

JOE GQABI DISTRICT MUNICIPALITY



2017/18 TO 2019/20 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

24 May 2017

Table of Contents

1.1	MAYOR’S REPORT	4
1.2	COUNCIL RESOLUTIONS.....	5
1.3	EXECUTIVE SUMMARY	6
1.4	OPERATING REVENUE FRAMEWORK.....	7
1.5	OPERATING EXPENDITURE FRAMEWORK	11
1.6	CAPITAL EXPENDITURE	14
1.7	ANNUAL BUDGET TABLES	15
2.1	OVERVIEW OF THE ANNUAL BUDGET PROCESS	23
2.2	BUDGET PROCESS OVERVIEW	23
2.3	OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP	24
2.4	MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS	25
2.5	PERFORMANCE INDICATORS AND BENCHMARKS.....	27
2.6	OVERVIEW OF BUDGET RELATED-POLICIES	29
2.7	OVERVIEW OF BUDGET ASSUMPTIONS	30
2.8	OVERVIEW OF BUDGET FUNDING	31
2.9	EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS	36
2.10	CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS.....	37
2.11	CAPITAL EXPENDITURE DETAILS.....	37
2.12	LEGISLATION COMPLIANCE STATUS	40
2.13	MUNICIPAL MANAGER’S QUALITY CERTIFICATE.....	41

List of tables

Table 1	Consolidated Overview of the 2017/18 MTREF	7
Table 2	Summary of revenue classified by main revenue source	8
Fig 1:	Revenue by main revenue source.....	8
Table 3	Percentage growth in revenue by revenue source	9
Table 4	Operating Transfers and Grant Receipts.....	10
Table 5	Summary of operating expenditure by standard classification item	11
Table 6	Percentage growth in expenditure by main expenditure type	11
Fig 2:	Expenditure by major type.....	12
Fig 3:	Expenditure by major type – 2017/18.....	Error! Bookmark not defined.
Table 7	2017/18 Medium-term capital budget per vote	14
Table 8	MBRR NT A1 - Budget Summary.....	15
Table 9	Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification).....	17
Table 10	MBRR NT A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote).....	18
Table 11	MBRR NT A4 - Budgeted Financial Performance (revenue and expenditure).....	19
Table 12	MBRR NT A5 - Budgeted Capital Expenditure by vote, standard classification and funding source.....	20
Table 13	MBRR NT A6 - Budgeted Financial Position	21
Table 14	MBRR NT A7 - Budgeted Cash Flow Statement.....	22
Table 15	MBRR NT SA8 – Performance indicators and benchmarks	27
Table 16	Breakdown of the operating revenue over the medium-term.....	31
Table 17	Sources of capital revenue over the MTREF	31
Table 18	MBRR NT A7 - Budget cash flow statement.....	32

Table 19	MBRR NT A8 - Cash backed reserves/accumulated surplus reconciliation	33
Table 20	MBRR NT SA10 - Funding compliance measurement	34
Table 21	MBRR SA19 - Expenditure on transfers and grant programmes	36
Table 22	2017/18 Capital expenditure by asset class	37

Part 1 – Annual Budget

1.1 Mayor's Report

To be distributed during the Council meeting.

1.2 Council Resolutions

1. The Council of Joe Gqabi District Municipality, acting in terms of section 16 of the Local Government: Municipal Finance Management Act (MFMA), (Act 56 of 2003) tables:
 - 1.1. The annual budget of the municipality for the financial year 2017/18 and indicative allocations for the two projected outer years 2018/19 and 2019/20; 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 12;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 13;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 14; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 15.
 - 1.2. The financial position, cash flow budget and cash-backed reserve/accumulated surplus are tabled as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 16;
 - 1.2.2. Budgeted Cash Flows as contained in Table 17; and
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 23;
2. The revised Integrated Development Plan (IDP) is tabled as reflected in the agenda.
3. The Council of Joe Gqabi District Municipality, acting in terms of section 24(2)(c)(i) and (ii) of the MFMA, sections 74 and 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) tables the tariffs for the provision of water and sanitation.
4. The measurable performance objectives for capital and operating expenditure by vote for each year of the medium term revenue and expenditure framework as set out in Supporting Table SA7 be noted.
5. The Budget related policies including any amendments are tabled for the budget year 2017/18.
6. The Department of Roads allocation of R38 million, R11 million on Water Working for Water/Wetlands will only be spend once the money has been transferred to the primary bank account of Joe Gqabi District Municipality. There are signed SLA's in place for the abovementioned grants:

1.3 Executive Summary

This section contains an Executive Summary of the Joe Gqabi District Municipality's (JGDM) Budget followed by a more detailed explanation of its Operating and Capital components over the next three years.

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.

National Treasury's MFMA Circular No.85 and 86 was used to guide the compilation of the 2017/18 MTREF.

The main challenges experienced during the compilation of the 2017/18 MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained infrastructure;
- The need to prioritise projects and expenditure within the existing resource envelope given the backlog in infrastructure maintenance;
- Wage increases is anticipated to exceed consumer inflation; and
- Affordability of capital projects – Municipal Infrastructure Grant, Regional Bulk Infrastructure Grant, Water Services Operating Grant and Municipal Water Infrastructure Grant funding were allocated towards developing of new capital infrastructure assets; and
- Outstanding Service Level Agreements

The following budget principles and guidelines directly informed the compilation of the 2017/18 MTREF:

- The 2016/17 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2017/18 annual budget;
- Tariff increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water, employee related costs and other costs drivers. In addition, tariffs need to move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- Working for Water and Department of Roads and Transports grants are not gazetted but have been included in the budget. All other grant funding, allocated has been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2017/18 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2017/18 MTREF

SUMMARY OF THE INCOME AND EXPENDITRE				
	Adjusted Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
Total Revenue (excluding capital transfers and contributions)	418 734 927,00	509 347 981,93	514 341 288,55	508 665 983,44
Total Expenditure	480 213 386,00	518 271 972,29	515 836 408,03	510 887 968,12
Surplus / (deficit) - Operational	(61 478 459,00)	(8 923 990,36)	(1 495 119,48)	(2 221 984,68)
Total Capital Expenditure	287 438 248,52	258 546 000,00	234 381 000,00	247 415 000,00
Total Capital Funding	278 358 378,00	254 155 000,00	232 626 000,00	246 125 000,00
	(9 079 870,52)	(4 391 000,00)	(1 755 000,00)	(1 290 000,00)
Surplus / (deficit) - Total	(70 558 329,52)	(13 314 990,36)	(3 250 119,48)	(3 511 984,68)
Adding back Non-Cash items:				
Accumulated depreciation	50 650 661,00			
Debt impairment	20 875 142,00			
Surplus / (deficit) - Total Cash	967 473,48	(13 314 990,36)	(3 250 119,48)	(3 511 984,68)

Total Revenue has increased by 10 percent or R 66.4 million for the 2017/18 financial year when compared to the 2015/16 Adjustments Budget.

Total operating expenditure for the 2017/18 financial year has been appropriated at R 518.3 million, which represents an 8 percent increase as compared to the 2016/17 Adjustment Budget.

The capital budget amounts to R258.5 million for 2017/18, which represents an 10 percent decrease as compared to the 2016/17 Adjustment Budget.

1.4 Operating Revenue Framework

JGDM is heavily reliant on grants. The service charges are not making meaningful contribution to the revenue in the short-term, which warranted the introduction of the fire tariffs. This should improve in the medium term.

The following table is a summary of the 2017/18 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Choose name from list - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	36 963	65 864	75 868	54 315	54 315	54 315	54 315	106 558	112 951	119 728
Service charges - sanitation revenue	2	7 324	18 131	27 173	13 163	13 163	13 163	13 163	28 838	30 569	32 403
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - other				9 317	4 503	4 503	4 503	4 503			
Rental of facilities and equipment					-	-	-	-	9	10	10
Interest earned - external investments		3 240	3 901	4 300	3 368	3 368	3 368	3 368	4 040	4 272	4 528
Interest earned - outstanding debtors		4 379	5 808	5 347	2 866	2 866	2 866	2 866	13 078	13 863	14 694
Dividends received					-	-	-	-			
Fines, penalties and forfeits					-	-	-	-			
Licences and permits					-	-	-	-			
Agency services		2 929	-		119	119	119	119	992	800	-
Transfers and subsidies		247 308	235 192	325 216	335 199	330 534	330 534	330 534	355 444	351 466	336 867
Other revenue	2	6 542	1 668	3 574	9 858	9 866	9 866	9 866	388	411	435
Gains on disposal of PPE		(24)	(72)								
Total Revenue (excluding capital transfers and contributions)		308 661	330 493	450 795	423 392	418 735	418 735	418 735	509 348	514 341	508 666

