b>	<b>100%</b>	<b>742 405</b>	<b>100%</b>	<b>791 085</b>	<b>100%</b>	<b>849 672</b>	<b>100%</b>
Total Revenue from Service Charges	275 156	45%	292 867	39%	310 439	39%	329 065	39%

The two tables above shows that the municipality's main source of Revenue is grant funding as it covers above half of the income. Revenue from Service Charges has remained constant at 39% the slight increase in 2017/2018 is due to the adjustment of transfers recognised.



A total of R292 million is expected to be generated from Service charges, this revenue shows a 6% increase in tariffs as stipulated In MFMA Budget circular no.91 6% increase is applied throughout all revenue that will generated by the municipality (excluding operational grants)

Revenue increases by 6 %in the outer financial years of the MTREF.

Other revenue' contributes less than 1% in the total revenue. Other revenue consists of items and services that the municipality offers such as income received from the sale of tender documents and the issue of clearance certificates.

Operating grants and transfers totals R405 million in the 2018/2019 below is a detailed split of the operating grants

**Table 4 Operating Transfers and Grant Receipts**

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>RECEPTS:</b>									
<b><u>Operating Transfers and Grants</u></b>									
<b>National Government:</b>	<b>313 272</b>	<b>318 121</b>	<b>390 054</b>	<b>367 087</b>	<b>298 776</b>	<b>298 776</b>	<b>405 233</b>	<b>433 601</b>	<b>470 763</b>
Local Government Equitable Share	260 862	261 605	332 370	304 535	236 224	236 224	335 399	364 204	395 903
RSC Levy Replacement	44 198	44 198	47 937	51 710	51 710	51 710	56 441	61 418	66 762
Finance Management	883	1 325	1 460	1 795	1 795	1 795	1 545	2 010	1 800
EPWP Incentive	1 589	2 384	3 169	3 724	3 724	3 724	6 206	–	–
Special Support For Councillors	3 113	4 669	5 118	5 323	5 323	5 323	5 642	5 969	6 298
Water Services Operating Subsidy	2 000	3 000			–	–			
municipal system improvement grant	627	940			–	–			
<b>Provincial Government:</b>	<b>–</b>	<b>250</b>	<b>1 200</b>	<b>300</b>	<b>250</b>	<b>250</b>	<b>300</b>	<b>400</b>	<b>400</b>
Shared Services	–	250	1 200	300	250	250	300	400	400
<b>Total Operating Transfers and Grant</b>	<b>313 272</b>	<b>318 371</b>	<b>391 254</b>	<b>367 387</b>	<b>299 026</b>	<b>299 026</b>	<b>405 533</b>	<b>434 001</b>	<b>471 163</b>

### 1.4.1 Water and Sanitation Tariffs

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 Municipality.

Since 2015 the District and the rest of the country experienced severe drought due to the heat and lack of rain which resulted to water shortages, the impact from that situation affected the municipality. The effects from the drought are still felt by the municipality as it affected the collection rate as water had to be shut down and distributed by water tankers. Municipality is still recovering from this situation.

The core function of the municipality is water and sanitation which is considered to be the basic needs for human beings and the constitution says they are basic human rights. The municipality has a difficult task of setting tariffs which are affordable to all consumers and the same time must be cost reflective taking into account all cost associated with the end product.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible.

Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability. As mentioned earlier services are failing to break even.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilized 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 electricity, petrol, diesel, chemicals etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows

Tariff the cost of the provision of general services. Determining the effective tariff is therefore an integral part of the municipality's budgeting process. The 6% increase in tariffs is set to be cost reflective and ensure protection of basic level services to provide free water to indigent recipients

Below are the proposed water services tariffs for the financial year 2018/2019 these tariffs exclude VAT.

**Table 5 Water and Sanitation Tariffs**

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**WATER & SANITATION SERVICES TARIFF 2018/2019 FINANCIAL YEAR**

**DRAFT** water services tariff for the financial year 2018/2019

.Water and Sanitation Tariffs

	Description	Tariff
1.	Tariff for accessibility to water ( basic charge occupied and unoccupied)	R75.51/ month
2.	Tariff for accessibility to sewerage system (basic charge occupied and unoccupied)	R96.23/ month

3.	Sewer tariff for restricted usage (un-metered)	R96.23/ month
4.	Servicing sewer conservancy tanks/pits (small)	R170.01/ service
	Servicing sewer conservancy tanks/pits (large)	R364.64/ 5000l/ load
	Discharge of sewage to waste water works by private sewer tankers	R0,13/litre
	<b>Integrated Step Tariff (Domestic Use)</b>	
5.	Water tariff for water usage up to 6kl	Free/ Indigent
	Water tariff for water usage 1 to 30kl	10.96kl
	Water tariff for water usage 31kl to 100kl	R11.98kl
	Water tariff for water usage 101kl to above	R13.78kl
	<b>Integrated step tariffs(Business use)</b>	
	Water tariff for water usage 1 to 30kl	10.96kl
	Water tariff for water usage 31kl to 100kl	R11.98kl
	Water tariff for water usage 101kl and above	R13.78kl
	<b>Integrated Step Tariff (Industrial/Factory Use)</b>	
6.	Water tariff for water usage 1 to 1000kl	10.96kl
	Water tariff for water usage 1001kl to 3000kl	R12.70kl
	Water tariff for water usage 3001kl and above	R14.61kl
	<b>Integrated Step Tariff(Co-operatives)</b>	
	Water tariff for water usage 1 to 40kl	R5.15kl
	Water tariff for water usage 41 to 80kl	R5.88kl
	Water tariff for water usage 81kl and above	R7.08kl
	<b>Integrated Step Tariff(Churches)</b>	
	Water tariff for water usage 1 to 30kl	R5.15kl
	Water tariff for water usage 31 to 70kl	R5.88kl
	Water tariff for water usage 71kl and above	R7.08kl
	<b>Integrated Step Tariff(Trust)</b>	
	Water tariff for water usage 1 to 30kl	R9.72
	Water tariff for water usage 31 to 70kl	R10.21kl
	Water tariff for water usage 71kl and above	R11.95kl
	<b>Integrated step tariff(Government use)</b>	
	Water tariff for water usage 1 to 30kl	10.96kl
	Water tariff for water usage 31kl to 100kl	R11.98kl
	Water tariff for water usage 101kl and above	R13.78kl
7.	Bulk potable water supply to IDC Estate	R5.73kl
	Bulk Raw water supply	R3.50kl

8.	Emergency Services Connection (excluding emergency services)	R24.36kl
9.	Availability charge for fire hydrant per month	R92.87
10.	For water drawn or usage from metered fire hydrant	R12.12/kl
11.	Inspections for internal leaks and any other services (per visit)	R588.05
12.	All connections, repairs and work required from Council Domestic	Cost + 10%
13.	All connections, repairs and work required from Council other services actual cost + 10 %	Cost + 10%
14.	Trade Effluent	Charge(c/kl)= $77.55c + ([COD/1000] \times 1.63c)$ (COD-Chemical Oxygen Demand)
15.	Account Deposits (Subject to credit worthiness)	Every default adjustment of R173.99 to maximum as per following: Residential Max R2 611.78 Business Max R 8701.66  <b>New consumers:-</b> Residential = R 1 509..69 Business = R 3602.64 Connection Fees =R 174.53
	Account deposits co-operatives	R709.45.
	Account deposit Churches	R1 692.98
	Account deposit Trust	R3 385.94
	Account deposit trust not in business	R1 418.89
16.	Scrutiny of building plans	R450.58/ plan
17.	Clearing of grass overgrowth	Actual cost + 12 %
18.	Requested Water Tankering (funerals – if not indigent)	5000l = R519.22 / load

19.	Requested Water Tankering (other events)	5000l = R830.70/ load
20.	Developer's Capital Contribution - Water	R 9440.08
21.	Developer's Capital Contribution - Sanitation	R 10384.16
22.	Disconnection Fee Reconnection fee - Working hours -After hours, Saturdays/Sundays/Public Holidays	R 124.59 R 126.49 R311.46
23.	Clearance certificates	R460.26
24.	Flat rate services (where applicable)	R309.49per household
25.	Moving/shifting of the existing water meter (in metres)	
26.	A distance less than a metre (1m)	R309.00
27.	A distance from 1 metre to 3 metres	R500.00
28.	A distance more than 3 metres to any distance	R750.00

### Offences and penalties

1.Any person who fails or refuses to give access required by an officer of the authority or an authorized provider shall be guilty of an offence in terms of section 34 of the Water Services By-laws and liable on conviction to a fine not exceeding R 4 000,00 or in default on payment, to imprisonment for a period not exceeding 6 months and in the event of a continued offence to a further fine not exceeding R 2 000,00 for every day during the continuance of such offence after a written notice from the authority or an authorized provider has been issued and in the event of a second offence to a fine not exceeding R 6 000,00 or, in default on payment to imprisonment for a period not exceeding 12 months.

2.Any person who obstructs or hinders any officer of the authority in the exercise of his or her powers or performance of his or her functions or duties shall be guilty of an offence in terms of section 34 of the Water Services By-laws and liable on conviction to a fine not exceeding R50 000,00 or in default on payment, to imprisonment for a period not exceeding 6 months and in the event of a continued offence to a further fine not exceeding R10 000,00 for every day during the continuance of such

offence after a written notice from the authority has been issued and in the event of a second offence to a fine not exceeding R75 000,00 or, in default on payment to imprisonment for a period not exceeding 12 months.

