

ANNUAL BUDGET OF

# POLOKWANE MUNICIPALITY



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

## Table of Contents

<b>PART 1 – ANNUAL BUDGET</b> .....	<b>3</b>
1.1    MAYOR’S REPORT .....	3
<b>“POLOKWANE AT WORK – RE AGA POLOKWANE”</b> .....	<b>3</b>
REVENUE BUDGET .....	5
1.2    COUNCIL RESOLUTIONS .....	9
1.3    OPERATING REVENUE FRAMEWORK .....	23
1.4    OPERATING EXPENDITURE FRAMEWORK .....	28
1.5    CAPITAL EXPENDITURE .....	33
1.6    ANNUAL BUDGET TABLES - PARENT MUNICIPALITY .....	34
<b>2    PART 2 – SUPPORTING DOCUMENTATION</b> .....	<b>57</b>
2.1    OVERVIEW OF THE ANNUAL BUDGET PROCESS .....	57
2.2    OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP .....	60
2.3    MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS .....	68
2.4    OVERVIEW OF BUDGET RELATED-POLICIES .....	71
2.5    OVERVIEW OF BUDGET ASSUMPTIONS .....	75
2.6    OVERVIEW OF BUDGET FUNDING .....	77
2.7    EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS .....	88
2.8    COUNCILLOR AND EMPLOYEE BENEFITS .....	90
2.9    ANNUAL BUDGETS AND SDBIPs – INTERNAL DEPARTMENTS .....	101
2.10   CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS .....	103
2.11   CAPITAL EXPENDITURE DETAILS .....	103
2.12   LEGISLATION COMPLIANCE STATUS .....	116
2.13   OTHER SUPPORTING DOCUMENTS .....	117
<b>PART 3. ANNUAL BUDGET AND SERVICE DELIVERY AGREEMENT - POLOKWANE HOUSING ASSOCIATION (PHA) FOR THE PERIOD 2017/2018 TO 2019/2020</b> .....	<b>129</b>

### List of Tables

Table A1	Consolidated Budget Summary
Table A2	Consolidated Budget Financial Performance (Revenue & Expenditure by Std Classification)
Table A3	Consolidated Budget Financial Performance (Revenue & Expenditure by Municipal Vote)
Table A4	Consolidated Budgeted Financial Performance (Revenue & Expenditure)
Table A5	Consolidated Budgeted Capital Expenditure by vote, standard (Classification & Funding)
Table A6	Consolidated Budgeted Financial Position
Table A7	Consolidated Budgeted Cash Flows
Table A8	Consolidated Cash Backed Reserves/Accumulated (Surplus Reconciliation)
Table A9	Consolidated Asset Management
Table A10	Consolidated Basic Service Delivery measurement
Supporting Table SA1	Supporting detail to 'Budgeted Financial Performance
Supporting Table SA2	Consolidated Matrix Financial Performance Budget (Revenue and Source)
Supporting Table SA3	Supporting detail for 'Budgeted Financial Position'
Supporting Table SA4	Reconciliation of IDP strategic objectives and budget (revenue)
Supporting Table SA5	Reconciliation of IDP strategic objectives and budget (operating expenditure)
Supporting Table SA6	Reconciliation of IDP strategic objectives and budget (capital expenditure)
Supporting Table SA7	Measurable performance objectives
Supporting Table SA8	Performance indicators and benchmarks
Supporting Table SA9	Social, Economic and demographic statistics and assumptions
Supporting Table SA10	Funding measurement
Supporting Table SA11	Property Rates Summary
Supporting Table SA12 (a)	Property Rates by category
Supporting Table SA12 (b)	Property Rates by Category
Supporting Table SA13 (a)	Service Tariffs by Category
Supporting Table SA13 (b)	Service Tariffs by Category - explanatory
Supporting Table SA14	Household Bills
Supporting Table SA15	Investments particulars per type
Supporting Table SA16	Investment particulars by maturity
Supporting Table SA17	Borrowing
Supporting Table SA18	Transfers and Grants receipts
Supporting Table SA19	Expenditure on Transfer and Grant Programme
Supporting Table SA20	Reconciliation of transfers, grants receipts and unspent funds
Supporting Table SA21	Transfers and Grants made by the municipality
Supporting Table SA22	Summary Councillor and Staff Benefits
Supporting Table SA23	Salaries, allowances & benefits (political office bearers, councillors & senior Management
Supporting Table SA25	Consolidated budgeted monthly revenue and expenditure
Supporting Table SA26	Consolidated budgeted monthly revenue and expenditure (municipal vote)
Supporting Table SA27	Consolidated budgeted monthly revenue and expenditure (standard classification)
Supporting Table SA28	Consolidated budgeted monthly capital expenditure (municipal vote)
Supporting Table SA29	Consolidated budgeted monthly capital expenditure (standard classification)

Supporting Table SA30	Consolidated budgeted monthly cash flow
Supporting Table SA31	Aggregated entity budget
Supporting Table SA32	List of external mechanisms
Supporting Table SA34 (a)	Consolidated capital expenditure on new assets by asset class
Supporting Table SA34 (b)	Consolidated capital expenditure on existing assets by asset class
Supporting Table SA34 (c)	Consolidated repairs and maintenance by asset class
Supporting Table SA34 (d)	Consolidated depreciation by asset class
Supporting Table SA34 (e)	Consolidated capital expenditure on upgrading assets by asset class
Supporting Table SA35	Consolidated future financial implications of the Capital Budget
Supporting Table SA36	Consolidated detailed capital budget
Supporting Table SA37	Consolidated projects delayed from previous financial year/s

## Abbreviations and Acronyms

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

## **List of Votes**

Vote 1 – Council

Vote 2 - Office of the Municipal Manger

Vote 3 - Strategic Planning Monitoring and Evaluation

Vote 4 - Engineering Services

Vote 5 - Community Services

Vote 6 - Community Development

Vote 7 - Corporate and Shared Services

Vote 8 - Planning and Economic Development

Vote 9 - Budget and Treasury

Vote 10 - Transport Operations

## **Part 1 – Annual budget**

### **1.1 Mayor’s Report**

#### **2017 BUDGET SPEECH BY EXECUTIVE MAYOR OF POLOKWANE MUNICIPALITY CLLR T NKADIMENG, NEW COUNCIL CHAMBER, 29 MAY 2017**

##### **Theme**

#### **“POLOKWANE AT WORK – RE AGA POLOKWANE”**

Honorable Speaker of Council, Cllr M J Ralefatane

Her Worship, Executive Mayor of Polokwane Municipality, Cllr Thembi Nkadimeng  
(Mmago rena, Mahlako – A- Modipadi)

The Chief Whip of Council, Cllr M K Teffo

Members of the Mayoral Committee

Chairpersons of Council Committees,

Fellow Councillors

Municipal Manager, Mr D H Makobe

Executive Management of the Municipality and Chairperson and Board of Directors of PHA

Leadership of the ruling party and other parties present today

Leadership of business and Labour

Fellow residents

Members of the Media

A beautiful Thursday to you all

Mr Speaker

I stand before this august house and the people of Polokwane, with a great sense of appreciation for the opportunity afforded to me to present the new five years Integrated Development Plan (IDP) and Medium Term Revenue and Expenditure Framework (MTREF) for the term of 2017-2020

As the ANC led government, we went to elections with a mandate on our manifesto and we were given clear mandate by the community to deliver sustainable services in constitutionally compliant manner.