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

Fig 1: Revenue by main revenue source

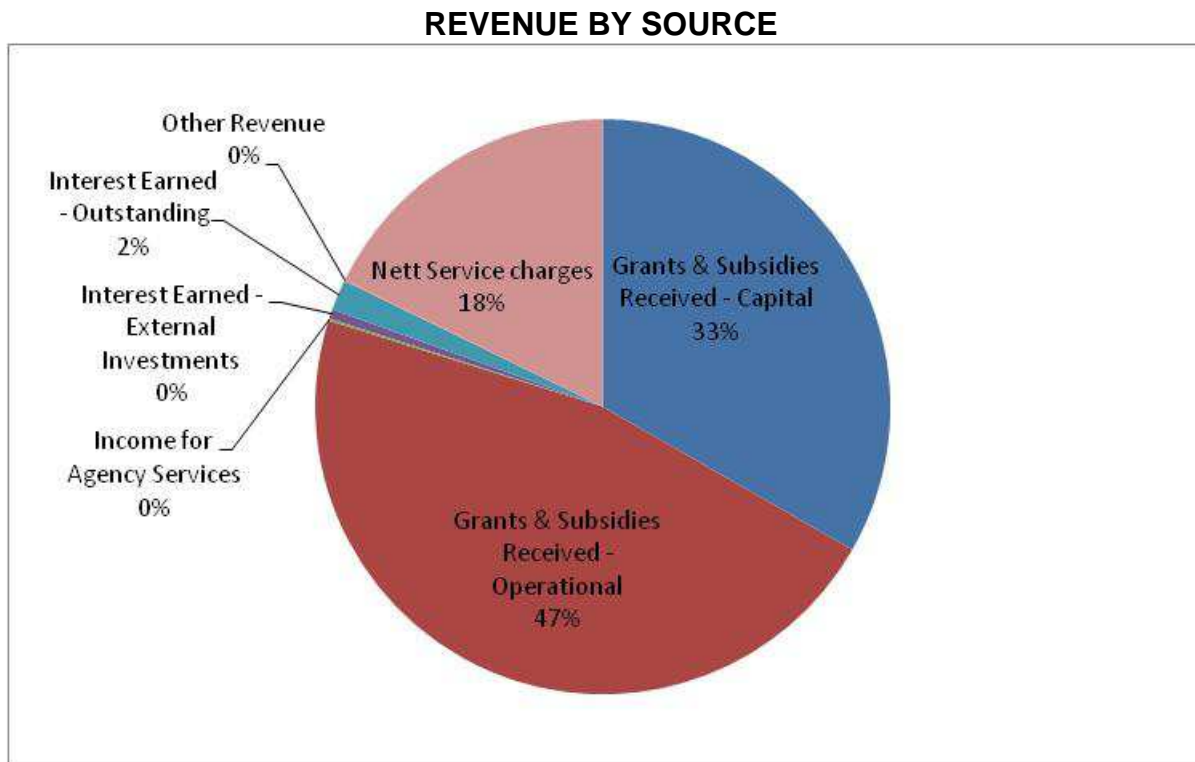


Table 3 Percentage growth in revenue by main revenue source

Description	Adjusted Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
Grants & Subsidies Received - Capital	278 358 378,00	254 155 000,00	232 626 000,00	246 125 000,01
Grants & Subsidies Received - Operational	330 534 230,00	355 444 400,00	351 466 000,00	336 867 000,00
Income for Agency Services	119 392,00	992 000,00	800 000,00	-
Interest Earned - External Investments	3 368 000,00	4 040 000,00	4 271 800,00	4 528 108,00
Interest Earned - Outstanding	2 866 317,00	13 078 000,00	13 862 680,00	14 694 440,80
Other Revenue	14 369 241,00	397 293,82	420 743,15	445 165,33
Nett Conventional Service charges	67 477 747,00	121 856 659,30	129 168 058,86	136 918 142,38
Service Charges	127 935 393,00	147 840 258,69	156 710 674,22	166 113 314,67
Less: Revenue Foregone	(60 457 646,00)	(25 983 599,39)	(27 542 615,36)	(29 195 172,29)
Nett Prepaid Service charges		13 539 628,81	14 352 006,54	15 213 126,93
Service Charges		16 426 695,41	17 412 297,14	18 457 034,96
Less: Revenue Foregone		(2 887 066,60)	(3 060 290,60)	(3 243 908,03)
Grand Total	697 093 305,00	763 502 981,93	746 967 288,55	754 790 983,45

Operating grants and transfers total R 330.5 million in the 2016/17 Adjustment Budget and increases to R 355.4 million in 2017/18. Note that the year-on-year increase for the 2017/18 financial year is 8 percent. This is largely due to an increase in Equitable Share of 7 % and a larger amount from the MIG funded grant being used on operating water and sanitation projects.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

Choose name from list - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		-	-	-	287 693	287 693	287 693	304 652	303 966	315 054
Local Government Equitable Share					223 621	223 621	223 621	239 160	258 757	273 460
Finance Management					1 250	1 250	1 250	1 250	1 505	1 765
EPWP Incentive					1 474	1 474	1 474	2 227	-	-
LG SETA					-	-	-	2 000	2 000	2 000
Rural Roads Asset Management Systems Grant					2 136	2 136	2 136	-	-	-
Municipal Infrastructure Grant					-	-	-	2 180	2 204	2 329
Rural Households Infrastructure Grant					54 712	54 712	54 712	57 835	39 500	35 500
Other transfers/grants [insert description]					4 500	4 500	4 500	-	-	-
Provincial Government:		-	-	-	-	-	-	2 957	-	-
DTI								957	-	-
IDC - JoGEDA								2 000	-	-
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	47 506	42 841	42 841	49 600	40 000	-
Department of Roads and Public Works					36 000	31 335	31 335	38 000	40 000	-
Department of Environmental Affairs					11 506	11 506	11 506	11 600	-	-
Total Operating Transfers and Grants	5	-	-	-	335 199	330 534	330 534	357 209	343 966	315 054
Capital Transfers and Grants										
National Government:		-	-	-	181 663	198 358	198 358	172 390	240 126	267 938
Municipal Infrastructure Grant (MIG)					96 890	96 890	96 890	101 890	129 816	143 938
Regional Bulk Infrastructure					12 945	12 945	12 945	6 000	23 000	40 000
Water Services Infrastructure Grant					71 828	71 828	71 828	64 500	87 310	84 000
Housing Settlement					-	16 695	16 695	-	-	-
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	80 000	80 000	80 000	80 000	-	-
Emergency Drought Relief					80 000	80 000	80 000	80 000	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
Department of Roads an										
Total Capital Transfers and Grants	5	-	-	-	261 663	278 358	278 358	252 390	240 126	267 938
TOTAL RECEIPTS OF TRANSFERS & GRANTS		-	-	-	596 862	608 892	608 892	609 599	584 092	582 992

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.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6.45 percent. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment. The basic charges and consumption charges were increased by 6 percent.

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 utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement 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.

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2017/18 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;

The following table is a high level summary of the 2017/18 budget and MTREF (classified per main type of operating expenditure):

Table 5 Summary of operating expenditure by standard classification item

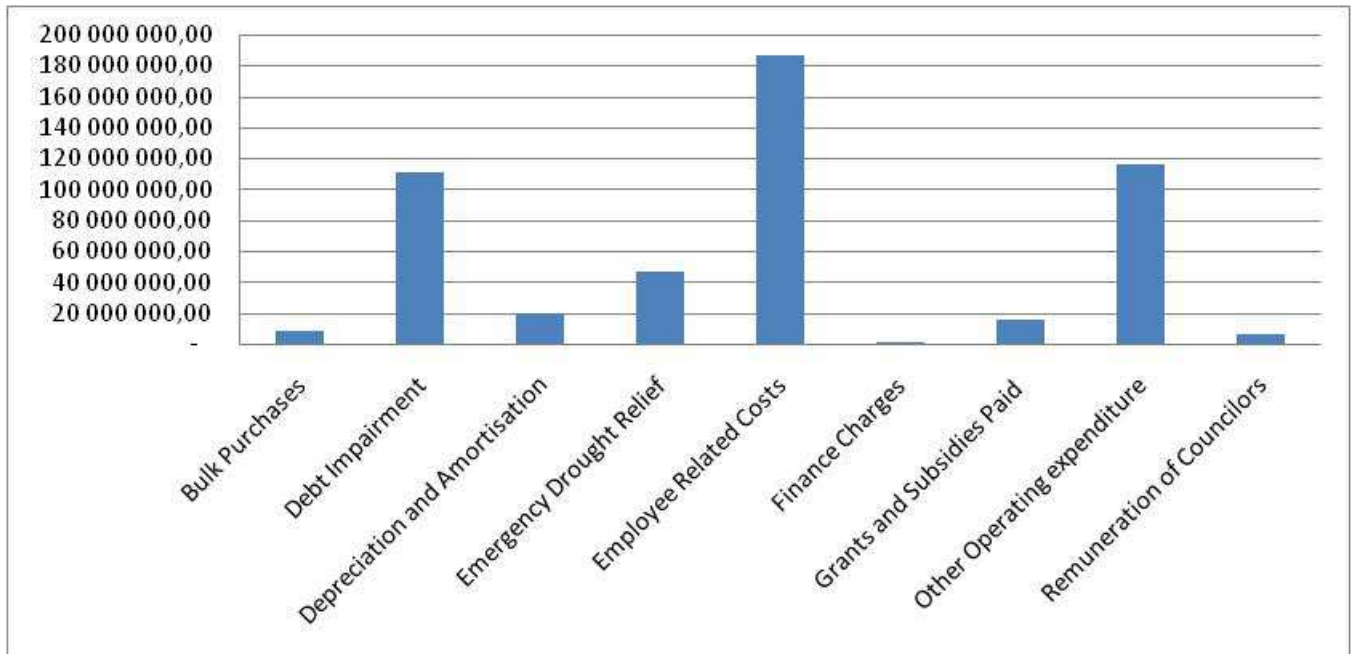
Choose name from list - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Expenditure By Type											
Employee related costs	2	128 170	150 962	163 740	189 902	182 088	182 088	182 088	186 951	195 802	186 508
Remuneration of councillors		5 022	5 263	5 310	6 649	6 649	6 649	6 649	7 242	7 670	8 115
Debt impairment	3	41 522	74 777	70 897	20 875	20 875	20 875	20 875	20 875	22 128	23 455
Depreciation & asset impairment	2	42 311	44 240	46 199	50 507	50 651	50 651	50 651	46 921	49 706	52 658
Finance charges		3 968	4 462	5 735	2 255	2 255	2 255	2 255	2 294	2 432	2 577
Bulk purchases	2	2 474	3 004	989	4 264	4 258	4 258	4 258	9 000	9 540	10 112
Other materials	8								-	-	-
Contracted services		-	-	15 138	2 104	1 203	1 203	1 203	111 507	100 339	101 493
Transfers and subsidies		5 150	2 787	5 000	10 181	10 181	10 181	10 181	16 505	17 496	18 545
Other expenditure	4,5	215 681	281 781	170 960	207 689	-	-	202 054	116 976	110 726	107 424
Loss on disposal of PPE		3 177	4 156	657							
Total Expenditure		447 476	571 432	484 625	494 426	278 160	278 160	480 213	518 272	515 836	510 888