<b>Water and Waste Water Analysis</b>		
<b>Determinant</b>	<b>Units</b>	<b>Cost per sample</b>
Alkalinity	mg/l CaCO <sub>3</sub>	R60.11
Appearance	Descriptive	
Aluminium - soluble	mg/l Al	R52.03
Ammonia	mg/l N	R50.11
Chloride	mg/l Cl	R40.11
Chlorine – Free	mg/l Cl <sub>2</sub>	R19.98
Colour	Pt-Co	R29.97
Conductivity	mS/m	R19.96
Fluoride	mg/l F	R50.12
Iron	mg/l Fe	R29.39
Manganese	mg/l Mn	R50.11
Nitrate	mg/l N	R30.41
Nitrite	mg/l N	R30.41
Odour	Descriptive	
pH	pH Units	R19.98
Phosphate - soluble	mg/l P	R29.97
Solids - Settle able	ml/l	R29.97
Sulphate	mg/l SO <sub>4</sub>	R43.99
Sulphide	mg/l H <sub>2</sub> S	R50.11
Suspended Solids	mg/l	R44.26
Temperature	°C	
Total Dissolved Solids	mg/l	R29.97
Turbidity	NTU	R19.98
Oxygen Absorbed	mg/l O <sub>2</sub>	R60.11
Chemical Oxygen Demand	mg/l O <sub>2</sub>	R70.09
Magnesium/Calcium	mg/l Mg/Ca	R69.93

- Sample bottles can be collected at the Laboratory.
- A volume of at least 1 litre is necessary for analysis.

<b>Microbiological Analysis</b>		
Faecal coliforms	colonies per 100ml	R55.13
Total coliforms	colonies per 100ml	R55.13
Standard plate count	colonies per ml	R45.98

- Sample bottle can be collected at the Laboratory.
- A volume of at least 1 litre is necessary for analysis.

**THE ABOVE TARIFFS EXCLUDE VAT**

- Sterile bottles provided by the Laboratory should be used.
  - Samples must be delivered to the Laboratory within 6 hours of collection and should be kept cold.
  - A volume of 500ml is sufficient for analysis.
1. Prices listed are for single samples.
  2. Sterile bottles can be supplied free of charge. Bottles broken or not returned will be charged for at a rate of R18.29 per bottle.

### **FINES FOR ILLEGAL CONNECTIONS AND TEMPERING**

First instance	R 2 500
Second instance	R 5 000
Third instance	R 7 500
Forth instance	R10 000

NB: Immediately if the consumer committed a fifth instance, complete disconnection of water supply will apply!

### **PENALTY FEES**

1. Warning letter	R 56.39
2. Final cut-off	
• Additional deposit-business	R 169.18
• Additional deposit-households	R119.55
• Penalty fee	R 94.45

### **RECONNECTION FEES:**

1. Standard fee applies during working office hours	R116.15
2. Standard rate applies after office hours	R277.20

### **NEW CONNECTION (PLUMBING WORK) CHARGES, INCLUDING FIRE HYDRANT**

NO	SIZE (MM)	UNIT COST R	DEPOSIT
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1	20	2 387.35	225.57
2	25	2 387.35	225.57
3	32	2 859.50	563.92
4	40	6 384.00	563.92
5	50	6 780.91	563.92
6	80	9 388.77	563.92
7	100	10 815.56	563.92
8	150	11 229.50	563.92

NB: The above costs exclude material and labour costs!

Other municipal services increase by 6.4% as per MFMA circular 86.

Tender documents  
Maps GIS  
Clearance certificates

	A3 PRINTER		A0 PLOTTER		
	A4	A3	A2	A1	A0
<b>Full Colour</b>	23.57	47.16	178.95	159.16	212.21
<b>Grey Scale</b>	23.57	47.16	178.95	144.59	212.21
<b>Topo Maps</b>	17.69	33.37	83.42	178.95	159.16
<b>Line / Hatch</b>	11.79	33.37	63.32	76.64	106.10

#### Maps GIS tariffs

##### 1.4.1.1 Tender Documents

Municipal Produced	R188.15
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Consultants produced depending on the project	R376.30 and R439.05 respectively
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- Clearance certificate R 428.98

**Table 6 Comparison between current tariffs and increases**

#### 1.4.2 Overall impact of tariff increases on households

The table above reflects the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

	<b>Description</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
1.	Tariff for accessibility to water (basic charge occupied and unoccupied)	R66.96/ month	R71.25 month	R75.53 month
2.	Tariff for accessibility to sewerage system (basic charge occupied and unoccupied)	R85.32./month	R90.78./month	R96.23 month
3.	Sewer tariff for restricted usage (un-metered)	R85.32/ month	R90.78/ month	R90.44 month
4.	Servicing sewer conservancy tanks/pits (small)	R150.75/service	R160.40/service	R170.02 month
	Servicing sewer conservancy tanks/pits (large)	R323.07 / 5000l/ load	R343.75 / 5000l/ load	R364.38 /5000/load
	Discharge of sewage to waste water works by private sewer tankers	R0.12/litre	R0.35/litre	R0.37
	<b>Integrated Step Tariff (Domestic Use)</b>			
5.	Water tariff for water usage up to 6kl	Free/ Indigent	Free/ Indigent	Free /indigent
	Water tariff for water usage 1 to 30kl	R9.72kl	R10.34kl	R10.96kl
	Water tariff for water usage 31kl to 100kl	R11.26kl	R11.98kl	R12.70kl
	Water tariff for water usage 101kl to 999kl	R12.95kl	R13.77kl	R14.60kl

## 1.5 OPERATING EXPENDITURE FRAMEWORK

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

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit,
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA,
- The capital programmes aligned to the asset renewal strategy and backlog eradication plan,
- 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 2018/19 budget and MTREF (classified per main type of operating expenditure):

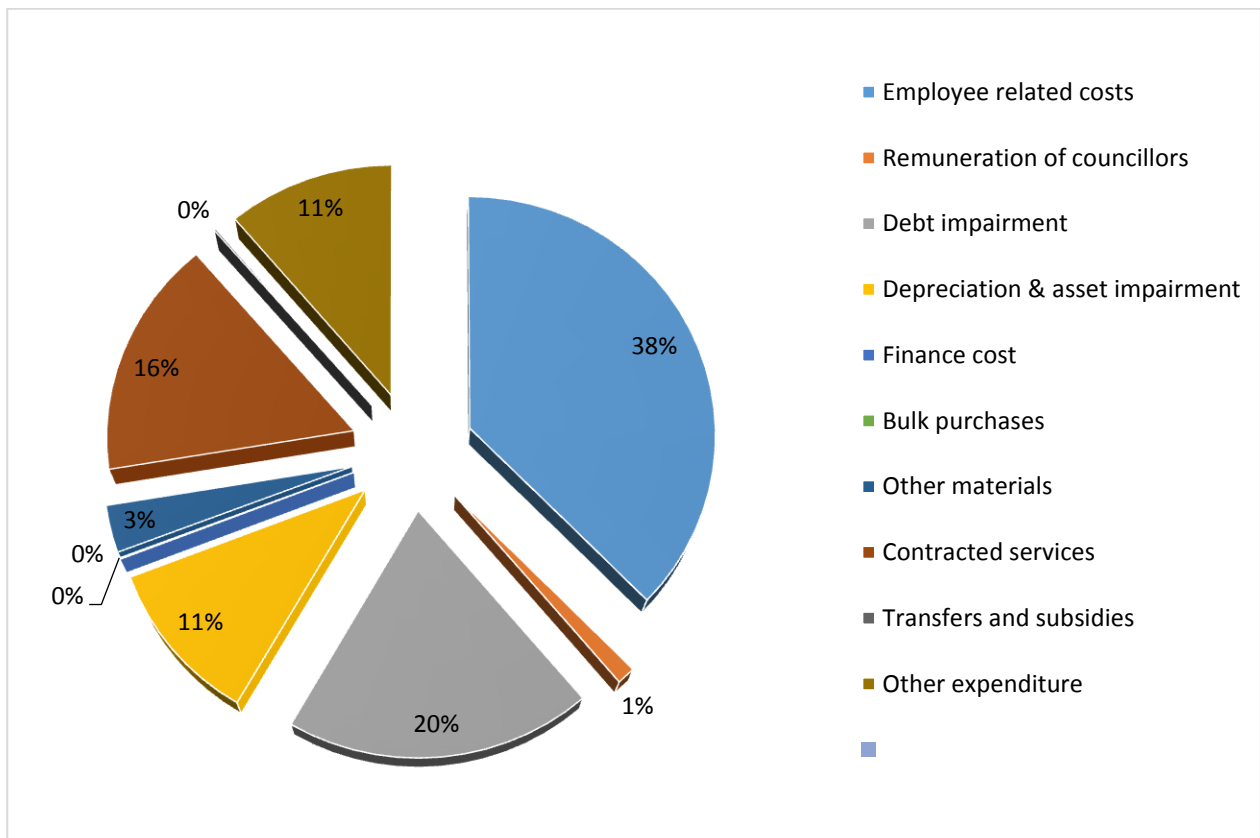
**Table 8 Summary of operating expenditure by standard classification item A4**

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Expenditure By Type</b>										
Employee related costs	152 520	199 310	218 649	241 092	251 092	251 092	251 092	263 125	277 335	292 588
Remuneration of councillors	5 842	6 381	5 483	6 454	6 454	6 454	6 454	8 419	8 874	9 362
Debt impairment	90 109	57 975	94 881	76 395	76 395	113 857	113 857	136 628	163 954	196 746
Depreciation & asset impairment	45 537	49 197	73 385	53 137	72 000	72 000	72 000	75 744	79 909	84 304
Finance charges	2 465	1 125	2 555	313	533	533	533	561	591	624
Bulk purchases	6 169	7 698	8 061	6 255	6 255	6 255	6 255	–	–	–
Other materials	34 497	37 829	34 235	40 322	42 025	42 025	42 025	22 309	23 514	24 808
Contracted services	39 499	68 623	95 543	40 611	47 644	47 644	47 644	113 724	112 712	118 664
Transfers and subsidies	–	60 635	4 776	26 600	26 600	26 600	26 600	1 000	1 000	1 000
Other expenditure	188 477	210 302	208 261	108 977	93 705	93 705	93 705	78 453	80 266	84 682
Loss on disposal of PPE	2 464	1 232	5 205							
<b>Total Expenditure</b>	<b>567 579</b>	<b>700 307</b>	<b>751 034</b>	<b>600 156</b>	<b>622 703</b>	<b>660 165</b>	<b>660 165</b>	<b>699 964</b>	<b>748 156</b>	<b>812 777</b>