2017 is the year of Oliver Tambo. We celebrate the spirit of this ANC stalwart and what he strived for. He was a fighter for human rights. Those acquainted to him described him as a hard-worker, unifier, strategist and one to sacrifice. We dedicate this budget to his ideals and ethos. We are motivated by the sacrifice he made. Had he not sacrificed, we will still be in the doldrums. We will still be languishing in poverty, inequality and hopelessness.

Guided by the Ministry of Treasury, Polokwane Municipality is not excluded from the notion of disciplined financial management. This Council embrace MFMA circular 82 which seeks to address spending on non-priorities. This will form part of oversight by council in monitoring cost containment measures. It is therefore imperative on our part that we utilize each and every cent in an efficient manner and to ensure that the principle of value for money is embraced.

As the people of Polokwane renewed our term office in government, we will ensure that we deliver basic services as highlighted in our elections manifesto.

Our budget has ensured that it covers the following key basic service delivery such as water, electricity, sanitation and roads. We will ensure that we radicalise our local economy by empowering the SMME's through procurement systems since the municipality is spending more R1.3 billion on services delivery budget. We will continue to spend more billions on service delivery in the next five years as articulated by both MTREF Budget and long term financial plan.

As institution we believe in diversifying our funding of budget through taxpayer base and investor base mechanisms and this is attested by the fact the municipality has embarked on alternative strategic approach on funding sustainable projects through Private Public Partnership mechanisms and other forms in order to fast track service delivery.

It must also be emphasized that good governance forms corner stone of our vision since our decisions must be made in transparent and accountable manner. We will remain resolute in ensuring that the poor in the municipality are subsidized on all the key services which municipality offers while at the same time we will in ensure that the principle of social contract with the entire community of Polokwane is emphasized.

Mr Speaker

Fellow Councilors

Our world icon, the late President Nelson Mandela once said “To deny people their human rights is to challenge their very humanity.” It may be years ago but is still relevant today.

It is therefore, appropriate to state that the African National Congress, working together with the people of South Africa, led the struggle against apartheid and this resulted in the birth of democracy and restoration of human dignity.

As a result of his statement today we are walking tall because our collective efforts culminated in the realization of a free society and a democratic South Africa. We are now a Country that is progressive striving to build a non-racial, non-sexist, united society and a great sense of hope and prosperity.

Our Budget for 2017/18 Honorable Councilors is as follows

### **Revenue Budget**

Mr Speaker we have proposed our big five revenue streams which are **Electricity** at 4% and **Water, Refuse removal, Sanitation** at an increase of **10%** in 2017/18 as well as the two outer years. Our increase is based on the tariff modelling exercise which will enable the Municipality to render services in a sustainable manner and to fulfil the local government mandate.

National treasury circular 78 and 79 leaves no stone unturned on tariff settings compliance. It is also imperative that other revenue sources including assessment rates be increased above the CPIX over the MTREF period. The total revenue in rand value is **R 3.9 Billion** in 2017/18 while in the outer years it amounts to **R 9 Billion** respectively.

Honorable Speaker

The budget and IDP processes strengthened our decision to safely persuade Council to adopt the following increases:

Assessment Rates will increase by only **8.5%**.

Our consistent engagement with the community made it possible to reduce some of the tariffs like use of halls, while some where increased to be cost reflective like sundry charges.

### **Indigent Management.**

Honorable Speaker,



We are presenting the proposed tariff increases mindful of our indigent households. Just over **R55 Million** was invested in funding over **13,500** urban indigent's household and over **17,000** Rural households for free basic electricity.

Let me reiterate that the municipality will continue in the financial year 2017/18 to provide **R100 Thousand** of the Market value of Residential property as rebate from Property rates.

Our pensioners earning monthly income of **R 8 300** and above the indigent threshold of **R3 500** per household will get rebates of 80% on assessment rates.

In addition to the supply of basic services to rural areas, The Urban Indigent package will include the following Mr Speaker:

- R100 000 of the Market value of the property excluded from Assessment Rates, as mentioned above
- 6kl – Free Water
- 100kWh – Free Electricity
- 100% rebate on Sanitation
- 100% rebate on Refuse removal
- 100% rebate on Electricity basic charge

Mr. Speaker,

Mr. Speaker, allow me to break down **operational budget** according to its significance.

### 1. Employee Cost

Employee cost is budgeted at **R 743 Million**. It must be noted that this budget spending is at **25%** of the total budget as opposed to **45%** norm highlighted in the National Treasury MFMA circular 71. This indicates that as Council we are complying with the National Treasury. The remuneration of councillors in 2017/18 is budgeted at **R38 Million**.

### 2. Bulk Purchases

I must emphasise that bulk purchases remains material cost driver to this council, purchases of water and electricity from Lepelle Northern Water and Eskom has been budgeted at **R854 Million** in the 2017/18 while **R 1.9 Billion** will be spent in the outer years.

### 3. Other Materials

In order to sustain the municipality in a sustainable manner, we have budgeted **R204 Million** in 2017/18 while **R 435 Million** will be spent in the outer years. This will address

the deterioration of the existing assets in order to protect the future income generation of this council.

#### 4. Expenditure

The municipality is budgeting **R735 Million** on goods and services including contracted services, sanitation, electrification and transportation related programs while it will spend **R 1.3 Billion** in the outer years.

Mr. Speaker,

I want to indicate to the house that as a parent Municipality to PHA, we have recapitalised the entity by repaying their existing loan in order for the entity to be independent and financially sustainable. We budgeted **R5 million** for PHA, and **R30 million** in the outer years. Municipality will support PHA to implement revenue generating rental stock programmes.