Table 6 Percentage growth in expenditure by main expenditure type

Description	Adjusted Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
Bulk Purchases	4 257 673,00	9 000 000,00	9 540 000,00	10 112 400,00
Contracted Services	1 203 161,00	111 507 168,50	100 338 639,94	101 492 900,45
Debt Impairment	20 875 142,00	20 875 142,00	22 127 650,52	23 455 309,55
Depreciation and Amortisation	50 650 661,00	46 920 677,91	49 705 982,45	52 658 405,26
Employee Related Costs	182 088 214,00	186 951 255,91	195 801 677,01	186 507 577,13
Finance Charges	2 255 323,00	2 293 887,00	2 431 520,22	2 577 411,43
Grants and Subsidies Paid	10 180 978,00	16 505 339,00	17 495 659,34	18 545 398,90
Other Operating expenditure	202 053 521,00	116 976 107,56	110 725 582,87	107 424 027,37
Remuneration of Councillors	6 648 713,00	7 242 394,41	7 669 695,68	8 114 538,03
Total	480 213 386,00	518 271 972,29	515 836 408,03	510 887 968,12

Fig 2: Expenditure by major type



The budgeted allocation for employee related costs for the 2017/18 financial year totals R 186.9 million, which equals 36 percent of the total operating expenditure. The South African Local Government Bargaining Council recently entered into a three-year Salary and Wage Collective Agreement for the period 01 July 2015 to 30 June 2018. The agreement reached is as follows:

- 2015/16 Financial Year – 7 per cent
- 2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent
- 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent

The municipality has budget 7.45 percent as per circular for the 2017/18 financial year. The employee related costs however increased by 3 percent. This is largely due to provision made for the implementation of the Department of Environmental Affairs shared fire services, resulting in no provision being made for employee costs relating to fire services. This resulted in a reduction of employee costs of R 8 million.

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

The provision of debt impairment was determined based on Annual Financial Statements for the year ended June 2016 and the Debt Write-off Policy of the Municipality. For the 2017/18 financial year this amount equates to R 20.9 million. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality’s realistically anticipated revenues.

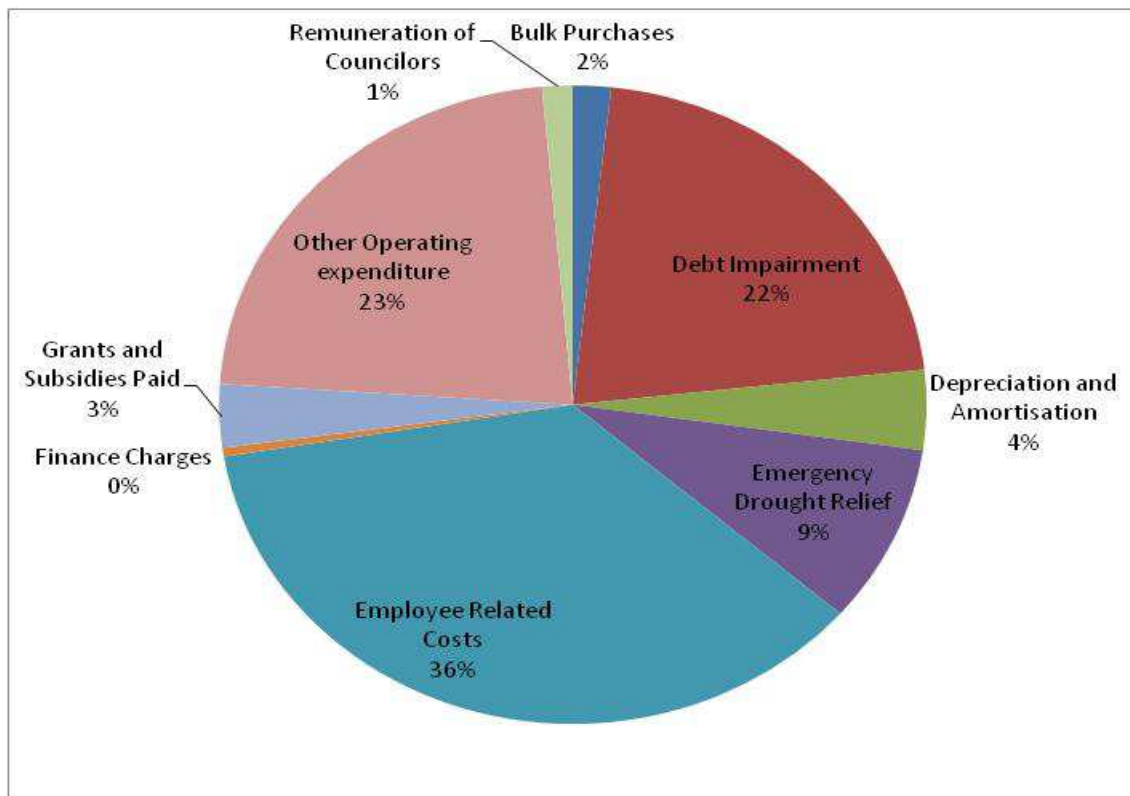
Provision for depreciation and asset impairment has been informed by the Municipality’s Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R 46.9 million for the 2017/18 financial year and equates to 9 percent of the total operating expenditure.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make (R 2.3 million) of operating expenditure excluding annual redemption for 2017/18 financial year.

Bulk Purchases are allocated R 9 million for 2017/18 financial year, which represents a 111 percentage increase from the 2016/17 adjustment budget

Repairs and Maintenance allocation is R 30 million (excluding the employee costs of departments responsible for repairs and maintenance) for the 2017/18 financial year. The portion reflective as repairs and maintenance is only 6 percent of total operational expenditure, however bulk of the cost associated with repairs and maintenance comprises of employee costs. This is however not included due to the municipality not operating on a job costing basis.

Fig 3: Expenditure by major type – 2017/18



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. The qualifying indigents will be provided with 6kl of water per month

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 provides a breakdown of budgeted capital expenditure by vote:

Table 7 2017/18 Medium-term capital budget per vote

Choose name from list - Table A5 Consolidated Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - MANAGEMENT SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - TECHNICAL SERVICES		-	-	-	189 835	189 835	189 835	189 835	254 155	232 626	246 125
Vote 5 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - INSTITUTIONAL SUPPORT AND ADVANCEMENT		-	-	-	-	-	-	-	-	-	-
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]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	189 835	189 835	189 835	189 835	254 155	232 626	246 125
Single-year expenditure to be appropriated	2										
Vote 1 - MANAGEMENT SERVICES		-	-	-	2 533	2 600	2 600	2 600	191	35	40
Vote 2 - FINANCIAL SERVICES		-	-	-	2 200	200	200	200	25	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	735	1 433	1 433	1 433	690	70	-
Vote 4 - TECHNICAL SERVICES		-	-	-	80 432	93 371	93 371	93 371	1 000	-	-
Vote 5 - COMMUNITY SERVICES		-	-	-	3 001	-	-	-	1 145	400	-
Vote 6 - INSTITUTIONAL SUPPORT AND ADVANCEMENT		-	-	-	-	-	-	-	1 340	1 250	1 250
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]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	88 901	97 603	97 603	97 603	4 391	1 755	1 290
Total Capital Expenditure - Vote		-	-	-	278 736	287 438	287 438	287 438	258 546	234 381	247 415
Capital Expenditure - Functional											
Governance and administration		-	-	-	-	-	-	-	2 236	1 355	1 290
Executive and council		-	-	-	-	-	-	-	50	-	-
Finance and administration		-	-	-	-	-	-	-	2 055	1 320	1 250
Internal audit		-	-	-	-	-	-	-	131	35	40
Community and public safety		-	-	-	-	-	-	-	1 145	400	-
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	1 145	400	-
Economic and environmental services		-	-	-	-	-	-	-	1 010	-	-
Planning and development		-	-	-	-	-	-	-	1 010	-	-
Road transport		-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	-	-	-	-	254 155	232 626	246 125
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	208 555	181 150	175 384
Waste water management		-	-	-	-	-	-	-	45 600	51 476	70 741
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	-	-	-	-	-	-	-	258 546	234 381	247 415
Funded by:											
National Government		-	-	-	181 663	198 358	198 358	198 358	174 155	232 626	246 125
Provincial Government		-	-	-	80 000	80 000	80 000	80 000	80 000	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	-	-	-	261 663	278 358	278 358	278 358	254 155	232 626	246 125
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	12 305	-	-	-	-	-	-
Internally generated funds		-	-	-	4 768	9 080	9 080	9 080	4 391	1 755	1 290
Total Capital Funding	7	-	-	-	278 736	287 438	287 438	287 438	258 546	234 381	247 415