**Table 9 Operating expenditure expressed as percentages**

Description	2016/17						2018/19 Medium Term Revenue & Expenditure Framework						
R thousand	Audited Outcome	%	Adjusted Budget	%	Pre-audit outcome	%	Budget Year 2018/19	%	Budget Year +1 2019/20	%	Budget Year +2 2020/21	%	
Expenditure By Type													
Employee related costs	218 649	29%	251 092	40%	251 092	38%	263 125	38%	277 335	37%	292 588	36%	
Remuneration of councillors	5 483	1%	6 454	1%	6 454	1%	8 419	1%	8 874	1%	9 362	1%	
Debt impairment	94 881	13%	76 395	12%	113 857	17%	136 628	20%	163 954	22%	196 746	24%	
Depreciation & asset impairment	73 385	10%	72 000	12%	72 000	11%	75 744	11%	79 909	11%	84 304	10%	
Finance charges	2 555	0%	533	0%	533	0%	561	0%	591	0%	624	0%	
Bulk purchases	8 061	1%	6 255	1%	6 255	1%	–	–	–	0%	–	–	
Other materials	34 235	5%	42 025	7%	42 025	6%	22 309	3%	23 514	3%	24 808	3%	
Contracted services	95 543	13%	47 644	8%	47 644	7%	113 724	16%	112 712	15%	118 664	15%	
Transfers and subsidies	4 776	1%	26 600	4%	26 600	4%	1 000	0%	1 000	0%	1 000	0%	
Other expenditure	208 261	28%	93 705	15%	93 705	14%	78 453	11%	80 266	11%	84 682	10%	
Loss on disposal of PPE	5 205	1%	–	–	–	–	–	–	–	0%	–	0%	
Total Expenditure	751 034	100%	622 703	100%	660 165	100%	699 964	100%	748 156	100%	812 777	100%	

**Figure 1 Main operational expenditure categories for the 2018/19 financial year**



### **Employee related cost**

The budgeted allocation for employee related costs for the 2018/19 financial year totals R263 million, which equals 38 % of the total operating expenditure. The 7.36% increase in this expenditure is the same % that was used for the past 3 financial years, the municipality opted not to use the CPI inflation rate because of the ongoing salary negotiations we can avoid under budgeting.

### **Remuneration of Councillors**

The cost associated with the remuneration of councillors is determined by the Minister of Cooperative 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 Municipality's budget.

### **Debt Impairment**

The cost of debt impairment 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.

The past 3 audited financial years has shown a trend of nearly 20% increase of consumer debtors. This trend has proven that in the past we have under budgeted for the contribution to the provision. In 2016/2017 financial year R71 million was budgeted and the audited outcome was R98 million, 2017/18 budget is R76 million taking into account that by mid-year consumer debtors were at R745 million still going up, the pre-audit outcome had to be recalculated and the estimated figure is R113 million.

2018/2019 20% increase from the pre-audit outcome figure based on the trend and the estimate that by the end of 2017/18 consumer debtors will reach a little over R800 million the figure of R136 million is budgeted for the item. However the municipality is confident that this figure will be reduced during the adjustment period as measures have been put into place to try and recover a substantial amount from outstanding debtors. Two services providers have been appointed in February to deal with debt collection, their services will help the municipality with collection rate and the indigent register with correct and credible information.

**Provision for depreciation and asset impairment** has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R75 million for the 2018/19 financial and equates to 11% of the total operating expenditure.

### **Bulk purchases**

Due to the changes brought by mSCOA items are given data strings which informs the item level function. Previously water purchases formed part of bulk purchases but now the data strings for this item on the LG Portal have removed it to inventory consumed which forms part of other material.

**Other materials**

Repairs and maintenance were previously reported on this item but due to the changes that came with mScoa data strings the following items are now classified as other material.

DESCRIPTION	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
consumables	65	68	72
stationery	957	1 009	1 065
water purchases	6 586	6 942	7 324
Fuel & Oil	4 751	5 007	5 283
Chemicals	8 951	9 434	9 953
Emergency Disaster Provisions.	1 000	1 054	1 112
	<b>22 309</b>	<b>23 514</b>	<b>24 808</b>

## Contracted services

mSCOA classifications of expenditure type have changed which has given a move of all items that are outsourced to contracted services. Some of the items such as repairs and maintenance, water tankers, operational grants expenditure have now form part of contracted services. Chemicals, insurance and computer programs no longer part of contracted services.

DESCRIPTION ▼	Budget year 2018/19 ▼	Budget year 2019/20 ▼	Budget year 2020/21 ▼
Water Tankering	20 000	21 080	22 239
Plant and equipment Hire	3 313	3 491	3 684
Security	22 597	23 817	25 127
Rent - buildings	231	244	257
Rent - machines	502	529	559
vat audit expenses	2 500	2 638	2 783
asset verification	2 630	2 775	2 927
professional fees	4 212	4 444	4 688
legal fees	2 948	3 108	3 279
Rent & Hire Vehicles	393	414	436
Vehicle repairs	11 685	12 316	12 993
pipelines repairs	10 530	11 099	11 709
pumps repairs	15 795	16 639	17 554
Electrical reparis	1 254	1 322	1 395
plant repairs	627	661	697
blue drop	1 000	1 000	1 000
Expanded Public works program	6 206		
job creation	3 000	3 000	3 000
bill printing	1 260	1 328	1 401
doctors examinations	100	100	100
building repairs	316	333	351
Development agency	1 080	1 138	1 201
GIS programs	303	320	337
Audit Committee	239	252	266
specialised equipment repairs	250		
Lightning Conductors	200		
Emergency Disaster Plan.	53	56	59
Intandela Piggery	200	211	222
Shared Services	300	400	400
<b>total</b>	<b>113 724</b>	<b>112 712</b>	<b>118 664</b>

**Transfers and subsidies**

The R1 million subsidy is for bursaries that the municipality awards to the disadvantage youth that has pass matric but unable to further their education.

**Other Expenditure**

Other expenditure forms 11% of the total operating expenditure. Items that forms the total cost of other expenditure are electricity, telephone, protective clothing, advertising etc. To try and minimise the cost of day to day operating expenses the municipality has put control measures such as that the staff has to pay for their private calls and this has resulted in decline in telephone expenses.

**1.5.1 Priority given to repairs and maintenance**

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2018/19 budget provides for in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality.

The following table lists the total anticipated cost for repairs and maintenance on infrastructure and assets for the year 2018/19 and the comparison years. It must be noted that the municipality has identified all the shortcomings associated with neglecting capital assets such as infrastructure thus the increased provision for repairing and maintenance of capital assets.

**Table 11 Repairs and maintenance per asset class SA34c**

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		34 497	26 880	26 616	30 973	30 150	30 150	28 579	30 059	31 657
Storm water Infrastructure		–	–	8	824	–	–	–	–	–
<i>Drainage Collection</i>										
<i>Storm water Conveyance</i>				8	824	–	–			
<i>Attenuation</i>										
Water Supply Infrastructure		34 497	22 413	25 764	30 150	30 150	30 150	28 579	30 059	31 657
<i>Reservoirs</i>					9 503	9 503	9 503	10 530	11 099	11 709
<i>Pump Stations</i>					15 889	15 889	15 889	15 795	16 639	17 554
<i>Water Treatment Works</i>		34 497	22 413	25 764	4 316	4 316	4 316	1 000	1 000	1 000
<i>Bulk Mains</i>					442	442	442	1 254	1 322	1 395
<i>Distribution</i>										
Sanitation Infrastructure		–	4 467	844	–	–	–	–	–	–
<i>Waste Water Treatment Works</i>			4 467	844						
<i>Outfall Sewers</i>										
<b>Other assets</b>		–	1 468	1 105	2 500	300	300	316	333	351
<i>Municipal Offices</i>			1 468	1 105	2 500	300	300	316	333	351
<b>Computer Equipment</b>		–	19	19	–	–	–	250	–	–
Computer Equipment			19	19				250		
<b>Furniture and Office Equipment</b>		–	–	114	506	506	506	–	–	–
Furniture and Office Equipment				114	506	506	506			
<b>Machinery and Equipment</b>		–	243	601	660	660	660	627	661	697
Machinery and Equipment			243	601	660	660	660	627	661	697
<b>Transport Assets</b>		–	212	5 772	5 682	10 409	10 409	11 685	12 316	12 993
Transport Assets			212	5 772	5 682	10 409	10 409	11 685	12 316	12 993
<b>Total Repairs and Maintenance Expend</b>	<b>1</b>	<b>34 497</b>	<b>28 822</b>	<b>34 227</b>	<b>40 322</b>	<b>42 025</b>	<b>42 025</b>	<b>41 457</b>	<b>43 369</b>	<b>45 699</b>
<b>R&amp;M as a % of PPE</b>		1,9%	1,3%	1,5%	1,6%	1,6%	1,7%	1,6%	1,6%	1,5%
<b>R&amp;M as % Operating Expenditure</b>		6,1%	4,1%	4,6%	6,7%	6,7%	6,4%	6,3%	6,2%	6,1%



**Table 12 Repairs and maintenance per asset class**

REPAIRS AND MAINTANANCE ▾	BUDGET YEAR 2018/19 ▾	BUDGET YEAR 2019/20 ▾	BUDGET YEAR 2020/21 ▾
Vehicle repairs	11 685	12 316	12 993
pipelines repairs	10 530	11 099	11 709
pumps repairs	15 795	16 639	17 554
Electrical repairs	1 254	1 322	1 395
plant repairs	627	661	697
blue drop	1 000	1 000	1 000
building repairs	316	333	351
specialised equipment repairs	250		
<b>total</b>	<b>41 457</b>	<b>43 369</b>	<b>45 699</b>

Repairs and maintenance contributes about a bit over 6% of the total operating expenditure, about 2% of the PPE, these percentages are relatively low what is expected but due financial shortages we believe these funds sufficient to cover the cost of maintenance of assets.