#### 5. Capital Expenditure Budget

Honourable Speaker, we have prioritised our budget into both basic and social services. Allow me to indicate that in the history of this Municipality, council has made own contribution to service delivery budget at the total amount of **R340 Million** while we will continue to spend **R926 Million** in the outer years. This is an indication that this Municipality is moving away from being grants dependent on capital allocation.

The total budget for MIG for 2017/18 is **R293 Million** while the MIG budget allocation will increase to **R655 Million** in the outer years.

The Neighbourhood development Grant is budgeted at **R26 Million** in 2017/18 while **R74 Million** has been budgeted for respectively in the outer years.

Public Infrastructure Grant is budgeted at **R122 Million** while the PTIG budget allocation will decrease to **R56 Million** in the outer years, **R105 Million** will be received this year as part of frontloading. We will receive **R209 Million** in Regional Bulk Infrastructure Grants in 2017/18 while **R 933 Million** will be received in the outer years from the same grant.

Fellow Councillors

The major breakdown of this budget will be tabled during the State of the City Report.

1. The municipality will spend **R416 Million** on water during 2017/18 and **R1.69 Billion** in the outer years.
2. We will however spend **R132 Million** in 2017/18 on Sanitation which include building of new Regional Waste Water Treatment Plant and **R523 Million** in the outer years, furthermore municipality will cover the remaining balance with the PPP funding as recommended by National Treasury.

3. It must be emphasised that the municipality will spend **R33 Million** on Rural Electrification and **R90 Million** on Urban infrastructure while at the same time **R487 Million** will be spent in the outer years.
4. Road transport which includes Integrated Rapid Public Transport System has been allocated **R216 million** and **R96 million** will be spent in the outer years.
5. Municipality will spend **R187 Million** on roads in 2017/2018 financial year as part of asset renewal programme while **R612 Million** will be spent in the outer years. Furthermore, **R110 Million** has been budgeted to address roads challenges on a **concession basis** as part of accelerated road infrastructure improvement.
6. Sport and Recreation has been allocated **R50million** for 2017/18 and **R143 million** will be spent in the outer years.

#### Fellow Councillors

I want to share with this house that this budget is compliant with the Municipal Finance Management Act, read together with Municipal Budget Regulation and Reporting.

It is through this budget that our yearning for economic development would translate to the expansion of economic activities that will in turn create jobs that will give many people within our communities an opportunity to earn a living.

Mr. Speaker,

In conclusion, let me take this opportunity to welcome the new Municipal Manager (Mr D.H Makobe to Polokwane Municipality. To congratulate Directors, the Acting CFO, DCFO and his BTO and the IDP team who spent sleepless nights dedicated to their work.

We thank the Budget Steering Committee, Members of Joined Portfolios on Finance & LED and Administration & Governance for ensuring that this budget is prepared, aligned with the national priorities agenda and is funded. We thank all the employees of Polokwane who continue to perform with excellence and dedication.

Special thanks goes to our traditional leaders who have always backed us and provide the necessary support.

It is because of this dedication and support from all of us in this house that this city continues to be the backbone of the Limpopo Province.

Like Oliver Tambo said: "The fight for freedom must go on until it is won; until our country is free and happy and peaceful as part of the community of man, we cannot rest." – We cannot rest until the fight to strive for freedom and peace is attained. The communities have given us a

mandate to continue in our fight to build Polokwane to become a great place where everyone can feel proud to call home and that mandate we shall fulfil. I call on everyone in this chambers and all the people of Polokwane to join hands with us as we build Polokwane.

We have started. We are busy. We are building Polokwane. *Re aga Polokwane! Pula!* I Thank

You

## 1.2 Council Resolutions

On 29th May 2017 the Council of Polokwane Municipality Local Municipality met in the Council Chambers of Polokwane Municipality to consider the annual budget of the municipality for the financial year 2017/18. The Council approved and adopted the following resolutions:

1. The annual budget of the municipality for the financial year 2017/18 and the multi-year and single-year capital appropriations as set out in the following tables:
  - 1.1.1. A high-level Budget summation of the Municipality's operating – and capital budgets, cash flow financial position, asset management as contained in Table A1
  - 1.1.2. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table A2
  - 1.1.3. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table A3
  - 1.1.4. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table A4
  - 1.1.5. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5
2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
  - 1.2.1. Budgeted Financial Position as contained in Table A6
  - 1.2.2. Budgeted Cash Flows as contained in Table A7
  - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in A8
  - 1.2.4. Asset management as contained in A9
  - 1.2.5. Basic service delivery measurement as contained in A10
2. The Council of Polokwane Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2017:
  1. the tariffs for property rates – as set out in Annexure A,
  2. the tariffs for electricity – as set out in Annexure A
  3. the tariffs for the supply of water – as set out in Annexure A
  4. the tariffs for sanitation services – as set out in Annexure A
  5. the tariffs for solid waste services – as set out in Annexure A
  6. other tariffs – as set out in Annexure A

3. To give proper effect to the annual budget, the Council of Polokwane Local Municipality approves:

That unspent conditional grants be cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations

4. That Council take cognisance and mandates the Accounting Officer to initiate and implement off-balance sheet projects as a way of alternate funding and revenue models.

5. **That Council approve budget of PHA for implementation as attached**

6. **That the following reviewed budget related policies be approved for implementation: (Annexure B)**

- ✓ Borrowing Policy
- ✓ Budget and Virement Policy
- ✓ Funding and reserves Policy
- ✓ Indigent and Social Package Policy
- ✓ Cash management and Investment Policy
- ✓ Supply chain management Policy
- ✓ Credit control and debt collection Policy
- ✓ Tariff Policy
- ✓ Property Rates Policy
- ✓ Asset Management Policy
- ✓ Loss and Claims Policy
- ✓ Consumer deposit Policy
- ✓ Customer Care Policy
- ✓ Unauthorised Irregular and fruitless Expenditure Policy
- ✓ Leave Policy
- ✓ Subsistence and Travel Allowance

## **MUNICIPAL MANAGER**

### **HIGH LEVEL ASSESSMENT ON 2017/2018 BUDGET YEAR AND OUTERS**

Office of the Municipal Manager play strategic role in directing the Municipality by ensuring that the limited resources are being utilised economically, effectively and efficiently while the principle of the value for money forms integral part of the municipality.