For 2017/18 an amount of R 254 million has been appropriated for the development of infrastructure within Technical Services which represents 98 percent of the total capital budget. Water and Sanitation infrastructure receives the highest allocation.

1.7 Annual Budget Tables

The following pages present the main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/17 budget and MTREF as approved by the Council. Each table is accompanied by explanatory notes on the facing page.

Table 8 MBRR NT A1 - Budget Summary

Choose name from list - Table A1 Consolidated Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	44 287	83 995	112 358	71 981	71 981	71 981	71 981	135 396	143 520	152 131
Investment revenue	3 240	3 901	4 300	3 368	3 368	3 368	3 368	4 040	4 272	4 528
Transfers recognised - operational	247 308	235 192	325 216	335 199	330 534	330 534	330 534	355 444	351 466	336 867
Other own revenue	13 827	7 404	8 921	12 844	12 852	12 852	12 852	14 467	15 083	15 140
Total Revenue (excluding capital transfers and contributions)	308 661	330 493	450 795	423 392	418 735	418 735	418 735	509 348	514 341	508 666
Employee costs	128 170	150 962	163 740	189 902	182 088	182 088	182 088	186 951	195 802	186 508
Remuneration of councillors	5 022	5 263	5 310	6 649	6 649	6 649	6 649	7 242	7 670	8 115
Depreciation & asset impairment	42 311	44 240	46 199	50 507	50 651	50 651	50 651	46 921	49 706	52 658
Finance charges	3 968	4 462	5 735	2 255	2 255	2 255	2 255	2 294	2 432	2 577
Materials and bulk purchases	2 474	3 004	989	4 264	4 258	4 258	4 258	9 000	9 540	10 112
Transfers and grants	5 150	2 787	5 000	10 181	10 181	10 181	10 181	16 505	17 496	18 545
Other expenditure	260 381	360 714	257 651	230 668	22 078	22 078	224 132	249 358	233 192	232 372
Total Expenditure	447 476	571 432	484 625	494 426	278 160	278 160	480 213	518 272	515 836	510 888
Surplus/(Deficit)	(138 814)	(240 939)	(33 829)	(71 035)	140 575	140 575	(61 478)	(8 924)	(1 495)	(2 222)
Transfers and subsidies - capital (monetary allocations)	191 525	209 242	203 357	261 663	278 358	278 358	278 358	254 155	232 626	246 125
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	52 711	(31 697)	169 528	190 628	418 933	418 933	216 880	245 231	231 131	243 903
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	52 711	(31 697)	169 528	190 628	418 933	418 933	216 880	245 231	231 131	243 903
Capital expenditure & funds sources										
Capital expenditure	-	-	-	-	-	-	-	258 546	234 381	247 415
Transfers recognised - capital	-	-	-	261 663	278 358	278 358	278 358	254 155	232 626	246 125
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	12 305	-	-	-	-	-	-
Internally generated funds	-	-	-	4 768	9 080	9 080	9 080	4 391	1 755	1 290
Total sources of capital funds	-	-	-	278 736	287 438	287 438	287 438	258 546	234 381	247 415
Financial position										
Total current assets	-	-	-	41 686	84 746	84 746	84 746	123 347	144 927	169 312
Total non current assets	-	-	-	1 709 908	1 700 791	1 700 791	1 700 791	1 710 971	1 895 646	2 090 402
Total current liabilities	-	-	-	91 180	82 937	82 937	82 937	97 876	68 985	39 279
Total non current liabilities	-	-	-	79 973	45 307	45 307	45 307	50 799	54 813	59 758
Community wealth/Equity	-	-	-	1 580 441	1 657 292	1 657 292	1 657 292	1 685 643	1 916 774	2 160 677
Cash flows										
Net cash from (used) operating	-	-	-	259 671	312 338	312 338	312 338	263 054	237 682	255 067
Net cash from (used) investing	-	-	-	(278 436)	(296 384)	(296 384)	(296 384)	(258 546)	(232 881)	(247 415)
Net cash from (used) financing	-	-	-	5 910	(3 194)	(3 194)	(3 194)	(4 026)	(3 221)	(2 577)
Cash/cash equivalents at the year end	-	-	-	2 949	15 182	15 182	15 182	2 903	4 483	9 559
Cash backing/surplus reconciliation										
Cash and investments available	-	-	-	5 938	18 187	18 187	18 187	6 208	7 788	12 864
Application of cash and investments	-	-	-	33 926	15 238	15 238	15 238	(10 994)	(57 367)	(103 232)
Balance - surplus (shortfall)	-	-	-	(27 988)	2 950	2 950	2 950	17 202	65 156	116 096
Asset management										
Asset register summary (WDV)	-	-	-	-	-	-	258 546	258 546	234 381	247 415
Depreciation	-	-	-	-	-	-	46 671	46 671	49 457	52 409
Renewal of Existing Assets	-	-	-	-	-	-	-	121 755	126 871	119 500
Repairs and Maintenance	-	-	-	-	-	-	-	-	-	-
Free services										
Cost of Free Basic Services provided	25 468	-	28 871	60 458	60 458	60 458	28 871	28 871	30 603	32 439
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	39	39	39	39	39	39	39	39	39	39
Sanitation/sewerage:	39	39	39	39	39	39	39	39	39	39
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

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 emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds is 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. The Cash backing/surplus reconciliation shows that in previous financial years the municipality successfully managed to restore its financial viability and consequently its obligations are cash-backed.

Table 9 MBRR NT A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Choose name from list - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Functional										
<i>Governance and administration</i>		-	-	-	-	-	-	260 873	280 817	296 893
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		-	-	-	-	-	-	260 873	280 817	296 893
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	63 079	50 004	9 642
Planning and development		-	-	-	-	-	-	10 307	7 000	7 313
Road transport		-	-	-	-	-	-	40 940	43 004	2 329
Environmental protection		-	-	-	-	-	-	11 832	-	-
<i>Trading services</i>		-	-	-	-	-	-	439 551	416 146	448 256
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	315 113	295 102	293 112
Waste water management		-	-	-	-	-	-	124 438	121 044	155 144
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	-	-	-	-	-	-	763 503	746 967	754 791
Expenditure - Functional										
<i>Governance and administration</i>		-	-	-	-	-	-	160 115	167 979	177 885
Executive and council		-	-	-	-	-	-	26 061	27 608	29 230
Finance and administration		-	-	-	-	-	-	130 667	136 820	144 895
Internal audit		-	-	-	-	-	-	3 387	3 551	3 760
<i>Community and public safety</i>		-	-	-	-	-	-	32 750	35 010	36 671
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	20 703	21 956	23 280
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	12 048	13 054	13 390
<i>Economic and environmental services</i>		-	-	-	-	-	-	118 683	106 882	70 671
Planning and development		-	-	-	-	-	-	66 903	64 696	68 342
Road transport		-	-	-	-	-	-	40 180	42 186	2 329
Environmental protection		-	-	-	-	-	-	11 600	-	-
<i>Trading services</i>		-	-	-	-	-	-	206 724	205 966	225 661
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	104 580	110 583	116 985
Waste water management		-	-	-	-	-	-	102 143	95 383	108 676
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	-	-	-	-	-	-	518 272	515 836	510 888
Surplus/(Deficit) for the year		-	-	-	-	-	-	245 231	231 131	243 903

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.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under Finance and Asset Management.