### **1.5.2 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 Municipality's Indigent Policy.

In the 2018/19 financial year it is anticipated that R20 million will be allocated towards the provision of free basic services.

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.

## **1.6 CAPITAL EXPENDITURE**

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

**Table 13 2017/18 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		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Capital expenditure - Vote</b>											
<b>Single-year expenditure to be appropriated</b>	2										
105 - MUNICIPAL MANAGER		-	31	740	4 200	750	750	750	-	-	-
200 - CORPORATE SERVICES		-	124	1 386	-	-	-	-	-	-	-
300 - BUDGET AND TREASURY		195	19	225	-	-	-	-	27	-	-
405 - SOCIAL SERVICES(PLANNING&ECONOMIC DEV		31 049	135	38	-	-	-	-	-	-	-
408 - WSA& HEALTH SERVICES		21 377	718	93	-	-	-	-	-	-	-
500 - WATER, SANITATION AND TECHNICAL SERVICE		259 339	178 402	238 478	367 339	367 399	367 399	367 339	407 804	420 034	438 864
<b>Capital single-year expenditure sub-total</b>		<b>311 960</b>	<b>179 429</b>	<b>240 960</b>	<b>371 539</b>	<b>368 149</b>	<b>368 149</b>	<b>368 089</b>	<b>407 831</b>	<b>420 034</b>	<b>438 864</b>
<b>Total Capital Expenditure - Vote</b>		<b>311 960</b>	<b>179 429</b>	<b>240 960</b>	<b>371 539</b>	<b>368 149</b>	<b>368 149</b>	<b>368 089</b>	<b>407 831</b>	<b>420 034</b>	<b>438 864</b>

Due to financial constraints the capital budget is focused mainly on water infrastructure which is funded by national government grants. R27 000 is for office equipment needed for staff in budget and Treasury vote which will be funded by internal generated funds.

A total of R407 million will be allocated towards water infrastructure as per the following grant allocations.

CAPITAL GRANTS	BUDGET YEAR 2018/19	BUDGET YEAR 2019/20	BUDGET YEAR 2020/21
MIG	180 033	183 937	194 737
RBIG	142 283	125 462	127 399
WSIG	83 000	108 000	113 940
RRAM	2 488	2 635	2 788
<b>TOTAL</b>	<b>407 804</b>	<b>420 034</b>	<b>438 864</b>

The following table is a breakdown of capital projects for 2018/19

Project Name	Allocation 2018/19	Status
Municipal Infrastructure Grant (MIG).		
Ntabamhlope CWSS Phase 13 Retic	R 11 000 000.00	Under construction
Ntabamhlope CWSS Wembezi to Bosch Bulk rising main upgrade	R 9 000 000.00	PLANNING PHASE
Kwanobamba/ Ezitendeni (weenen) water supply - (upgrade and replacing of reticulation)	R 17 559 780.00	TENDER STAGE (Tender to be advertised end of April 2018)

ROOSBOOM BULK WATER UPGRADE AND RETICULATION	R 400 000.00	PLANNING PHASE
Weenen Ezitendeni Sanitation Project Phase 1A	R 15 000 000.00	TENDER STAGE (Tender to be advertised end of April 2018)
Bergville: Sanitation Project Phase 2	R 24 000 000.00	Waiting Appointment
UMtshezi East BULK WATER SUPPLY EAST	R 4 500 000.00	DESIGN STAGE
Ekuvukeni upgrading of WTW and bulk pipelines	R 28 000 000.00	TENDER STAGE (Tender to be advertised end of April 2018)
KWANOBAMBA-EZITENDENI WWTW	R 25 000 000.00	Under construction
Bhekuzulu Epangweni Community Water Supply (PHASE 5 &9)	R22 294 220.00	Tender to be advertised end of September 2018
REFURBISHMENT AND UPGRADE OF THE EXISTING AC PIPES (AGEING INFRASTRUCTURE)	R 200 000.00	PLANNING PHASE
Fitty Park Reticulation Phase 3 (WWTW AND BULK WATER UPGRADE)	R 850 000.00	DESIGN STAGE- AWAITING BUSSINESS PLAN APPROVAL
Emergency Upgrade of Wagensdrift Pump Station	R 5 000 000.00	Under construction
DISTRICT WIDE SANITATION (CONSTRUCTION OF VIP TOILETS)	R 14 729 000.00	Under construction
EZAKHENI SANITATION E SEWER UPGRADE	R 2 500 000.00	Under construction
	R 180 033 000.00	
<b>Municipal Water Services Infrastructure Grant (MWSIG)</b>		
Escourt Industrial Pipeline	R 29 000 000.00	TENDER STAGE (Tender to be advertised end of April 2018)

Wembezi WCDM Phase 1 Retic	R 18 000 000.00	Construction Business Plan currently beign reviewed by DWS. Planning to go out to tender end of May 2018
Moyeni/Zwelisha WTW upgrade and bulk rising main	R 2 000 000.00	DESIGN STAGE- AWAITING BUSSINESS PLAN APPROVAL
Wembezi Sanitation upgrade	R 200 000.00	PLANNING PHASE
Bhekuzulu/ Ephangwini reticulation Phase 1 & 2 + (Ward 1-6)	R 18 000 000.00	Under construction
DRILLING AND EQUIPING OF BOREHOLES (HAND PUMPS AND PRODUCTION BOREHOLES)	R 10 000 000.00	PLANNING PHASE
ROOSBOOM SANITATION PROJECT	R 50 000.00	PLANNING PHASE
BERGVILLE WARD 5 SANITATION PROJECT PHASE (VIP LATRINES)	R 5 000 000.00	PLANNING PHASE
LANGKLOOF WATER TREATMENT WORKS REFURBISHMENT	R 50 000.00	PLANNING AND DESIGN
BERGVILLE WATER TREATMENT WORKS REFURBISHMENT AND UPGRADE	R 400 000.00	PLANNING AND DESIGN
SPRING PROTECTION DISTRICT WIDE	R 150 000.00	PLANNING AND DESIGN
COLENZO BULK & RETICULATION UPGRADE	R 50 000.00	PLANNING AND DESIGN
BERGVILLE KHETHANI	R 50 000.00	PLANNING AND DESIGN
EZAKHENI WATER SUPPLY SYSTEM UPGRADE	R 50 000.00	PLANNING AND DESIGN
	R 83 000 000.00	
Regional Bulk Infrastructure Grant (RBIG)		
DRIEFONTEIN PHASE 3- (SPIONKOP)	R 142 283 000.00	PLANNING AND DESIGN

Expanded Public Works Programme (EPWP)		
WATER MONITORS/ PROJECT BASED PROGRAMME (WCDM)/ IG PROJECT (O&M)	R 6 200 000.00	IN PROGRESS
Rural Road Asset Management Grant (RRAMS)		
ROAD INFRASTRUCTURE ASSESMENT (MTH 9 & 18)	2 488 000.00	IN PROGRESS

## 1.7 ANNUAL BUDGET TABLES

The following eighteen 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 2018/19 draft budget and MTREF as approved by the Council.