The most important aspect of budgeting is credibility, sustainability and relevance hence the municipality has adopted the principle of proper alignment of budget in line with the priority of the municipality based on the needs of the community however it must be emphasised in addressing community needs, the municipality has taken cautious approach in ensuring that the limited resources are appropriated in correct balance in the budget.

The principle of transparency and accountability has been taken into account when the budget was prepared to ensure that the aspiration of the community is implemented within the context of law and regulation. As part of the preparation of the budget, municipality has taken into account the implication of MBRR and MFMA as well as other related legislations and prescript that governs local government in ensuring good compliance since the budget is a political instrument.

As part of the due diligent, municipality has reviewed the previous and the current budget as well as the IDP in ensuring there is proper alignment and careful allocation of resources, the allocations to various directorates were based on the core strategic objectives of the Polokwane Municipality while at the same time the system of risk management has been taken put in place to ensure that the resources are used effectively and efficiently during the implementation of the budget.

The application of sound financial management principles for the compilation of the Polokwane Municipality's Medium Term Revenue Expenditure Framework (MTREF) budget plan is essential and critical to ensure that the City remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Polokwane Municipality business and service delivery priorities were reviewed as part of this year's planning and budget process. Municipality main focus for this MTREF budget was premised around appropriating more resources to capital expenditure programmes which seeks to address the backlog in the municipality while consideration was given for capital renewal programme. Municipality followed MFMA circulars in preparation of this budget and critical review was also undertaken of expenditures on non-core and 'nice to have' items.

The Polokwane Municipality will embark on revenue collection strategies to optimize the collection of debt owed by consumers.

National Treasury's MFMA Circulars were amongst other guidelines used in 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 resulting in job losses, increasing debt due to the reduction in the disposable income per household and high cost of other goods and services;
- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and current cash position of the municipality;
- Budgeting for growth of the City with regard to capital, operational and human resources needs including an increase in employee related costs and
- Unfunded mandates

- Commercial SBU's which are running at substantial loss such as Peter Mokaba Stadium, etc.

Below is the high level analysis of the budget with regard to both operational and capital expenditure programme.

### Operational Expenditure

Description	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget		Budget Year 2017/18		Budget Year +1 2018/19		Budget Year +2 2019/20	
R thousand								
<b>Expenditure By Type</b>								
Employee related costs	645 892	24,3%	743 622	26,1%	788 239	26,8%	835 533	26,1%
Remuneration of councillors	35 326	1,3%	38 152	1,3%	40 441	1,4%	42 867	1,3%
Debt impairment	50 000	1,9%	55 000	1,9%	57 000	1,9%	62 000	1,9%
Depreciation & asset impairment	180 000	6,8%	185 000	6,5%	199 948	6,8%	211 945	6,6%
Finance charges	40 000	1,5%	80 000	2,8%	88 000	3,0%	120 000	3,7%
Bulk purchases	839 635	31,5%	854 322	30,0%	905 582	30,7%	959 917	29,9%
Other materials	246 103	9,2%	204 852	7,2%	212 199	7,2%	223 641	7,0%
Contracted services	215 574	8,1%	273 526	9,6%	205 384	7,0%	282 373	8,8%
Transfers and subsidies	15 500	0,6%	5 720	0,2%	15 720	0,5%	15 720	0,5%
Other expenditure	393 890	14,8%	406 203	14,3%	432 862	14,7%	452 704	14,1%
<b>Total Expenditure</b>	<b>2 661 921</b>	<b>100%</b>	<b>2 846 397</b>	<b>100%</b>	<b>2 945 376</b>	<b>100%</b>	<b>3 206 700</b>	<b>100%</b>

## Capital Expenditure

MULTI YEAR BUDGET					
Description	2017/2018	2018/2019	2019/20	TOTAL MTREF	% Per Function
Clusters	1 400 000	7 600 000	21 300 000	30 300 000	0,74%
Fleet Management	35 000 000	-	-	35 000 000	0,86%
Facility Management Community Development	40 800 000	26 050 000	27 800 000	94 650 000	2,32%
Control Centre Services - Community Services	1 600 000	1 800 000	2 100 000	5 500 000	0,13%
Roads & Stormwater - Engineering	186 604 000	297 468 000	314 561 000	798 633 000	19,57%
Water Supply and reticulation - Engineering	416 838 000	464 923 000	604 689 000	1 486 450 000	36,43%
Sewer Reticulation - Engineering	132 032 000	113 687 000	410 000 000	655 719 000	16,07%
Energy Services	84 050 000	160 100 000	163 000 000	407 150 000	9,98%
Disaster and Fire	1 200 000	2 450 000	5 600 000	9 250 000	0,23%
Traffic and Licensing	6 581 000	2 430 000	750 000	9 761 000	0,24%
Environment Management	9 400 000	7 500 000	9 000 000	25 900 000	0,63%
Waste Management	16 551 000	13 200 000	7 300 000	37 051 000	0,91%
Sport and Recreation	50 249 000	52 758 000	40 000 000	143 007 000	3,50%
Cultural Services - Community Development	800 000	1 000 000	1 200 000	3 000 000	0,07%
Information Services	8 750 000	7 250 000	6 300 000	22 300 000	0,55%
City Planning - Planning and Economic Development	10 000 000	13 500 000	4 500 000	28 000 000	0,69%
Transport Operations(IPRTS)- Transport and Services	222 112 000	28 636 000	27 737 000	278 485 000	6,83%
Supply Chain Management - Budget and Treasury Services	6 151 000	2 000 000	2 000 000	10 151 000	0,25%
<b>TOTAL CAPITAL PROJECTS</b>	<b>1 230 118 000</b>	<b>1 202 352 000</b>	<b>1 647 837 000</b>	<b>4 080 307 000</b>	<b>100,00%</b>

Municipality has appropriated total amount of R416 Million in 2017/2018 financial year while at the same time R1.069 Billion has been budget in the outer years. Municipality budgeted 60% on water while the remaining balance has been allocated to roads and sports infrastructure. These budgets are directly deployed to the rural area or underserved area.

Municipality has budgeted for regional waste water treatment plant through RBIG and PPP mechanisms, the project will be implemented over the period of four years. RBIG will be fund 70% of the project while at same time 30% will be funded through private party mechanism which is off balance sheet in nature.

Municipality has appropriated R26 Million on NDPG while at the same with R71 Million will be spend in the outer years, the projects are earmarked for Seshego Corridor and this programme support the BRT programme which the municipality is currently implementing.



Municipality will spend R105 Million on the acquisition of the buses to ensure that the Leeto la Polokwane becomes operational municipality will source external finance through pledging in order to accelerate the level of delivery on this programme.