Table 10 MBRR NT A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Choose name from list - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Vote	1									
Vote 1 - MANAGEMENT SERVICES		28 481	6 625	-	-	-	-	2 010	-	-
Vote 2 - FINANCIAL SERVICES		182 863	196 187	-	304 455	304 455	304 455	244 440	264 534	279 753
Vote 3 - CORPORATE SERVICES		479	1 258	-	8 489	8 497	8 497	2 397	2 421	2 445
Vote 4 - TECHNICAL SERVICES		248 870	302 261	-	360 485	372 516	372 516	501 866	480 013	472 593
Vote 5 - COMMUNITY SERVICES		39 493	33 404	-	11 625	11 625	11 625	11 832	-	-
Vote 6 - INSTITUTIONAL SUPPORT AND ADVANCEMENT		-	-	-	-	-	-	957	-	-
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]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	500 187	539 735	-	685 055	697 093	697 093	763 503	746 967	754 791
Expenditure by Vote to be appropriated	1									
Vote 1 - MANAGEMENT SERVICES		104 996	104 235	-	48 811	53 572	53 572	46 224	44 558	47 153
Vote 2 - FINANCIAL SERVICES		21 786	30 845	-	74 821	72 932	72 932	60 097	63 239	67 165
Vote 3 - CORPORATE SERVICES		26 503	33 720	-	59 008	47 792	47 792	51 849	54 938	58 164
Vote 4 - TECHNICAL SERVICES		274 706	285 491	-	261 768	255 003	255 003	277 350	278 696	260 337
Vote 5 - COMMUNITY SERVICES		85 568	31 902	-	50 019	50 916	50 916	64 059	55 793	58 534
Vote 6 - INSTITUTIONAL SUPPORT AND ADVANCEMENT		-	-	-	-	-	-	18 693	18 613	19 535
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]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	513 560	486 193	-	494 426	480 213	480 213	518 272	515 836	510 888
Surplus/(Deficit) for the year	2	(13 374)	53 542	-	190 628	216 880	216 880	245 231	231 131	243 903

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

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 11 MBRR NT A4 - Budgeted Financial Performance (revenue and expenditure)

Choose name from list - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source											
Property rates	2	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	36 963	65 864	75 868	54 315	54 315	54 315	54 315	106 558	112 951	119 728
Service charges - sanitation revenue	2	7 324	18 131	27 173	13 163	13 163	13 163	13 163	28 838	30 569	32 403
Service charges - refuse revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - other				9 317	4 503	4 503	4 503	4 503			
Rental of facilities and equipment				–	–	–	–	–	9	10	10
Interest earned - external investments		3 240	3 901	4 300	3 368	3 368	3 368	3 368	4 040	4 272	4 528
Interest earned - outstanding debtors		4 379	5 808	5 347	2 866	2 866	2 866	2 866	13 078	13 863	14 694
Dividends received				–	–	–	–	–			
Fines, penalties and forfeits				–	–	–	–	–			
Licences and permits				–	–	–	–	–			
Agency services		2 929	–	–	119	119	119	119	992	800	–
Transfers and subsidies		247 308	235 192	325 216	335 199	330 534	330 534	330 534	355 444	351 466	336 867
Other revenue	2	6 542	1 668	3 574	9 858	9 866	9 866	9 866	388	411	435
Gains on disposal of PPE		(24)	(72)	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		308 661	330 493	450 795	423 392	418 735	418 735	418 735	509 348	514 341	508 666
Expenditure By Type											
Employee related costs	2	128 170	150 962	163 740	189 902	182 088	182 088	182 088	186 951	195 802	186 508
Remuneration of councillors		5 022	5 263	5 310	6 649	6 649	6 649	6 649	7 242	7 670	8 115
Debt impairment	3	41 522	74 777	70 897	20 875	20 875	20 875	20 875	20 875	22 128	23 455
Depreciation & asset impairment	2	42 311	44 240	46 199	50 507	50 651	50 651	50 651	46 921	49 706	52 658
Finance charges		3 968	4 462	5 735	2 255	2 255	2 255	2 255	2 294	2 432	2 577
Bulk purchases	2	2 474	3 004	989	4 264	4 258	4 258	4 258	9 000	9 540	10 112
Other materials	8	–	–	–	–	–	–	–	–	–	–
Contracted services		–	–	15 138	2 104	1 203	1 203	1 203	111 507	100 339	101 493
Transfers and subsidies		5 150	2 787	5 000	10 181	10 181	10 181	10 181	16 505	17 496	18 545
Other expenditure	4, 5	215 681	281 781	170 960	207 689	–	–	202 054	116 976	110 726	107 424
Loss on disposal of PPE		3 177	4 156	657	–	–	–	–	–	–	–
Total Expenditure		447 476	571 432	484 625	494 426	278 160	278 160	480 213	518 272	515 836	510 888
Surplus/(Deficit)		(138 814)	(240 939)	(33 829)	(71 035)	140 575	140 575	(61 478)	(8 924)	(1 495)	(2 222)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		191 525	209 242	203 357	261 663	278 358	278 358	278 358	254 155	232 626	246 125
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		52 711	(31 697)	169 528	190 628	418 933	418 933	216 880	245 231	231 131	243 903
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		52 711	(31 697)	169 528	190 628	418 933	418 933	216 880	245 231	231 131	243 903
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		52 711	(31 697)	169 528	190 628	418 933	418 933	216 880	245 231	231 131	243 903
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		52 711	(31 697)	169 528	190 628	418 933	418 933	216 880	245 231	231 131	243 903

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

1. Total revenue is R763.5 million in 2017/18.
2. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.
3. Employee related costs and other expenditure are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 12 MBRR NT A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Choose name from list - Table A5 Consolidated Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - MANAGEMENT SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - TECHNICAL SERVICES		-	-	-	189 835	189 835	189 835	189 835	254 155	232 626	246 125
Vote 5 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - INSTITUTIONAL SUPPORT AND ADVANCEMENT		-	-	-	-	-	-	-	-	-	-
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]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	189 835	189 835	189 835	189 835	254 155	232 626	246 125
Single-year expenditure to be appropriated	2										
Vote 1 - MANAGEMENT SERVICES		-	-	-	2 533	2 600	2 600	2 600	191	35	40
Vote 2 - FINANCIAL SERVICES		-	-	-	2 200	200	200	200	25	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	735	1 433	1 433	1 433	690	70	-
Vote 4 - TECHNICAL SERVICES		-	-	-	80 432	93 371	93 371	93 371	1 000	-	-
Vote 5 - COMMUNITY SERVICES		-	-	-	3 001	-	-	-	1 145	400	-
Vote 6 - INSTITUTIONAL SUPPORT AND ADVANCEMENT		-	-	-	-	-	-	-	1 340	1 250	1 250
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]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	88 901	97 603	97 603	97 603	4 391	1 755	1 290
Total Capital Expenditure - Vote		-	-	-	278 736	287 438	287 438	287 438	258 546	234 381	247 415
Capital Expenditure - Functional											
Governance and administration											
Executive and council		-	-	-	-	-	-	-	2 236	1 355	1 290
Finance and administration		-	-	-	-	-	-	-	50	-	-
Internal audit		-	-	-	-	-	-	-	2 055	1 320	1 250
Community and public safety											
Community and social services		-	-	-	-	-	-	-	131	35	40
Sport and recreation		-	-	-	-	-	-	-	1 145	400	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	1 145	400	-
Economic and environmental services											
Planning and development		-	-	-	-	-	-	-	1 010	-	-
Road transport		-	-	-	-	-	-	-	1 010	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services											
Energy sources		-	-	-	-	-	-	-	254 155	232 626	246 125
Water management		-	-	-	-	-	-	-	208 555	181 150	175 384
Waste water management		-	-	-	-	-	-	-	45 600	51 476	70 741
Waste management		-	-	-	-	-	-	-	-	-	-
Other											
Total Capital Expenditure - Functional	3	-	-	-	-	-	-	-	258 546	234 381	247 415
Funded by:											
National Government		-	-	-	181 663	198 358	198 358	198 358	174 155	232 626	246 125
Provincial Government		-	-	-	80 000	80 000	80 000	80 000	80 000	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	-	-	-	261 663	278 358	278 358	278 358	254 155	232 626	246 125
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	12 305	-	-	-	-	-	-
Internally generated funds		-	-	-	4 768	9 080	9 080	9 080	4 391	1 755	1 290
Total Capital Funding	7	-	-	-	278 736	287 438	287 438	287 438	258 546	234 381	247 415

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.

2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Multi-year capital expenditure has been appropriated at R 254.15 million for the 2017/18 financial year.
4. Single-year capital expenditure has been appropriated at R 4.39 million for the 2017/18 financial year.
5. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year.
6. The capital programme is funded from capital and national and provincial grants and external loans. For 2017/18, capital transfers totals R 254.15 million.