**Table 14 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
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	–	–	–	–	–	–	–	–	–	–
Service charges	126 440	150 117	154 021	266 156	275 156	275 156	275 156	292 867	310 439	329 065
Investment revenue	9 073	11 991	7 189	11 539	8 000	8 000	8 000	8 480	8 989	9 528
Transfers recognised - operational	301 291	322 989	347 535	367 387	300 254	300 254	300 254	405 533	434 001	471 163
Other own revenue	28 709	23 781	51 554	44 144	33 806	33 806	33 806	35 525	37 657	39 916
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>465 513</b>	<b>508 879</b>	<b>560 300</b>	<b>689 225</b>	<b>617 216</b>	<b>617 216</b>	<b>617 216</b>	<b>742 405</b>	<b>791 085</b>	<b>849 672</b>
Employee costs	152 520	199 310	218 649	241 092	251 092	251 092	251 092	263 125	277 335	292 588
Remuneration of councillors	5 842	6 381	5 483	6 454	6 454	6 454	6 454	8 419	8 874	9 362
Depreciation & asset impairment	45 537	49 197	73 385	53 137	72 000	72 000	72 000	75 744	79 909	84 304
Finance charges	2 465	1 125	2 555	313	533	533	533	561	592	624
Materials and bulk purchases	40 666	45 528	42 296	46 577	48 280	48 280	48 280	22 290	23 507	24 800
Transfers and grants	–	60 635	4 776	26 600	26 600	26 600	26 600	1 000	1 000	1 000
Other expenditure	320 549	338 132	403 891	225 983	217 744	255 206	255 206	328 797	357 096	400 263
<b>Total Expenditure</b>	<b>567 579</b>	<b>700 307</b>	<b>751 034</b>	<b>600 156</b>	<b>622 703</b>	<b>660 165</b>	<b>660 165</b>	<b>699 936</b>	<b>748 312</b>	<b>812 941</b>
<b>Surplus/(Deficit)</b>	<b>(102 067)</b>	<b>(191 429)</b>	<b>(190 735)</b>	<b>89 069</b>	<b>(5 487)</b>	<b>(42 949)</b>	<b>(42 949)</b>	<b>42 469</b>	<b>42 773</b>	<b>36 731</b>
Transfers and subsidies - capital (monetary alloc	306 704	245 342	274 085	367 339	367 339	367 339	367 339	407 804	420 034	438 864
Contributions recognised - capital & contributed a	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>204 638</b>	<b>53 913</b>	<b>83 350</b>	<b>456 408</b>	<b>361 852</b>	<b>324 390</b>	<b>324 390</b>	<b>450 273</b>	<b>462 807</b>	<b>475 595</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>204 638</b>	<b>53 913</b>	<b>83 350</b>	<b>456 408</b>	<b>361 852</b>	<b>324 390</b>	<b>324 390</b>	<b>450 273</b>	<b>462 807</b>	<b>475 595</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>312 678</b>	<b>178 804</b>	<b>240 867</b>	<b>371 539</b>	<b>368 089</b>	<b>368 089</b>	<b>368 089</b>	<b>407 831</b>	<b>420 034</b>	<b>438 864</b>
Transfers recognised - capital	247 608	177 951	238 478	367 339	367 339	367 339	367 339	407 804	420 034	438 864
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	65 070	853	2 389	4 200	750	750	750	27	–	–
<b>Total sources of capital funds</b>	<b>312 678</b>	<b>178 804</b>	<b>240 867</b>	<b>371 539</b>	<b>368 089</b>	<b>368 089</b>	<b>368 089</b>	<b>407 831</b>	<b>420 034</b>	<b>438 864</b>
<b>Financial position</b>										
Total current assets	280 914	197 486	176 556	259 329	210 591	156 029	156 029	257 266	384 315	623 775
Total non current assets	1 785 873	2 144 702	2 299 199	2 577 456	2 574 006	2 522 948	2 522 948	2 767 646	3 019 667	3 282 985
Total current liabilities	246 119	215 219	268 928	37 286	132 338	132 338	132 338	138 872	147 466	156 470
Total non current liabilities	12 494	26 439	28 136	19 504	33 989	33 989	33 989	35 824	37 795	39 873
Community wealth/Equity	1 808 174	2 100 530	2 178 691	2 779 995	2 618 270	2 512 650	2 512 650	2 850 215	3 218 721	3 710 417
<b>Cash flows</b>										
Net cash from (used) operating	339 513	132 854	143 635	403 903	342 403	342 403	342 403	482 229	515 264	551 956
Net cash from (used) investing	(312 677)	(250 985)	(175 803)	(371 539)	(368 087)	(368 087)	(368 087)	(407 831)	(420 034)	(438 864)
Net cash from (used) financing	(8 302)	9 790	1 451	1 148	1 148	1 730	1 730	1 765	1 800	1 836
<b>Cash/cash equivalents at the year end</b>	<b>145 088</b>	<b>36 746</b>	<b>5 998</b>	<b>55 341</b>	<b>(18 538)</b>	<b>(17 956)</b>	<b>(17 956)</b>	<b>57 624</b>	<b>154 654</b>	<b>269 582</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	145 088	36 715	5 998	55 341	(18 539)	(18 539)	(18 539)	57 624	154 654	269 582
Application of cash and investments	111 697	9 628	4 125	(56 004)	18 444	43 327	43 327	35 384	29 181	(20 051)
<b>Balance - surplus (shortfall)</b>	<b>33 391</b>	<b>27 087</b>	<b>1 873</b>	<b>111 345</b>	<b>(36 983)</b>	<b>(61 866)</b>	<b>(61 866)</b>	<b>22 240</b>	<b>125 473</b>	<b>289 633</b>
<b>Asset management</b>										
Asset register summary (WDV)	2 143 044	2 292 948	2 577 456	2 574 006	2 522 948	2 522 948		2 767 646	3 019 667	3 282 985
Depreciation	45 537	49 197	73 385	53 137	72 000	72 000		75 744	79 909	84 304
Renewal of Existing Assets	–	–	–	–	–	–		40 000	77 800	101 440
Repairs and Maintenance	34 497	28 822	34 227	40 322	42 025	42 025		41 419	43 378	45 709

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
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 emphasise 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 surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised are reflected on the Financial Performance Budget;
    - ii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. Over the MTREF there is progressive improvement in the level of cash-backing of obligations
5. 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 public. The amount of services provided by the municipality including free basic services continues to increase.

**Table 16 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
<b>R thousand</b>	<b>1</b>									
<b>Revenue - Functional</b>										
<i><b>Governance and administration</b></i>		295 629	327 311	341 736	375 901	304 629	304 629	408 385	443 521	481 278
Executive and council		41 140	48 867	53 055	57 781	57 781	57 781	62 083	67 387	73 060
Finance and administration		254 489	278 444	288 681	318 120	246 848	246 848	346 302	376 134	408 218
Internal audit		-	-	-	-	-	-	-	-	-
<i><b>Community and public safety</b></i>		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i><b>Economic and environmental services</b></i>		8 017	250	1 239	300	1 477	1 477	300	400	400
Planning and development		8 017	250	1 239	300	1 477	1 477	300	400	400
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i><b>Trading services</b></i>		468 571	426 660	491 410	680 364	678 449	678 449	741 524	767 199	806 859
Energy sources		-	-	-	-	-	-	-	-	-
Water management		451 731	409 760	478 597	660 100	649 185	649 185	710 504	734 318	772 005
Waste water management		16 840	16 900	12 813	20 264	29 264	29 264	31 019	32 881	34 853
Waste management		-	-	-	-	-	-	-	-	-
<i><b>Other</b></i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	772 217	754 221	834 385	1 056 564	984 555	984 555	1 150 209	1 211 119	1 288 536
<b>Expenditure - Functional</b>										
<i><b>Governance and administration</b></i>		202 933	250 096	240 834	236 838	256 913	294 375	327 028	364 712	410 166
Executive and council		32 799	67 845	53 055	54 626	55 718	55 718	60 177	63 427	66 915
Finance and administration		170 134	182 251	187 779	182 212	201 195	238 657	266 851	301 285	343 250
Internal audit		-	-	-	-	-	-	-	-	-
<i><b>Community and public safety</b></i>		15 625	18 714	21 201	27 658	24 958	24 958	24 261	25 517	26 866
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		15 625	18 714	21 201	27 658	24 958	24 958	24 261	25 517	26 866
<i><b>Economic and environmental services</b></i>		52 162	94 168	76 877	72 771	66 879	66 879	71 385	72 366	76 264
Planning and development		52 162	94 168	76 877	72 771	66 879	66 879	71 385	72 366	76 264
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i><b>Trading services</b></i>		296 859	337 329	412 122	262 889	273 953	273 953	277 290	285 560	299 482
Energy sources		-	-	-	-	-	-	-	-	-
Water management		294 737	336 686	410 306	261 299	272 893	272 892	276 173	284 384	298 241
Waste water management		2 122	643	1 816	1 591	1 061	1 061	1 116	1 176	1 241
Waste management		-	-	-	-	-	-	-	-	-
<i><b>Other</b></i>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	567 579	700 307	751 034	600 156	622 703	660 165	699 964	748 156	812 777
<b>Surplus/(Deficit) for the year</b>		204 638	53 913	83 350	456 408	361 852	324 390	450 245	462 963	475 759

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

1. 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 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.



**Table 17 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
<b>R thousand</b>										
<b>Revenue by Vote</b>	1									
105 - MUNICIPAL MANAGER		41 140	48 867	53 055	57 781	57 781	57 781	62 083	67 387	73 060
200 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-
300 - BUDGET AND TREASURY		254 489	278 444	288 681	318 120	246 848	246 848	346 302	376 134	408 218
405 - SOCIAL SERVICES(PLANNING&ECONOMIC D		8 017	250	1 239	300	1 477	1 477	300	400	400
408 - WSA& HEALTH SERVICES		-	-	-	-	-	-	-	-	-
500 - WATER, SANITATION AND TECHNICAL SERV		468 571	426 660	491 410	680 364	678 449	678 449	741 524	767 199	806 859
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>772 217</b>	<b>754 221</b>	<b>834 385</b>	<b>1 056 564</b>	<b>984 555</b>	<b>984 555</b>	<b>1 150 209</b>	<b>1 211 119</b>	<b>1 288 536</b>
<b>Expenditure by Vote to be appropriated</b>	1									
105 - MUNICIPAL MANAGER		32 799	67 845	53 055	54 626	55 718	55 718	60 177	63 427	66 915
200 - CORPORATE SERVICES		33 246	63 655	53 112	50 143	46 999	46 999	46 965	49 178	51 822
300 - BUDGET AND TREASURY		170 134	182 251	187 779	182 212	201 195	238 657	266 851	301 285	343 250
405 - SOCIAL SERVICES(PLANNING&ECONOMIC D		18 916	30 513	23 765	22 628	19 880	19 880	24 420	23 188	24 442
408 - WSA& HEALTH SERVICES		15 625	18 714	21 201	27 658	24 958	24 958	24 261	25 517	26 866
500 - WATER, SANITATION AND TECHNICAL SERV		296 859	337 329	412 122	262 889	273 953	273 953	277 290	285 560	299 482
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>567 579</b>	<b>700 307</b>	<b>751 034</b>	<b>600 156</b>	<b>622 703</b>	<b>660 165</b>	<b>699 964</b>	<b>748 156</b>	<b>812 777</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>204 638</b>	<b>53 913</b>	<b>83 350</b>	<b>456 408</b>	<b>361 852</b>	<b>324 390</b>	<b>450 245</b>	<b>462 963</b>	<b>475 759</b>

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

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 Municipality.