The following are the anchor projects which the municipality will be implemented by the municipality in the next budget circle;

- a. Upgrading of strategic roads in the City through three year concessions to the tune R100 Million of as budgeted in the multi-year budget;
- b. Acquisition of municipal fleet through various options in ensuring sustainable service delivery;
- c. Review and reduction of Security budget to ensure that limited resources are used efficiently,
- d. Appointment of interns to deal with challenges in Facility and Energy SBU's
- e. Appointment of external PMU to support the internal PMU in order to accelerate the level of planning and spending to avoid loss of grants due to unapproved roll over.
- f. Change of financial system to ensure municipality is sustainable in order to avoid financial transaction challenges, the system will be implemented in the next financial year in parallel.
- g. Upgrading of the current Substations to ensure growth in municipality through alternative funding mechanisms.
- h. Thorough implementation of the regional wastewater treatment in an efficient manner;
- i. Implementation of metering solutions which seeks to focus on revenue optimizing;
- j. Support for PHA to ensure that the entity the does not depend to council for ever, project such as student accommodation, Ga Rena two and social housing will boost the going concern status of the PHA.
- k. The budget will also deal with the strategy on short term mechanisms on how the municipality will address the water challenges;
- l. Commercial model for facilities in order to ensure the sustainability of the facilities, this study must be finished within eight months after year end.
- m. Municipality will also embark on the process of internal credit rating as part of the preparation of for issuing of municipal infrastructure bonds;
- n. Both asset management plan and financial plan is still on draft and these plans will be finalised in the 2017/2018 financial year.
- o. Budget for asset renewal roads the tune of R99 Million in the current year, and R 236 Million in the outer year has been appropriated for in the budget over and above the roads concessions strategy to deal with roads challenges.
- p. Municipality has appropriated R204 Million in 2017/2018 budget year while the outer year amounted to R460 Million, these represent spending on operations and maintenance. The contracted services in 2017/2018 financial year is R330 Million and R610 Million will be spent in the outer years.

## **FINANCIAL GOVERNANCE**

Municipality has put systems in place to ensure that the budget is implemented within the requirement of the MFMA and MBRR as part of the financial governance, municipality has ensured that the budget is funded as required by section 18 of the MFMA in order to ensure sustainability. Overall municipality has put measures in place to ensure that revenue of the municipality is protected and enhanced, measures has been in place to ensure that the revenue is collected within required timeframe.

The Anchor projects such as installation of new intelligent and smart meters has been budgeted for while at the same time debt and credit control measures will be intensified to ensure that the customers pay their municipal bills on time. Tariff modelling has been conducted in the 2015 financial year and the results have indicated that the municipality has got tariffs which are not cost reflective hence the increase above inflation has been considered. Municipality will apply tariffs above inflation over the period of four years in order to make municipality sustainable.

Application for increase on electricity has been approved by NERSA as part of the regulatory process, Budget and Treasury will continue to work on alternative funding model as part of innovative financing solution in order to address funding gap in the municipality. The Capital Investment Programme will be aligned with the asset management plan and long term funding plan in order to identify projects which can be funded out of budget or on alternative funding mechanism. The projects will be funded out of 70/30 principle wherein 70% of the project will be earmarked for revenue generating projects while 30% will be spent on non-revenue projects.

## **BASIC SERVICE DELIVERY**

Municipality has budgeted for capital expenditure in order to address the service delivery challenge on water, sanitation, waste collection and Energy, more than 60% of the capital expenditure has been appropriated for in the budget while at the same time careful consideration has been considered during the allocation of resources by taking into whether the assets or project to be deployed will address the growth of the municipality. Over and above the municipality is spending 100% of its grants in the rural and under serviced area as part of the requirement of the Municipal Infrastructure Grant.

Currently the municipality has allocated total amount of R417 Million on water, while sanitation enjoys R132 Million in the next year budget and the outer years. As part of addressing challenges on the current roads infrastructure the municipality has budgeted for R408 Million on roads in 2017/2018 budget year and outer years while at the same time total amount of concession commitment has been allocated on roads to address challenges in the city as part of the city improvement programme.

Municipality has also budgeted R40 Million on sanitation in 2017/2018 budget in order to address challenges on sanitation backlog in the rural area, over and above the sanitation budget municipality will build new regional waste water treatment plant which has been budgeted for 545 Million in the MTREF while at the same time the balance will be covered through PPP mechanisms as part of BOT concession. The allocation in the MTREF period will change as when the period moves however there is possibility that the allocation for RBIG will be increased to 70% of the period of time.

Municipality is also implementing replacement of AC pipes project as an anchor project to water conservation, the project has been budgeted total amount of R580 Million in the MTREF period which includes both consulting and construction. The project is funded out of the mix of borrowing and RBIG funding. The project will be implemented over the period of three years.

The municipality and DWS has started with plans to address water shortage in the city which include feasibility study for the raising of Dam walls as well as upsizing of pipe lines, identification of additional water sources, re-use of water and increasing capacity of water treatment works. Status quo analysis of existing water infrastructure will be conducted to determine the extent of required maintenance as part of water conservation strategy.

Municipality also received new allocation on water which has been appropriated for in the 2018/2019 and 2019/2020 budget year, the water service infrastructure grant will address the challenges around Polokwane Municipality on water and 5% of the total allocation will be allocated as part of project management support as part of the Grant requirement.

Municipality will spend R84 Million on Energy 2017/2018 while at the same R323 Million will be spent in the outer years to address both backlog and growth in the municipality. Municipality will continue to electrify both urban and rural areas with the main in intention of growing the City revenue and eradication of backlog of services in the rural area.

## **SOCIAL SERVICE DELIVERY**

Municipality will focus on commercialising the facilities which are having revenue generating potential in order to reduce the level of reliant to the municipal coffers. Facilities such as Game Reserve, Peter Mokaba, Jack Botes and other will be thoroughly reviewed to ensure these facilities generate the sufficient revenue to cover the cost of doing business.

Municipality will further spend on traffic, security and fire under community services as part of improvement of the service delivery. Disaster and Fire will spend R1.2 Million in the budget year 2017/2018 and R8 Million in the outer years. Traffic and licencing will spent R6.5 Million in 2017/2018 budget year while at same time the total amount of R3.1 Million will be spent in the outer to improve the service delivery within the traffic and licensing department.

Environmental Management will spend R9.4 Million in budget year 2017/2018 while at the same time R16.5 Million will be spent in the outer as part of complying with the environmental related service delivery.