Table 13 MBRR NT A6 - Budgeted Financial Position

Choose name from list - Table A6 Consolidated Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
ASSETS											
Current assets											
Cash					381	11 747	11 747	11 747	2 273	4 109	8 474
Call investment deposits	1	-	-	-	2 568	3 436	3 436	3 436	630	375	1 085
Consumer debtors	1	-	-	-	26 014	53 288	53 288	53 288	85 991	105 991	125 300
Other debtors					10 000	14 074	14 074	14 074	31 275	31 275	31 275
Current portion of long-term receivables					-	-	-	-	-	-	-
Inventory	2				2 723	2 201	2 201	2 201	3 178	3 178	3 178
Total current assets					41 686	84 746	84 746	84 746	123 347	144 927	169 312
Non current assets											
Long-term receivables					-	-	-	-	-	-	-
Investments					2 989	3 005	3 005	3 005	3 305	3 305	3 305
Investment property					2 894	2 492	2 492	2 492	2 534	2 534	2 534
Investment in Associate					-	-	-	-	-	-	-
Property, plant and equipment	3	-	-	-	1 698 713	1 694 394	1 694 394	1 694 394	1 704 252	1 889 424	2 084 181
Agricultural					-	-	-	-	-	-	-
Biological					-	-	-	-	-	-	-
Intangible					5 312	900	900	900	880	383	383
Other non-current assets					-	-	-	-	-	-	-
Total non current assets					1 709 908	1 700 791	1 700 791	1 700 791	1 710 971	1 895 646	2 090 402
TOTAL ASSETS					1 751 594	1 785 537	1 785 537	1 785 537	1 834 318	2 040 572	2 259 714
LIABILITIES											
Current liabilities											
Bank overdraft	1				-	-	-	-	-	-	-
Borrowing	4	-	-	-	1 286	4 939	4 939	4 939	2 684	2 147	1 718
Consumer deposits					1 042	890	890	890	890	890	890
Trade and other payables	4	-	-	-	53 514	51 879	51 879	51 879	71 392	43 038	13 761
Provisions					35 337	25 229	25 229	25 229	22 909	22 909	22 909
Total current liabilities					91 180	82 937	82 937	82 937	97 876	68 985	39 279
Non current liabilities											
Borrowing					48 739	10 091	10 091	10 091	11 552	11 300	11 730
Provisions					31 234	35 217	35 217	35 217	39 246	43 514	48 028
Total non current liabilities					79 973	45 307	45 307	45 307	50 799	54 813	59 758
TOTAL LIABILITIES					171 152	128 245	128 245	128 245	148 674	123 798	99 037
NET ASSETS	5	-	-	-	1 580 441	1 657 292	1 657 292	1 657 292	1 685 643	1 916 774	2 160 677
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)					1 580 441	1 657 292	1 657 292	1 657 292	1 685 643	1 916 774	2 160 677
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	-	-	-	1 580 441	1 657 292	1 657 292	1 657 292	1 685 643	1 916 774	2 160 677

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
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. 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.
4. 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 14 MBRR NT A7 - Budgeted Cash Flow Statement

Choose name from list - Table A7 Consolidated Budgeted Cash Flows

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates					-	-	-	-	-	-	-
Service charges					36 158	36 158	36 158	36 158	101 604	113 756	124 061
Other revenue					9 977	9 985	9 985	9 985	1 389	1 221	445
Government - operating	1				335 199	330 534	330 534	330 534	355 444	351 466	336 867
Government - capital	1				261 663	278 358	278 358	278 358	254 155	232 626	246 125
Interest					3 368	3 368	3 368	3 368	4 040	4 272	4 528
Dividends					-	-	-	-	-	-	-
Payments											
Suppliers and employees					(374 258)	(333 630)	(333 630)	(333 630)	(437 074)	(448 162)	(438 413)
Finance charges					(2 255)	(2 255)	(2 255)	(2 255)	-	-	-
Transfers and Grants	1				(10 181)	(10 181)	(10 181)	(10 181)	(16 505)	(17 496)	(18 545)
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	-	-	259 671	312 338	312 338	312 338	263 054	237 682	255 067
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE					-	-	-	-	-	-	-
Decrease (increase) in non-current debtors					-	-	-	-	-	-	-
Decrease (increase) other non-current receivables					-	-	-	-	-	-	-
Decrease (increase) in non-current investments					300	300	300	300	-	-	-
Payments											
Capital assets					(278 736)	(296 684)	(296 684)	(296 684)	(258 546)	(232 881)	(247 415)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	-	(278 436)	(296 384)	(296 384)	(296 384)	(258 546)	(232 881)	(247 415)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans					-	-	-	-	-	-	-
Borrowing long term/refinancing					12 305	-	-	-	-	-	-
Increase (decrease) in consumer deposits					-	-	-	-	-	-	-
Payments											
Repayment of borrowing					(6 395)	(3 194)	(3 194)	(3 194)	(4 026)	(3 221)	(2 577)
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	5 910	(3 194)	(3 194)	(3 194)	(4 026)	(3 221)	(2 577)
NET INCREASE/ (DECREASE) IN CASH HELD		-	-	-	(12 855)	12 761	12 761	12 761	482	1 580	5 076
Cash/cash equivalents at the year begin:	2				15 804	2 422	2 422	2 422	2 422	2 903	4 483
Cash/cash equivalents at the year end:	2				2 949	15 182	15 182	15 182	2 903	4 483	9 559

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

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

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Executive Mayor and/or 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 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.

2.2 Budget Process Overview

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

The Mayor tabled in Council the required the IDP and budget time schedule in August 2016. In accordance with the original budget time schedule the Draft IDP and annual budget for 2017/18 have to be adopted by Council on 30 March 2017.

2.2.1 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2017/18 MTREF, financial modelling to ensure affordability and long-term financial sustainability, was undertaken. The following key factors and planning strategies have informed the compilation of the 2017/18 MTREF:

- Municipality growth.
- Policy priorities and strategic objectives.
- Asset maintenance.
- Economic climate and trends (i.e inflation, tariff increases, household debt).
- The approved 2016/17 adjustments budget and performance against the SDBIP.
- Cash Flow Management Strategy.
- Debtor payment levels.
- Loan and investment possibilities.
- The need for tariff increases versus the ability of the community to pay for services.
- Improved and sustainable service delivery.

In addition to the above, the strategic guidance given in National Treasury's MFMA Circular 66 has been taken into consideration in the planning and prioritisation process.

2.2.2 Community Consultation

The draft 2017/18 MTREF will be tabled before Council for community consultation. Thereafter it will be published on the municipality's website, and hard copies made available at, municipal notice boards and various municipal offices.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

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

2.3 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.

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

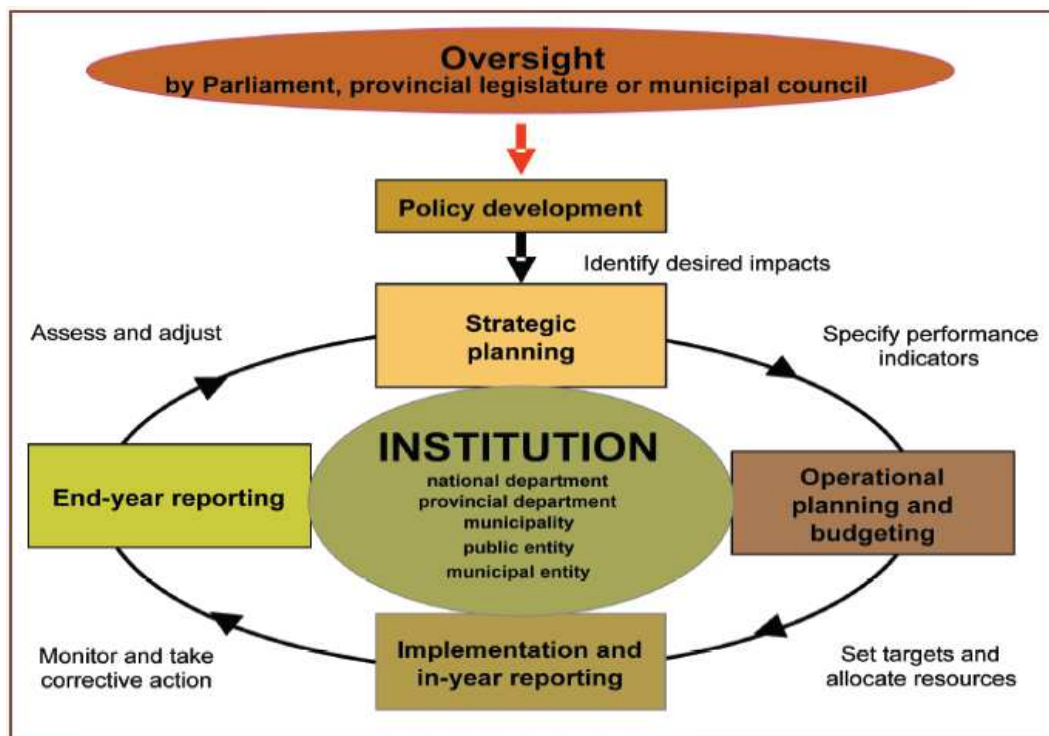
The identification of strategic focus areas which informed the preparation of the IDP and Budget is based on the five key performance areas contained in the 5 Year Local Government Strategic Agenda which are:

- Spatial rationale and analysis.
- Institutional development and transformation.
- Local economic development.
- Infrastructure and service delivery.
- Good governance.
- Financial viability.