Table 18 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
<b>R thousand</b>	<b>1</b>										
<b>Revenue By Source</b>											
Property rates	2	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	110 739	133 216	139 715	245 892	245 892	245 892	245 892	261 847	277 558	294 212
Service charges - sanitation revenue	2	15 701	16 900	14 306	20 264	29 264	29 264	29 264	31 019	32 881	34 853
Service charges - refuse revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - other											
Rental of facilities and equipment											
Interest earned - external investments		9 073	11 991	7 189	11 539	8 000	8 000	8 000	8 480	8 989	9 528
Interest earned - outstanding debtors		19 149	20 215	44 410	40 774	30 774	30 774	30 774	32 620	34 577	36 652
Dividends received											
Fines, penalties and forfeits											
Licences and permits											
Agency services											
Transfers and subsidies		301 291	322 989	347 535	367 387	300 254	300 254	300 254	405 533	434 001	471 163
Other revenue	2	9 561	3 567	7 145	3 370	3 032	3 032	3 032	2 905	3 080	3 264
Gains on disposal of PPE											
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>465 513</b>	<b>508 879</b>	<b>560 300</b>	<b>689 225</b>	<b>617 216</b>	<b>617 216</b>	<b>617 216</b>	<b>742 405</b>	<b>791 085</b>	<b>849 672</b>
<b>Expenditure By Type</b>											
Employee related costs	2	152 520	199 310	218 649	241 092	251 092	251 092	251 092	263 125	277 335	292 588
Remuneration of councillors		5 842	6 381	5 483	6 454	6 454	6 454	6 454	8 419	8 874	9 362
Debt impairment	3	90 109	57 975	94 881	76 395	76 395	113 857	113 857	136 628	163 954	196 746
Depreciation & asset impairment	2	45 537	49 197	73 385	53 137	72 000	72 000	72 000	75 744	79 909	84 304
Finance charges		2 465	1 125	2 555	313	533	533	533	561	591	624
Bulk purchases	2	6 169	7 698	8 061	6 255	6 255	6 255	6 255	–	–	–
Other materials	8	34 497	37 829	34 235	40 322	42 025	42 025	42 025	22 309	23 514	24 808
Contracted services		39 499	68 623	95 543	40 611	47 644	47 644	47 644	113 724	112 712	118 664
Transfers and subsidies		–	60 635	4 776	26 600	26 600	26 600	26 600	1 000	1 000	1 000
Other expenditure	4, 5	188 477	210 302	208 261	108 977	93 705	93 705	93 705	78 453	80 266	84 682
Loss on disposal of PPE		2 464	1 232	5 205							
<b>Total Expenditure</b>		<b>567 579</b>	<b>700 307</b>	<b>751 034</b>	<b>600 156</b>	<b>622 703</b>	<b>660 165</b>	<b>660 165</b>	<b>699 964</b>	<b>748 156</b>	<b>812 777</b>
<b>Surplus/(Deficit)</b>		<b>(102 067)</b>	<b>(191 429)</b>	<b>(190 735)</b>	<b>89 069</b>	<b>(5 487)</b>	<b>(42 949)</b>	<b>(42 949)</b>	<b>42 441</b>	<b>42 929</b>	<b>36 895</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		306 704	245 342	274 085	367 339	367 339	367 339	367 339	407 804	420 034	438 864
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher											
Transfers and subsidies - capital (in-kind - all)	6	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>204 638</b>	<b>53 913</b>	<b>83 350</b>	<b>456 408</b>	<b>361 852</b>	<b>324 390</b>	<b>324 390</b>	<b>450 245</b>	<b>462 963</b>	<b>475 759</b>
Taxation											
<b>Surplus/(Deficit) after taxation</b>		<b>204 638</b>	<b>53 913</b>	<b>83 350</b>	<b>456 408</b>	<b>361 852</b>	<b>324 390</b>	<b>324 390</b>	<b>450 245</b>	<b>462 963</b>	<b>475 759</b>
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		<b>204 638</b>	<b>53 913</b>	<b>83 350</b>	<b>456 408</b>	<b>361 852</b>	<b>324 390</b>	<b>324 390</b>	<b>450 245</b>	<b>462 963</b>	<b>475 759</b>
Share of surplus/ (deficit) of associate	7										
<b>Surplus/(Deficit) for the year</b>		<b>204 638</b>	<b>53 913</b>	<b>83 350</b>	<b>456 408</b>	<b>361 852</b>	<b>324 390</b>	<b>324 390</b>	<b>450 245</b>	<b>462 963</b>	<b>475 759</b>

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

1. Total operating revenue is R742 million in 2018/19 and escalates to R849 million by 2020/21. However given sound financial management strategies are put in place we can expect an increase in revenues exceeding 6%

**Table 19 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

Vote Description R thousand	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
105 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
200 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
300 - BUDGET AND TREASURY		-	-	-	-	-	-	-	-	-	-
405 - SOCIAL SERVICES/PLANNING&ECONOMIC D		-	-	-	-	-	-	-	-	-	-
408 - WSA& HEALTH SERVICES		-	-	225	-	-	-	-	-	-	-
500 - WATER, SANITATION AND TECHNICAL SERV		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	2										
105 - MUNICIPAL MANAGER		-	31	740	4 200	750	750	750	-	-	-
200 - CORPORATE SERVICES		-	124	1 386	-	-	-	-	-	-	-
300 - BUDGET AND TREASURY		195	19	225	-	-	-	-	27	-	-
405 - SOCIAL SERVICES/PLANNING&ECONOMIC D		31 049	135	38	-	-	-	-	-	-	-
408 - WSA& HEALTH SERVICES		21 377	718	93	-	-	-	-	-	-	-
500 - WATER, SANITATION AND TECHNICAL SERV		259 339	178 402	238 478	367 339	367 399	367 399	367 339	407 804	420 034	438 864
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		311 960	179 429	240 960	371 539	368 149	368 149	368 089	407 831	420 034	438 864
<b>Total Capital Expenditure - Vote</b>		311 960	179 429	240 960	371 539	368 149	368 149	368 089	407 831	420 034	438 864
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		195	50	965	4 200	750	750	750	27	-	-
Executive and council			31	740	4 200	750	750	750			
Finance and administration		195	19	225					27	-	-
Internal audit											
<b>Community and public safety</b>		718	217	1 386	-	-	-	-	-	-	-
Community and social services			124	1 386							
Sport and recreation											
Public safety											
Housing											
Health		718	93								
<b>Economic and environmental services</b>		31 049	135	38	-	-	-	-	-	-	-
Planning and development		31 049	135	38							
Road transport											
Environmental protection											
<b>Trading services</b>		280 716	178 402	238 478	367 339	367 339	367 339	367 339	407 804	420 034	438 864
Energy sources											
Water management		259 339	178 402	238 478	367 339	367 339	367 339	367 339	407 804	420 034	438 864
Waste water management											
Waste management		21 377									
<b>Other</b>											
<b>Total Capital Expenditure - Functional</b>	3	312 678	178 804	240 867	371 539	368 089	368 089	368 089	407 831	420 034	438 864
<b>Funded by:</b>											
National Government		247 608	177 951	238 478	367 339	367 339	367 339	367 339	407 804	420 034	438 864
Provincial Government											
District Municipality											
Other transfers and grants											
<b>Transfers recognised - capital</b>	4	247 608	177 951	238 478	367 339	367 339	367 339	367 339	407 804	420 034	438 864
<b>Public contributions &amp; donations</b>	5										
<b>Borrowing</b>	6										
Internally generated funds		65 070	853	2 389	4 200	750	750	750	27		
<b>Total Capital Funding</b>	7	312 678	178 804	240 867	371 539	368 089	368 089	368 089	407 831	420 034	438 864

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

Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

**Table 20 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
R thousand											
ASSETS											
Current assets											
Cash		145 088	36 715	5 998	30 341	(18 539)	(18 539)	(18 539)	58 959	157 747	274 715
Call investment deposits	1	–	–	–	25 000	–	–	–	–	–	–
Consumer debtors	1	124 226	146 320	159 658	190 988	216 130	166 728	166 728	191 276	220 734	344 666
Other debtors		6 383	140	–	8 000	8 000	1 500	1 500	1 581	1 668	1 760
Current portion of long-term receivables			8 765	4 974							
Inv entory	2	5 217	5 547	5 926	5 000	5 000	6 341	6 341	6 785	7 260	7 768
Total current assets		280 914	197 486	176 556	259 329	210 591	156 029	156 029	258 601	387 408	628 908
Non current assets											
Long-term receivables			1 658	6 251							
Inv estments											
Inv estment property											
Inv estment in Associate											
Property , plant and equipment	3	1 785 635	2 142 390	2 292 360	2 577 218	2 573 768	2 522 360	2 522 360	2 767 059	3 019 079	3 282 397
Agricultural											
Biological											
Intangible		238	653	588	238	238	588	588	588	588	588
Other non-current assets											
Total non current assets		1 785 873	2 144 702	2 299 199	2 577 456	2 574 006	2 522 948	2 522 948	2 767 646	3 019 667	3 282 985
TOTAL ASSETS		2 066 787	2 342 189	2 475 755	2 836 785	2 784 597	2 678 977	2 678 977	3 026 247	3 407 075	3 911 893
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	–	–	–	–	–	–	–	–	–	–
Consumer deposits		10 474	11 886	13 582	14 131	14 131	14 131	14 131	15 346	17 146	18 982
Trade and other payables	4	234 746	184 059	235 414	23 155	118 207	118 207	118 207	123 526	130 320	137 488
Provisions		899	19 274	19 933							
Total current liabilities		246 119	215 219	268 928	37 286	132 338	132 338	132 338	138 872	147 466	156 470
Non current liabilities											
Borrowing		–	–	–	–	–	–	–	–	–	–
Provisions		12 494	26 439	28 136	19 504	33 989	33 989	33 989	35 824	37 795	39 873
Total non current liabilities		12 494	26 439	28 136	19 504	33 989	33 989	33 989	35 824	37 795	39 873
TOTAL LIABILITIES		258 613	241 658	297 064	56 790	166 327	166 327	166 327	174 697	185 261	196 343
NET ASSETS	5	1 808 174	2 100 530	2 178 691	2 779 995	2 618 270	2 512 650	2 512 650	2 851 550	3 221 814	3 715 550
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		1 808 639	2 100 530	2 178 691	2 779 995	2 618 270	2 512 650	2 512 650	2 851 550	3 221 814	3 715 550
Reserves	4	(465)	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	1 808 174	2 100 530	2 178 691	2 779 995	2 618 270	2 512 650	2 512 650	2 851 550	3 221 814	3 715 550

### Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understand-ability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).