In order to address the clean environment in the municipality, municipality has budgeted R16.5 Million and R20.5 Million in the outer years. The Sports and Recreation has budgeted R50.2 Million in 2017/2018 and the R92.7Million in the outer years. The budget on sport will address issues on social cohesion in the municipality.

The application of sound financial management principles for the compilation of the Polokwane Municipality's Medium Term Revenue Expenditure Framework (MTREF) budget plan is essential and critical to ensure that the City remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Polokwane Municipality business and service delivery priorities were reviewed as part of this year's planning and budget process. Municipality main focus for this MTREF budget was premised around appropriating more resources to capital expenditure programmes which seeks to address the backlog in the municipality while consideration was given for capital renewal programme. Municipality followed MFMA circular 82 and the latest circulars in preparation of this budget and critical review was also undertaken of expenditures on non-core and 'nice to have' items.

The Polokwane Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers, debt collectors were appointed to follow on long outstanding debtors while the credit control and debt collection policy was reviewed to include key strategies to deal with efficient collection of revenue. Municipality is at advance stage of appointing additional debt collectors to enforce credit control such as terminations, restrictions and other strategies.

The Municipality through the leadership of the Executive Mayor has undertaken Monday sessions with rate payers as part of customer care, data cleansing, indigent support and correct billing initiatives to ensure that the municipality truly involves all citizens in the process of ensuring a people lead government. This and other strategic initiatives are yielding improved revenue management.

**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 resulting in job losses, increasing debt due to the reduction in the disposable income per household and high cost of other goods and services;
- Budgeting for the maintenance and refurbishment of ailing and insufficiently maintained water, roads and electricity infrastructure;
- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and current cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from Lepelle Northern Water and Eskom), which is placing upward pressure on service tariffs to residents. These tariffs increases will affect the levels of affordability for both residential and business consumers, and the consequences of escalating debt will be unavoidable despite credit control measures being instituted.
- Budgeting for growth of the City with regard to capital, operational and human resources needs including an increase in employee related costs and
- Unfunded mandates

**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 and property rate 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 and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- motivation setting out the intention and cost of the expenditure which was used to prioritize expenditures:
  - Special Projects;
  - Consultant Fees;
  - Furniture and office equipment;
  - Special Events;
  - Refreshments and entertainment;
  - Ad-hoc travelling; and
  - Subsistence, Travelling & Conference fees (national & international).

The following was taken into consideration when compiling the budget:

**Revenue: Tariff increases:**

- **Electricity:** NERSA has issued a guideline percentage price increase of 4% on electricity sales.
  - **Water services:** charges have been increased by 10%.
  - **Sanitation:** charges have been increased by 10%
  - **Waste Removal:** charges have been increased by 10%.
  - **Assessment rates:** charges have been increased by 8.5%
- .
1. **Other tariffs:** These tariffs will increase at a CPIX rate as outline in circular 78 and 79 issued by National Treasury.
  2. **Collection Rate** is projected at 88% which is based on the previous performance trend.
  3. **Debtors' payment period** is projected at 28 days on current.
  4. **Property Rates** is projected to grow at an average of 2%

Description	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Property rates	8%	6%	6%
Service charges - electricity revenue	6%	10%	10%
Service charges - water revenue	10%	10%	10%
Service charges - sanitation revenue	10%	10%	10%
Service charges - refuse revenue	10%	10%	10%

Tariff modelling exercise has been undertaken to ensure financial sustainability of the municipality as required by circular 78 issued by National Treasury. Tariffs above inflation rate were considered after the careful consideration of tariff modelling exercise in order to cover the cost of operation. In order to avoid imposing excessive rates, the municipality will phase the increase over the period of four years. Social, economic and financial factors had been considered in determining the current and the multi-year tariffs increases.

## Revenue by Source

Description R thousand	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget		Budget Year 2017/18		Budget Year +1 2018/19		Budget Year +2 2019/20	
<b>Revenue By Source</b>								
Property rates	357,780	12.3%	388,192	11.8%	411,483	12.1%	436,172	11.8%
Service charges - electricity revenue	917,263	31.6%	972,299	29.5%	1,069,530	31.4%	1,176,483	31.8%
Service charges - water revenue	284,895	9.8%	313,385	9.5%	344,724	10.1%	379,196	10.3%
Service charges - sanitation revenue	60,858	2.1%	94,496	2.9%	103,946	3.1%	111,310	3.0%
Service charges - refuse revenue	69,588	2.4%	104,099	3.2%	114,509	3.4%	125,960	3.4%
Service charges - other								
Rental of facilities and equipment	13,500	0.5%	35,454	1.1%	37,581	1.1%	39,836	1.1%
Interest earned - external investments	40,000	1.4%	44,944	1.4%	47,641	1.4%	50,500	1.4%
Interest earned - outstanding debtors	59,400	2.0%	66,742	2.0%	70,747	2.1%	74,992	2.0%
Dividends received	-	0.0%		0.0%		0.0%		0.0%
Fines, penalties and forfeits	12,000	0.4%	24,000	0.7%	25,440	0.7%	26,967	0.7%
Licences and permits	12,501	0.4%	14,046	0.4%	14,889	0.4%	15,782	0.4%
Agency services	18,800	0.6%	21,124	0.6%	22,391	0.7%	23,734	0.6%
Transfers and subsidies	854,258	29.4%	968,911	29.4%	956,082	28.1%	1,028,010	27.8%
Other revenue	164,431	5.7%	203,570	6.2%	137,340	4.0%	162,580	4.4%
Gains on disposal of PPE	38,000	1.3%	41,000	1.2%	45,460	1.3%	46,068	1.2%
<b>Total Revenue (excluding capital transfers)</b>	<b>2,903,275</b>	<b>100%</b>	<b>3,292,262</b>	<b>100%</b>	<b>3,401,763</b>	<b>100%</b>	<b>3,697,590</b>	<b>100%</b>
<b>Rstes and Sevices Charges</b>	<b>1,690,384</b>	<b>58%</b>	<b>1,872,471</b>	<b>57%</b>	<b>2,044,192</b>	<b>60%</b>	<b>2,229,121</b>	<b>60%</b>