2.4 Measurable performance objectives and indicators

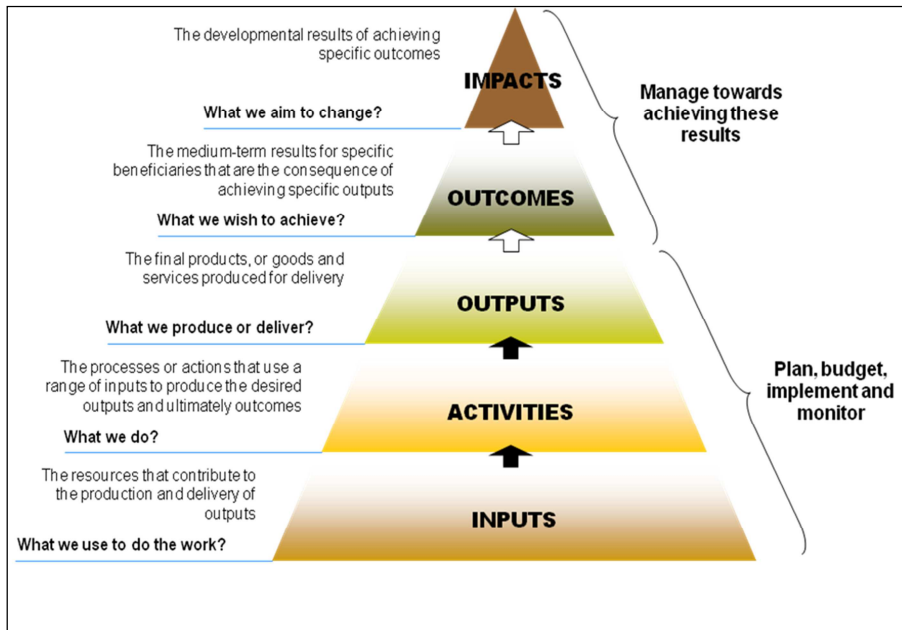
Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information,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

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



The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations.

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



The following table sets out the municipality’s main performance objectives and benchmarks for the 2017/18 MTREF.

Table 15 MBRR NT SA8 – Performance indicators and benchmarks

Choose name from list - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0,9%	0,8%	1,2%	1,7%	2,0%	2,0%	1,1%	1,2%	1,1%	1,0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	6,5%	4,7%	4,6%	9,8%	6,2%	6,2%	6,2%	4,1%	3,5%	3,0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0,0%	0,0%	0,0%	72,1%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Liquidity											
Current Ratio	Current assets/current liabilities	-	-	-	0,5	1,0	1,0	1,0	1,3	2,1	4,3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	-	-	-	0,5	1,0	1,0	1,0	1,3	2,1	4,3
Liquidity Ratio	Monetary Assets/Current Liabilities	-	-	-	0,0	0,2	0,2	0,2	0,0	0,1	0,2
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0,0%	0,0%	0,0%	50,2%	50,2%	50,2%	50,2%	75,0%	79,3%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0,0%	0,0%	0,0%	50,2%	50,2%	50,2%	50,2%	75,0%	79,3%	81,5%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0,0%	0,0%	0,0%	8,5%	16,1%	16,1%	16,1%	23,0%	26,7%	30,8%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Creditors to Cash and Investments		0,0%	0,0%	0,0%	1741,4%	327,5%	327,5%	327,5%	2362,7%	918,0%	129,2%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
	Total Volume Losses (kℓ)										
Employee costs	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	41,5%	45,7%	36,3%	44,9%	43,5%	43,5%	43,5%	36,7%	38,1%	36,7%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	38,4%	39,9%	38,6%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	15,0%	14,7%	11,5%	12,5%	12,6%	12,6%	12,6%	9,7%	10,1%	10,9%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	-	-	12,9	13,4	13,4	13,4	10,9	20,5	22,9	24,2
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0,0%	0,0%	0,0%	50,0%	93,6%	93,6%	93,6%	86,6%	95,6%	102,9%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	-	-	-	0,1	0,8	0,8	0,6	0,1	0,1	0,3

2.5 Performance indicators and benchmarks

2.5.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Joe Gqabi District Municipality’s borrowing strategy is primarily informed by the affordability of debt repayments.

The structure of the Municipality’s debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2017/18 MTREF:

- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily increased from 1.1 percent in 2016/17 to 1.2 percent in 2017/18. This increase can be attributed to the raising of loans to fund portions of the capital programme (municipal vehicles). While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality will eventually reach its prudential borrowing limits.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing.

The Municipality's debt profile provides some interesting insights on the Municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

2.5.1.1 Safety of Capital

- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. The ratio has been consistent at 0.4 percent.

2.5.1.2 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2017/18 MTREF the current ratio is 1.3:1. Going forward it will be necessary to improve these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2016/17 financial year the ratio was 0.2 and it has deteriorated to 0.03:1 in 2017/18 financial year. A negative liquidity ratio needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will always have to be set at a minimum of 1 which will be exceeded in the MTREF.

2.5.1.3 Other Indicators

- Employee costs as a percentage of operating revenue continues to increase over the MTREF. This is primarily owing to the high increase in other expenditure which directly increases revenue levels, as well as increased allocation relating to operating grants and transfers.

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

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. Only registered indigents qualify for the free basic services.

A summary of the free basic services package is set out below:

- All registered indigents, including consumers in the rural areas, will receive 6 kl of water per month fully subsidised.

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.

2.6 Overview of budget related-policies

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

2.6.1 Review of credit control and debt collection procedures/policies

The Credit Control and Debt Collection Policy has been approved by Council in May 2012. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the increasing of the credit periods for the down payment of debt. In addition emphasis will be placed on latest legislation changes and court rulings to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

The 2017/18 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 80 percent on current billings. In addition, the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. A service provider, to specifically deal with historical debt, is to be appointed.

2.6.2 Asset Management, Infrastructure Investment and Funding Policy

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

Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.6.3 Supply Chain Management Policy

No changes were made to the existing Supply Chain Management Policy.

2.6.4 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. With the implementation of mSCOA deadline of 1 July 2017, virements from repairs and maintenance to operating expenditure will not be possible. This is to improve the municipality's ration to Property, plant and equipment, which has been below the recommended threshold in recent years.

2.6.5 Cash Management and Investment Policy

No changes were made to the Municipality's Cash Management and Investment Policy. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves.

2.6.6 Tariff Policy

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

2.7 Overview of budget assumptions

2.7.1 External factors

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

2.7.2 General inflation outlook and its impact on the municipal activities

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

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. The wage agreement negotiated by SALGBC.

2.7.3 Collection rate for revenue services

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

2.7.4 Salary increases

The collective agreement regarding salaries/wages as negotiated by SALGBC is 7.45%, as budgeted for the 2017/18 financial year.

2.7.5 Impact of national, provincial and local policies

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

- Creating jobs;
- Infrastructure Development
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Strengthening financial management in public sector

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

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

It is estimated that a spending rate of 100 percent is achieved on operating expenditure and on the capital programme for the 2017/18 MTREF of which performance has been factored into the cash flow budget.

2.8 Overview of budget funding

2.8.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 16 Breakdown of the operating revenue over the medium-term

Description	Adjusted Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
Grants & Subsidies Received - Capital	278 358 378,00	254 155 000,00	232 626 000,00	246 125 000,01
Grants & Subsidies Received - Operational	330 534 230,00	355 444 400,00	351 466 000,00	336 867 000,00
Income for Agency Services	119 392,00	992 000,00	800 000,00	-
Interest Earned - External Investments	3 368 000,00	4 040 000,00	4 271 800,00	4 528 108,00
Interest Earned - Outstanding	2 866 317,00	13 078 000,00	13 862 680,00	14 694 440,80
Other Revenue	14 369 241,00	397 293,82	420 743,15	445 165,33
Nett Conventional Service charges	67 477 747,00	121 856 659,30	129 168 058,86	136 918 142,38
Service Charges	127 935 393,00	147 840 258,69	156 710 674,22	166 113 314,67
Less: Revenue Foregone	(60 457 646,00)	(25 983 599,39)	(27 542 615,36)	(29 195 172,29)
Nett Prepaid Service charges		13 539 628,81	14 352 006,54	15 213 126,93
Service Charges		16 426 695,41	17 412 297,14	18 457 034,96
Less: Revenue Foregone		(2 887 066,60)	(3 060 290,60)	(3 243 908,03)
Grand Total	697 093 305,00	763 502 981,93	746 967 288,55	754 790 983,45

2.8.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2017/18 medium-term capital programme:

Table 17 Sources of capital revenue over the MTREF

Source of Funding	Budget 2017/18	Budget 2018/19	Budget 2019/20
National Government	174 155 000,00	232 626 000,00	246 125 000,00
Provincial Government	80 000 000,00		
Internally generated funds	4 391 000,00	1 755 000,00	1 290 000,00
	258 546 000,00	234 381 000,00	247 415 000,00

The capital programme is funded from National Grants and transfers.

An additional funding in the form of borrowings have been assessed for other Capital projects, including the acquisition of municipal buildings, which have been excluded from the list of projects in the current budget. Planning is underway relating to frontloading and the acquisition of municipal buildings. Capital projects funded from borrowings will be included in the 2017/18 Adjustment Budget, depending on the cash flow and terms of the funding agreements.