2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. This table 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;
  - Non-current Provisions;
  - 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 21 MBRR Table A7 - Budgeted 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
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates									-	-	-
Service charges		73 139	168 423	206 804	119 055	131 311	131 311	131 311	146 433	155 219	164 532
Other revenue		73 030			4 384	6 212	6 212	6 212	2 905	3 080	3 264
Government - operating	1	311 978	322 989	347 535	367 387	299 026	299 026	299 026	405 533	434 001	469 543
Government - capital	1	262 464	245 342	274 085	367 339	367 339	367 339	367 339	407 804	420 034	438 864
Interest		28 221	11 991	7 189	15 617	12 078	12 078	12 078	8 480	8 989	9 528
Dividends						-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees		(406 854)	(614 767)	(689 423)	(440 279)	(443 962)	(443 962)	(443 962)	(486 031)	(502 709)	(530 112)
Finance charges		(2 465)	(1 125)	(2 555)		-	-	-	(561)	(591)	(624)
Transfers and Grants	1				(29 600)	(29 600)	(29 600)	(29 600)	(1 000)	(1 000)	(1 000)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>339 513</b>	<b>132 854</b>	<b>143 635</b>	<b>403 903</b>	<b>342 403</b>	<b>342 403</b>	<b>342 403</b>	<b>483 564</b>	<b>517 022</b>	<b>553 996</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE			44						-	-	-
Decrease (increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
<b>Payments</b>											
Capital assets		(312 677)	(251 029)	(175 803)	(371 539)	(368 087)	(368 087)	(368 087)	(407 831)	(420 034)	(438 864)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(312 677)</b>	<b>(250 985)</b>	<b>(175 803)</b>	<b>(371 539)</b>	<b>(368 087)</b>	<b>(368 087)</b>	<b>(368 087)</b>	<b>(407 831)</b>	<b>(420 034)</b>	<b>(438 864)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans									-	-	-
Borrowing long term/refinancing			8 602						-	-	-
Increase (decrease) in consumer deposits		1 084	1 412	1 696	1 148	1 148	1 730	1 730	1 765	1 800	1 836
<b>Payments</b>											
Repayment of borrowing		(9 386)	(225)	(245)					-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(8 302)</b>	<b>9 790</b>	<b>1 451</b>	<b>1 148</b>	<b>1 148</b>	<b>1 730</b>	<b>1 730</b>	<b>1 765</b>	<b>1 800</b>	<b>1 836</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>18 534</b>	<b>(108 342)</b>	<b>(30 717)</b>	<b>33 512</b>	<b>(24 536)</b>	<b>(23 954)</b>	<b>(23 954)</b>	<b>77 497</b>	<b>98 788</b>	<b>116 968</b>
Cash/cash equivalents at the year begin:	2	126 554	145 088	36 715	21 829	5 998	5 998	5 998	(18 538)	58 959	157 747
Cash/cash equivalents at the year end:	2	145 088	36 746	5 998	55 341	(18 538)	(17 956)	(17 956)	58 959	157 747	274 715

- Table A7 details the cash flow of the municipality and is one of the plays a pivotal role in measuring the funding of the budget.
- 2016/17 audited outcome saw the municipality's collection rate at its highest with a collection of R206 million comparing this figure to the budgeted figure the actual outcome is more than double.
- 2017/2018 adjustment cash flow estimated that the municipality will have an R18 million overdraft the main cause of this is the withdrawal of grant allocations by National Treasury. The current collection rate stands at 45% this current financial year has had the most improved collection where August, September and October recorded the highest figures in collection of R15 million, R9million and R11million respectively, with the introduction of 2 debt collectors in February current trend is expected to continue and exceed the budgeted expectations.

- 2018/19 budgeted collection rate is 50% looking at the current financial year and taking into account the previous audited financial years R146 million is possible for the municipality to collect from Consumer Debtors.

**Table 22 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
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	145 088	36 746	5 998	55 341	(18 538)	(17 956)	(17 956)	58 959	157 747	274 715
Other current investments > 90 days		-	(31)	0	-	(1)	(583)	(583)	-	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>145 088</b>	<b>36 715</b>	<b>5 998</b>	<b>55 341</b>	<b>(18 539)</b>	<b>(18 539)</b>	<b>(18 539)</b>	<b>58 959</b>	<b>157 747</b>	<b>274 715</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		-	16 156	69 711	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	111 697	(6 528)	(65 586)	(56 004)	18 444	43 327	43 327	35 823	29 181	(20 051)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
<b>Total Application of cash and investments:</b>		<b>111 697</b>	<b>9 628</b>	<b>4 125</b>	<b>(56 004)</b>	<b>18 444</b>	<b>43 327</b>	<b>43 327</b>	<b>35 823</b>	<b>29 181</b>	<b>(20 051)</b>
<b>Surplus(shortfall)</b>		<b>33 391</b>	<b>27 087</b>	<b>1 873</b>	<b>111 345</b>	<b>(36 983)</b>	<b>(61 866)</b>	<b>(61 866)</b>	<b>23 136</b>	<b>128 566</b>	<b>294 766</b>

### 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 noncompliance 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.

## PART 2 – SUPPORTING DOCUMENTATION

### 2.1. OVER VIEW OF THE BUDGETPROCESS

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 of the municipality meeting under the chairpersonship of the MMC for Finance.

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 Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of the municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### 2.1.1 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 2015) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule in August 2017, Key dates applicable to the process were as follows:

**Key dates applicable to the process were as follows:**

<b>Activity No.</b>	<b>Action/ Task for IDP and Budget</b>	<b>Timeframe for Task Completion</b>
<b>July 2017 &amp; August 2017</b>	▪ Drafting of the IDP Framework and process plan	14 July 2017
	▪ Alignment of IDP and budget process plans	21 July 2017
	▪ Submission of the draft Framework and Process Plan to COGTA for comments	28 July 2017
	▪ Advertisement of the IDP Framework and process plan	24 July 2017
	▪ 1 <sup>st</sup> IDP Supporting Structure Committee Meeting	4 August 2017
	▪ Adoption of IDP Framework and Process Plan by full council	25 August 2017
	▪ Planning Indaba	30 August 2017



<b>Sept 2017</b>	<ul style="list-style-type: none"> <li>▪ Submission of the adopted IDP Framework and Process plan to COGTA</li> <li>▪ Identify outstanding Sector Plans</li> <li>▪ Integrate sector plans.</li> <li>▪ IDP input into provincial adjustment budgets</li> <li>▪ Provincial planners Forum</li> </ul>	September 2017  29 September 2017 September 2017 September 2017 September 2017
<b>Oct 2017</b>	<ul style="list-style-type: none"> <li>▪ Review of the Spatial Development Framework</li> <li>▪ Projects identifications and prioritization</li> <li>▪ Develop KPI's targets, timeframes etc. where impacted upon by reprioritization</li> <li>▪ Align with draft budget estimates</li> </ul>	06 October 2017 13 October 2017 20 October 2017  27 October 2017
<b>Nov 2017</b>	<ul style="list-style-type: none"> <li>▪ World Planning Day</li> <li>▪ Municipal alignment session</li> <li>▪ Alignment meeting between DM &amp; Province to revised 3 year MTEF</li> <li>▪ Alignment meeting with family of municipalities</li> <li>▪ SDF Alignment between the bordering district municipalities</li> </ul>	03 November 2017 10 November 2017 17 November 2017 21 November 2017 24 November 2017
<b>Dec 2017</b>	<ul style="list-style-type: none"> <li>□ IDP best practice conference</li> </ul>	01 December 2017
<b>Jan 2018</b>	<ul style="list-style-type: none"> <li>▪ IDP Supporting Structure Committee Meeting</li> </ul>	January 2018
<b>Feb 2018</b>	<ul style="list-style-type: none"> <li>▪ IDP steering committee and strategic planning session to: <ul style="list-style-type: none"> <li>- Review Municipal Vision and Mission</li> <li>- Develop Objectives and Strategies</li> </ul> </li> <li>▪ Meeting COGTA and municipalities on IDP assessment</li> <li>▪ Updating of municipal CIP and MTEF based on Draft DORA allocations</li> <li>▪ IDP Coordinating committee meeting (IDP Managers)</li> <li>▪ IDP Representative Forum meeting</li> <li>▪ IDP Roadshows (needs analysis)</li> </ul>	February 2018  09 February 2018  13 February 2018 19 February 2018 23 February 2018 26 February 2018
<b>March 2018</b>	<ul style="list-style-type: none"> <li>▪ Exco approval of the Draft, recommend to Council</li> <li>▪ Council Approval of the Draft IDP 2018/2019</li> <li>▪ Submission of the Draft 2018/2019 IDP to COGTA</li> </ul>	March 2018 March 2018  30 March 2018
<b>April 2018</b>	<ul style="list-style-type: none"> <li>▪ Decentralized IDP assessment forums</li> <li>▪ IDP/Budget Road shows</li> </ul>	10 April 2018 April 2018
<b>May 2018</b>	<ul style="list-style-type: none"> <li>▪ IDP Assessment Feedback Session</li> <li>▪ Amend IDP in accordance with the outcome of the assessment</li> </ul>	03 May 2018 10 May 2018
<b>May 2018</b>	<ul style="list-style-type: none"> <li>▪ Advertise for public comments and incorporate comments</li> </ul>	May 2018
<b>May 2018</b>	<ul style="list-style-type: none"> <li>▪ Exco approval, recommend to Council</li> <li>▪ Council approval of the IDP</li> </ul>	16 May 2018 25 May 2018

<b>June 2018</b>	<ul style="list-style-type: none"> <li>▪ Submission of the adopted IDP to the MEC</li> <li>▪ Advertise the Adopted IDP in the local newspaper</li> </ul>	<i>04 June 2018</i> <i>08 June 2018</i>
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## 2.2 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 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 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 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 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.