## Expenses

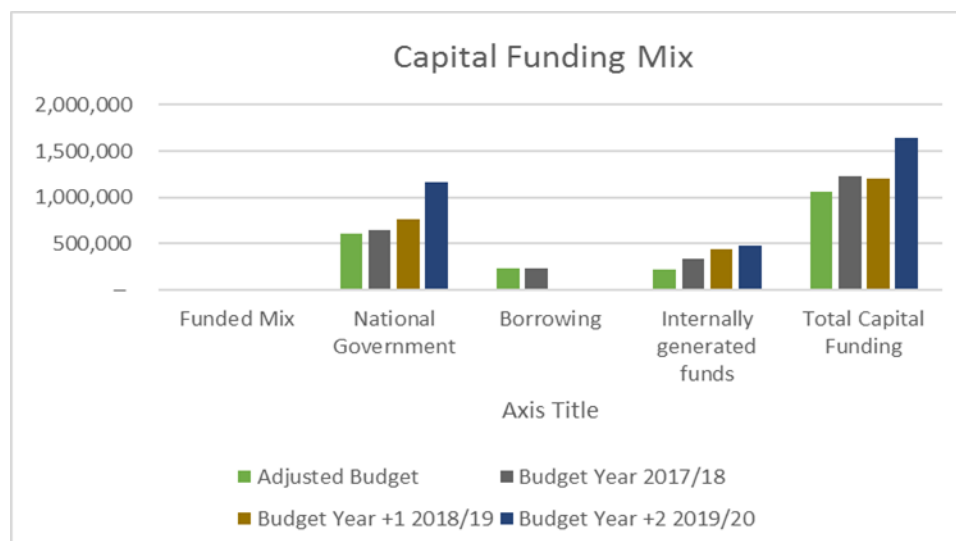
5. **Electricity bulk purchases** have been increased by 0.003% in line with NERSA guidelines.
6. **Water bulk purchases** have been increased by 6.5% in line with Lepelle Northern Water forecast.
7. **Salaries and allowances** have been increased by 7.5% which is in line with National Treasury's inflation forecasts and SALGA bargaining agreement.
8. **Other expenses** are projected to increase at CPIX rate.
9. **Borrowing cost** is projected at 10.5 – 10.9%

## Expenditure by Type

Description R thousand	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget		Budget Year 2017/18		Budget Year +1 2018/19		Budget Year +2 2019/20	
<b>Expenditure By Type</b>								
Employee related costs	645,892	24.3%	743,622	25.6%	788,239	26.7%	835,533	26.0%
Remuneration of councillors	35,326	1.3%	38,152	1.3%	40,441	1.4%	42,867	1.3%
Debt impairment	50,000	1.9%	55,000	1.9%	57,000	1.9%	62,000	1.9%
Depreciation & asset impairment	180,000	6.8%	185,000	6.4%	199,948	6.8%	211,945	6.6%
Finance charges	40,000	1.5%	80,000	2.8%	88,000	3.0%	120,000	3.7%
Bulk purchases	839,635	31.5%	854,322	29.4%	905,582	30.7%	959,917	29.8%
Other materials	246,103	9.2%	204,967	7.1%	212,261	7.2%	223,706	7.0%
Contracted services	215,574	8.1%	330,136	11.4%	210,271	7.1%	292,416	9.1%
Transfers and subsidies	15,500	0.6%	5,720	0.2%	15,720	0.5%	15,720	0.5%
Other expenditure	393,890	14.8%	405,339	14.0%	432,822	14.7%	452,662	14.1%
<b>Total Expenditure</b>	<b>2,661,921</b>	<b>100%</b>	<b>2,902,258</b>	<b>100%</b>	<b>2,950,284</b>	<b>100%</b>	<b>3,216,766</b>	<b>100%</b>

## Capital Budget

- The funds available for capital expenditure from conditional grants for the following 3 years are R650 million, R758 million and R 1.164 billion respectively.
- The loan application including front on PTIG to fund existing capital projects for the following next year is R 239 million.
- Own funds available for capital expenditure for the following 3 years are R 340 million, R 443.8 million and R 483 million



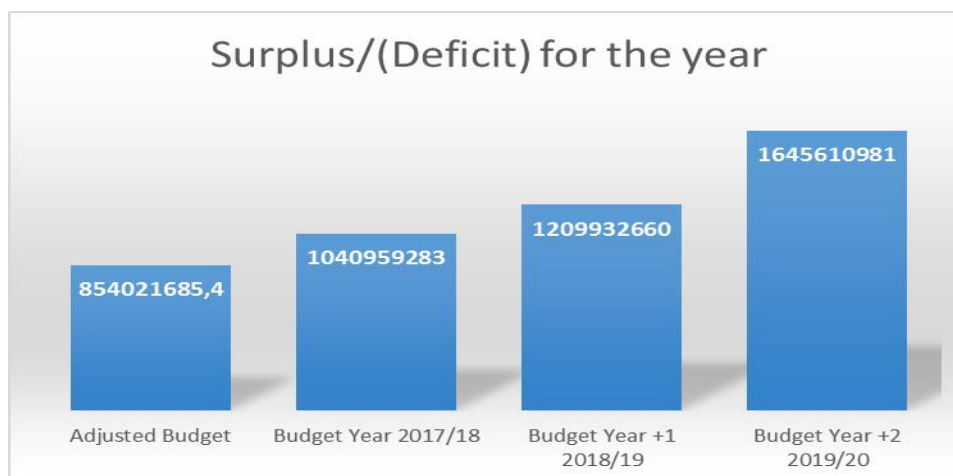
## SUMMARY

1. The Annual Budget for the financial year 2017/2018 and indicative for the two projected outer years 2018/2019 and 2019/2020 can be summarized as follows:

The table below set out the Medium Term Revenue and Expenditure Budget for the 2017/18-2019/20 financial years.