2.8.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 18 MBRR NT A7 - Budget cash flow statement

Choose name from list - Table A7 Consolidated Budgeted Cash Flows

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates					-	-	-	-	-	-	-
Service charges					36 158	36 158	36 158	36 158	101 604	113 756	124 061
Other revenue					9 977	9 985	9 985	9 985	1 389	1 221	445
Government - operating	1				335 199	330 534	330 534	330 534	355 444	351 466	336 867
Government - capital	1				261 663	278 358	278 358	278 358	254 155	232 626	246 125
Interest					3 368	3 368	3 368	3 368	4 040	4 272	4 528
Dividends					-	-	-	-	-	-	-
Payments											
Suppliers and employees					(374 258)	(333 630)	(333 630)	(333 630)	(437 074)	(448 162)	(438 413)
Finance charges					(2 255)	(2 255)	(2 255)	(2 255)	-	-	-
Transfers and Grants	1				(10 181)	(10 181)	(10 181)	(10 181)	(16 505)	(17 496)	(18 545)
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	-	-	259 671	312 338	312 338	312 338	263 054	237 682	255 067
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE					-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors					-	-	-	-	-	-	-
Decrease (increase) other non-current receivables					-	-	-	-	-	-	-
Decrease (increase) in non-current investments					300	300	300	300	-	-	-
Payments											
Capital assets					(278 736)	(296 684)	(296 684)	(296 684)	(258 546)	(232 881)	(247 415)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	-	(278 436)	(296 384)	(296 384)	(296 384)	(258 546)	(232 881)	(247 415)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans					-	-	-	-	-	-	-
Borrowing long term/refinancing					12 305	-	-	-	-	-	-
Increase (decrease) in consumer deposits					-	-	-	-	-	-	-
Payments											
Repayment of borrowing					(6 395)	(3 194)	(3 194)	(3 194)	(4 026)	(3 221)	(2 577)
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	5 910	(3 194)	(3 194)	(3 194)	(4 026)	(3 221)	(2 577)
NET INCREASE/ (DECREASE) IN CASH HELD		-	-	-	(12 855)	12 761	12 761	12 761	482	1 580	5 076
Cash/cash equivalents at the year begin:	2				15 804	2 422	2 422	2 422	2 422	2 903	4 483
Cash/cash equivalents at the year end:	2				2 949	15 182	15 182	15 182	2 903	4 483	9 559

2.8.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 72 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

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

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality’s budget must be ‘funded’.

Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 19 MBRR NT A8 - Cash backed reserves/accumulated surplus reconciliation

Choose name from list - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and investments available											
Cash/cash equivalents at the year end	1	-	-	-	2 949	15 182	15 182	15 182	2 903	4 483	9 559
Other current investments > 90 days		-	-	-	(0)	0	0	0	0	0	0
Non current assets - Investments	1	-	-	-	2 989	3 005	3 005	3 005	3 305	3 305	3 305
Cash and investments available:		-	-	-	5 938	18 187	18 187	18 187	6 208	7 788	12 864
Application of cash and investments											
Unspent conditional transfers		-	-	-	2 160	2 160	2 160	2 160	1 006	986	966
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	-	-	-	31 767	13 078	13 078	13 078	(12 000)	(58 353)	(104 199)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		-	-	-	33 926	15 238	15 238	15 238	(10 994)	(57 367)	(103 232)
Surplus(shortfall)		-	-	-	(27 988)	2 950	2 950	2 950	17 202	65 156	116 096

2.8.5 Funding compliance measurement

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

2.8.5.1 Cash/cash equivalent position

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

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

2.8.5.2 Cash plus investments less application of funds

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

2.8.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

2.8.5.4 Surplus/deficit excluding depreciation offsets

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

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

Table 20 MBRR NT SA10 - Funding compliance measurement

Choose name from list Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	-	-	-	2 949	15 182	15 182	15 182	2 903	4 483	9 559
Cash + investments at the yr end less applications - R'000	18(1)b	2	-	-	-	(27 988)	2 950	2 950	2 950	17 202	65 156	116 096
Cash year end/monthly employee/supplier payments	18(1)b	3	-	-	-	0,1	0,8	0,8	0,6	0,1	0,1	0,3
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	52 711	(31 697)	169 528	190 628	418 933	418 933	216 880	245 231	231 131	243 903
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	83,7%	27,8%	(41,9%)	(6,0%)	(6,0%)	(6,0%)	82,1%	(0,0%)	(0,0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	0,0%	0,0%	0,0%	54,4%	54,4%	54,4%	54,4%	68,7%	72,5%	74,4%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	93,8%	89,0%	63,1%	29,0%	29,0%	29,0%	29,0%	15,4%	15,4%	15,4%
Capital payments % of capital expenditure	18(1);19	8	0,0%	0,0%	0,0%	100,0%	103,2%	103,2%	103,2%	100,0%	99,4%	100,0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0,0%	0,0%	0,0%	72,1%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0,0%	0,0%	0,0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	0,0%	0,0%	0,0%	87,0%	0,0%	0,0%	74,1%	17,1%	14,1%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Asset renewal % of capital budget	20(1)(vi)	14	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	47,1%	54,1%	48,3%

2.8.5.5 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.8.5.6 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that creditors be paid within 30 days.

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

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

2.8.5.8 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

2.8.5.9 Asset renewal/rehabilitation expenditure level

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

2.9 Expenditure on grants and reconciliations of unspent funds

Table 21 MBRR SA19 - Expenditure on transfers and grant programmes

Choose name from list - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		-	-	-	-	-	-	300 887	309 466	334 867
Local Government Equitable Share								239 160	258 757	273 460
Finance Management								1 250	1 505	1 765
EPWP Incentive								2 227	-	-
								-	-	-
Rural Roads Asset Management Systems								2 180	2 204	2 329
Municipal Infrastructure Grant [Schedule 5B]								56 070	47 000	57 313
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	-	-	-	54 557	38 000	2 000
Department of Environmental Affairs								11 600	-	-
IDC - JoGEDA								2 000	-	-
Department of Roads and Public Works								38 000	36 000	-
SETA								2 000	2 000	2 000
DTI								957	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
Department of Roads and Public Works										
Total operating expenditure of Transfers and Grants:		-	-	-	-	-	-	355 444	347 466	336 867
Capital expenditure of Transfers and Grants										
National Government:		-	-	-	-	-	-	174 155	232 626	246 125
Municipal Infrastructure Grant (MIG)								103 655	122 316	122 125
Regional Bulk Infrastructure								6 000	23 000	40 000
Water Services Infrastructure Grant								64 500	87 310	84 000
Housing Settlement										
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	80 000	-	-
Emergency Drought Relief								80 000		
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
Department of Roads an										
Total capital expenditure of Transfers and Grants		-	-	-	-	-	-	254 155	232 626	246 125
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		-	-	-	-	-	-	609 599	580 092	582 992

Joe Gqabi District Municipality – 2017/18 Final Budget and MTREF

Choose name from list - Table A9 Consolidated Asset Management

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Total Capital Expenditure	4	-	-	-	-	-	-	-	-	-
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	208 555	181 150	175 384
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	45 600	51 476	70 741
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	254 155	232 626	246 125
Community Facilities		-	-	-	-	-	-	1 000	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	1 000	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	646	535	540
Intangible Assets		-	-	-	-	-	-	646	535	540
Computer Equipment		-	-	-	-	-	-	755	750	750
Furniture and Office Equipment		-	-	-	-	-	-	390	70	-
Machinery and Equipment		-	-	-	-	-	-	500	400	-
Transport Assets		-	-	-	-	-	-	1 100	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		-	-	-	-	-	-	258 546	234 381	247 415
ASSET REGISTER SUMMARY - PPE (WDV)	5									
<i>Roads Infrastructure</i>										
<i>Storm water Infrastructure</i>										
<i>Electrical Infrastructure</i>										
<i>Water Supply Infrastructure</i>								208 555	181 150	175 384
<i>Sanitation Infrastructure</i>								45 600	51 476	70 741
<i>Solid Waste Infrastructure</i>										
<i>Rail Infrastructure</i>										
<i>Coastal Infrastructure</i>										
<i>Information and Communication Infrastructure</i>										
Infrastructure								254 155	232 626	246 125
Community Facilities								1 000		
Sport and Recreation Facilities										
Community Assets								1 000		
Heritage Assets										
Revenue Generating										
Non-revenue Generating										
Investment properties										
Operational Buildings										
Housing										
Other Assets										
Biological or Cultivated Assets										
Servitudes										
Licences and Rights								646	535	540
Intangible Assets								646	535	540
Computer Equipment								755	750	750
Furniture and Office Equipment								390	70	-
Machinery and Equipment								500	400	-
Transport Assets								1 100		
Libraries										
Zoo's, Marine and Non-biological Animals										
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5							258 546	234 381	247 415

2.12 Legislation compliance status

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

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and is intending to employ interns to undergo training in various divisions of the Budget and Treasury Office.
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 detail SDBIP document is at a draft stage and will be finalised after approval of the 2017/18 MTREF on the 30 March 2017 directly aligned and informed by the 2017/18 MTREF.
6. Annual Report
Annual report has been compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.

2.13 Municipal manager's quality certificate

I _____, Municipal Manager of Joe Gqabi District Municipality hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act 56 of 2003 and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Signature

ZA Williams
Municipal Manager
Joe Gqabi District Municipality (DC14)

Date: _____