**Table 13 SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

Strategic Objective	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	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
Good Governance	41 140	48 867	53 055	57 781	57 781	57 781	62 083	67 387	73 060
Safe, Healthy and Secure Environment	8 017	250	1 239	300	1 477	1 477	300	400	400
Financial Viability and Sustainability	254 489	278 444	288 681	318 120	246 848	246 848	346 302	376 134	408 218
Quality Living Environment	468 571	426 660	491 410	680 364	678 449	678 449	741 524	767 199	806 859
Operations and Support Services									
Allocations to other priorities									
Total Revenue (excluding capital tra	772 217	754 221	834 385	1 056 564	984 555	984 555	1 150 209	1 211 119	1 288 536

**Table 14 SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

Strategic Objective	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	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
Good Governance	41 140	48 867	53 055	57 781	57 781	57 781	60 177	63 427	66 915
Safe, Healthy and Secure Environment	8 017	250	1 239	300	1 477	1 477	48 681	48 706	51 307
Financial Viability and Sustainability	254 489	278 444	288 681	318 120	246 848	246 848	266 851	301 285	343 250
Quality Living Environment	468 571	426 660	491 410	680 364	678 449	678 449	277 290	285 560	299 482
Operations and Support Services							46 965	49 178	51 822
Allocations to other priorities									
Total Revenue (excluding capital tra	772 217	754 221	834 385	1 056 564	984 555	984 555	699 964	748 156	812 777

## **2.3 OVER VIEW OF BUDGET ASSUMPTIONS**

- The 2018/19 budget assumes the following:
  - CPI inflation rate forecast is 5.3% for 2018/19 5.4 and 5.5 for the outer years respectively.
  - Tariffs on service charges will increase by 6%.
  - Collection rate estimated at 50% Service charges.
  - Employee related costs will increase by 7.36%

## 2.4 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS

**TABLE 16: DC23 UThukela - Supporting Table SA19 Expenditure on transfers and grant programme**

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>EXPENDITURE:</b>	1									
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		311 272	315 121	390 054	367 087	298 776	298 776	405 233	433 601	470 763
Local Government Equitable Share		260 862	261 605	332 370	304 535	236 224	236 224	335 399	364 204	395 903
RSC Levy Replacement		44 198	44 198	47 937	51 710	51 710	51 710	56 441	61 418	66 762
Finance Management		883	1 325	1 460	1 795	1 795	1 795	1 545	2 010	1 800
EPWP Incentive		1 589	2 384	3 169	3 724	3 724	3 724	6 206	–	–
Special Support For Councillors		3 113	4 669	5 118	5 323	5 323	5 323	5 642	5 969	6 298
Water Services Operating Subsidy										
municipal system improvement grant		627	940			–	–			
<b>Provincial Government:</b>		–	–	1 200	300	250	250	300	400	400
Shared Services				1 200	300	250	250	300	400	400
<b>District Municipality:</b>		–	–	–	–	–	–	–	–	–
[insert description]										
<b>Other grant providers:</b>		–	–	–	–	–	–	–	–	–
[insert description]										
<b>Total operating expenditure of Transfers and Grants</b>		311 272	315 121	391 254	367 387	299 026	299 026	405 533	434 001	471 163
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		192 785	290 915	326 691	367 339	367 339	367 339	407 804	420 034	438 864
Municipal Infrastructure Grant (MIG)		174 260	199 089	178 506	187 304	187 304	187 304	180 033	183 937	194 737
Regional Bulk Infrastructure		14 525	85 137	64 000	95 052	95 052	95 052	142 283	125 462	127 399
Rural Households Infrastructure		4 000	6 689	81 807		–	–			
Rural Road Asset management				2 378	2 483	2 483	2 483	2 488	2 635	2 788
Water Services Infrastructure Grant					82 500	82 500	82 500	83 000	108 000	113 940
Other capital transfers/grants [insert desc]										
<b>Provincial Government:</b>		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]										
<b>District Municipality:</b>		–	–	–	–	–	–	–	–	–
[insert description]										
<b>Other grant providers:</b>		–	–	–	–	–	–	–	–	–
[insert description]										
<b>Total capital expenditure of Transfers and Grants</b>		192 785	290 915	326 691	367 339	367 339	367 339	407 804	420 034	438 864
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		504 057	606 036	717 945	734 726	666 365	666 365	813 337	854 035	910 027

## 2.5 COUNCILLOR AND EMPLOYEE BENEFITS

**TABLE 17: DC23 UThukela - Table SA22 - Summary of councillor and staff benefits**

Summary of Employee and Councillor remuneration	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		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
	1	A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages		4 035	4 391	5 483	4 882	4 882	4 882	5 960	6 279	6 625
Pension and UIF Contributions								23	24	26
Medical Aid Contributions										
Motor Vehicle Allowance		1 388	1 529		1 194	1 194	1 194	1 859	1 961	2 069
Cellphone Allowance		416	458		374	374	374	530	560	590
Housing Allowances										
Other benefits and allowances		3	3		7	7	7	47	49	52
<b>Sub Total - Councillors</b>		<b>5 842</b>	<b>6 381</b>	<b>5 483</b>	<b>6 457</b>	<b>6 457</b>	<b>6 457</b>	<b>8 419</b>	<b>8 874</b>	<b>9 362</b>
<b>% increase</b>	4		<b>9,2%</b>	<b>(14,1%)</b>	<b>17,8%</b>	<b>-</b>	<b>-</b>	<b>30,4%</b>	<b>5,4%</b>	<b>5,5%</b>
<b>Senior Managers of the Municipality</b>										
Basic Salaries and Wages		6 677	7 598	5 196	8 964	8 964	8 964	8 518	8 986	9 480
Pension and UIF Contributions		11	11	9	11	11	11	11	11	11
Motor Vehicle Allowance	3			1 058						
Housing Allowances	3			283						
Other benefits and allowances	3			363						
Payments in lieu of leave				232						
<b>Sub Total - Senior Managers of Municipality</b>		<b>6 688</b>	<b>7 609</b>	<b>7 140</b>	<b>8 975</b>	<b>8 975</b>	<b>8 975</b>	<b>8 528</b>	<b>8 997</b>	<b>9 491</b>
<b>% increase</b>	0		<b>13,8%</b>	<b>(6,2%)</b>	<b>25,7%</b>	<b>-</b>	<b>-</b>	<b>(5,0%)</b>	<b>5,5%</b>	<b>5,5%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		94 786	125 302	136 958	159 362	159 362	159 362	170 844	180 443	189 678
Pension and UIF Contributions		13 009	17 914	21 055	20 330	20 330	20 330	31 898	33 621	35 471
Medical Aid Contributions		3 748	4 326	5 160	5 553	5 553	5 553	6 141	6 472	6 828
Overtime		18 038	22 831	17 101	18 837	28 837	28 837	24 459	25 780	27 198
Motor Vehicle Allowance	3	7 679	8 480	7 323	10 150	10 150	10 150	7 989	8 315	8 773
Cellphone Allowance	3	746	855		-	-	-			
Housing Allowances	3	5 493	7 046	1 104	1 509	1 509	1 509	853	899	948
Other benefits and allowances	3	2 335	4 784	21 842	15 543	15 543	15 543	11 962	12 333	13 701
Payments in lieu of leave				966	834	834	834	450	474	500
Long service awards						-	-			
Post-retirement benefit obligations	6					-	-			
<b>Sub Total - Other Municipal Staff</b>		<b>145 834</b>	<b>191 538</b>	<b>211 509</b>	<b>232 117</b>	<b>242 117</b>	<b>242 117</b>	<b>254 597</b>	<b>268 338</b>	<b>283 097</b>
<b>% increase</b>	0		<b>31,3%</b>	<b>10,4%</b>	<b>9,7%</b>	<b>4,3%</b>	<b>-</b>	<b>5,2%</b>	<b>5,4%</b>	<b>5,5%</b>
<b>Total Parent Municipality</b>		<b>158 364</b>	<b>205 528</b>	<b>224 132</b>	<b>247 549</b>	<b>257 549</b>	<b>257 549</b>	<b>271 544</b>	<b>286 209</b>	<b>301 950</b>
			<b>29,8%</b>	<b>9,1%</b>	<b>10,4%</b>	<b>4,0%</b>	<b>-</b>	<b>5,4%</b>	<b>5,4%</b>	<b>5,5%</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>158 364</b>	<b>205 528</b>	<b>211 509</b>	<b>247 549</b>	<b>257 549</b>	<b>257 549</b>	<b>271 544</b>	<b>286 209</b>	<b>301 950</b>
<b>% increase</b>	0		<b>29,8%</b>	<b>2,9%</b>	<b>17,0%</b>	<b>4,0%</b>	<b>-</b>	<b>5,4%</b>	<b>5,4%</b>	<b>5,5%</b>
<b>TOTAL MANAGERS AND STAFF</b>	5,7	<b>152 522</b>	<b>199 147</b>	<b>224 132</b>	<b>241 092</b>	<b>251 092</b>	<b>251 092</b>	<b>263 125</b>	<b>277 335</b>	<b>292 588</b>

## **2.6. LEGISLATION COMPLIANCE STATUS**

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

### **1. In- year reporting**

Section S71 Reporting to National Treasury in electronic format was fully complied with on a monthly basis.

### **2. Internship programme**

The Municipality is participating in the Municipal Financial Management Internship programme and has employed 5 interns that have undergone training in various divisions of the Budget and Treasury Services Department.

### **3. Budget and Treasury Office**

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

### **4. Audit Committee**

An Audit Committee has been established and is fully functional.

### **5. Service Delivery and Implementation Plan**

The detailed SDBIP document will be finalised after approval of the 2018/19 MTREF and will be directly aligned and informed by the 2018/19 MTREF.

### **6. Annual Report**

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

### **7. Policies**

Budget related policies are reviewed on an annual basis.