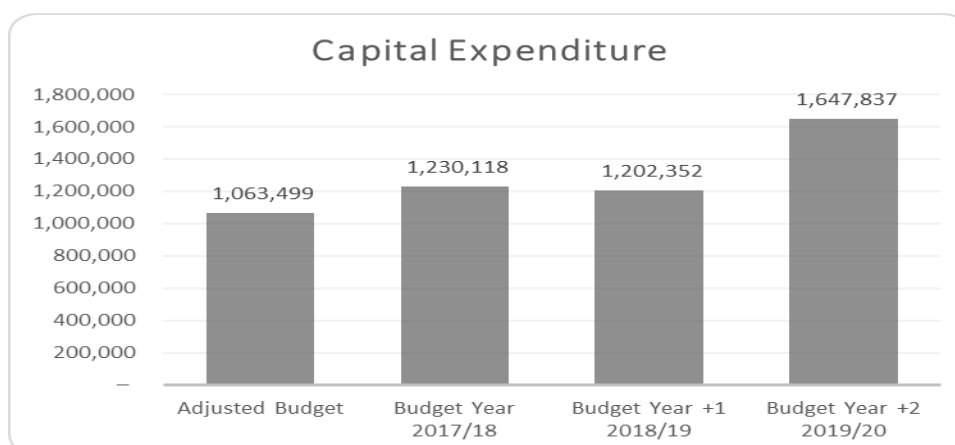
Description	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>						
<b>Revenue By Source</b>						
Total Revenue (excluding capital transfers and contributions)	2,818,325	2,903,275	2,903,275	3,292,262	3,401,763	3,697,590
Total Expenditure	2,578,556	2,661,921	2,661,921	2,902,258	2,950,284	3,216,766
Surplus/(Deficit)	239,769	241,354	241,354	390,004	451,479	480,824
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	622,026	612,668	612,668	650,955	758,454	1,164,787
<b>Surplus/(Deficit) for the year</b>	<b>861,795</b>	<b>854,022</b>	<b>854,022</b>	<b>1,040,959</b>	<b>1,209,933</b>	<b>1,645,611</b>

Surplus for the year





## 1.2 Capital expenditure by standard classification:



Total capital budget is R 1 230 118 000, which is funded as follows:

MULTI YEAR BUDGET				
Description	Funding	2017/2018	2018/2019	2019/20
Municipal Infrastructure Grant (MIG)	MIG	293,167,000	312,894,000	341,658,000
Regional Bulk Infrastructure Grant	RBIG	209,676,000	286,924,000	646,180,000
Neighbourhood Dev Partnership Grant	NDPG	26,000,000	35,000,000	39,212,000
Water Services Infrastructure	WSIT	-	95,000,000	110,000,000
Public Transport Infrastructure System Grant (PTISG)	PTISG	122,112,000	28,636,000	27,737,000
<b>Total DoRA Allocations</b>		<b>650,955,000</b>	<b>758,454,000</b>	<b>1,164,787,000</b>
<b>Borrowings</b>	LOAN	134,000,000		-
<b>Bridging/ Pledging</b>	PTISG PLEDGE	105,000,000	-	-
<b>Own Funds</b>	CRR	340,163,000	443,898,000	483,050,000
<b>TOTAL NEW PROJECTS</b>		<b>1,230,118,000</b>	<b>1,202,352,000</b>	<b>1,647,837,000</b>

The City continuously affirms the commitment of pushing back the frontiers of poverty and the adverse social and economic realities. As a result, thereof, social relief will be provided to the elderly, indigent child-headed families and registered indigent's households as follows:

- Free 6 kl of water monthly
- Sanitation-100% rebate
- Refuse-100% rebate
- Free 100kw electricity monthly
- Basic charge-100% rebate
- Exemption of first R100 000 market value rating on residential properties

### **1.3 Operating Revenue Framework**

For Polokwane Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Energy Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to electricity;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

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

## Summary of revenue classified by main revenue source

Description R thousand	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget		Budget Year 2017/18		Budget Year +1 2018/19		Budget Year +2 2019/20	
<b>Revenue By Source</b>								
Property rates	357,780	12.3%	388,192	11.8%	411,483	12.1%	436,172	11.8%
Service charges - electricity revenue	917,263	31.6%	972,299	29.5%	1,069,530	31.4%	1,176,483	31.8%
Service charges - water revenue	284,895	9.8%	313,385	9.5%	344,724	10.1%	379,196	10.3%
Service charges - sanitation revenue	60,858	2.1%	94,496	2.9%	103,946	3.1%	111,310	3.0%
Service charges - refuse revenue	69,588	2.4%	104,099	3.2%	114,509	3.4%	125,960	3.4%
Service charges - other								
Rental of facilities and equipment	13,500	0.5%	35,454	1.1%	37,581	1.1%	39,836	1.1%
Interest earned - external investments	40,000	1.4%	44,944	1.4%	47,641	1.4%	50,500	1.4%
Interest earned - outstanding debtors	59,400	2.0%	66,742	2.0%	70,747	2.1%	74,992	2.0%
Dividends received	-	0.0%		0.0%		0.0%		0.0%
Fines, penalties and forfeits	12,000	0.4%	24,000	0.7%	25,440	0.7%	26,967	0.7%
Licences and permits	12,501	0.4%	14,046	0.4%	14,889	0.4%	15,782	0.4%
Agency services	18,800	0.6%	21,124	0.6%	22,391	0.7%	23,734	0.6%
Transfers and subsidies	854,258	29.4%	968,911	29.4%	956,082	28.1%	1,028,010	27.8%
Other revenue	164,431	5.7%	203,570	6.2%	137,340	4.0%	162,580	4.4%
Gains on disposal of PPE	38,000	1.3%	41,000	1.2%	45,460	1.3%	46,068	1.2%
<b>Total Revenue (excluding capital transfers)</b>	<b>2,903,275</b>	<b>100%</b>	<b>3,292,262</b>	<b>100%</b>	<b>3,401,763</b>	<b>100%</b>	<b>3,697,590</b>	<b>100%</b>
<b>Rstes and Sevcies Charges</b>	<b>1,690,384</b>	<b>58%</b>	<b>1,872,471</b>	<b>57%</b>	<b>2,044,192</b>	<b>60%</b>	<b>2,229,121</b>	<b>60%</b>

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.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than two thirds of the total revenue mix. In the 2016/17 financial year, revenue from rates and services charges totalled R1.690 billion or 58 per cent. This increases to R1.872 billion, R2.044 billion and R2.229 billion in the respective financial years of the MTREF. This growth can be mainly attributed to the supplementary valuation rolls and the increased share that the sale of electricity and water contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity and bulk water. The above table includes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in MBRR SA1.

Operating Grants & Subsidies are the second largest revenue source totalling 29.4 per cent in 2017/18 and decreases at 27.8 per cent in 2019/20. Property rates are the third largest revenue source totalling 11.8 per cent or R388 million rand in 2017/18 and increases to R436 million by 2019/20. Departments have been urged to review the tariffs of items like building plan fees, connection fees, advertisements and permits and licenses on an annual basis to ensure they are cost reflective and market related. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

## Operating Transfers and Grant Receipts

Description	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>				
<b>RECEIPTS:</b>				
<b><u>Operating Transfers and Grants</u></b>				
<b>National Government:</b>	<b>864 900</b>	<b>968 911</b>	<b>956 082</b>	<b>1 028 010</b>
Local Government Equitable Share	675 714	752 064	831 889	903 461
EPWP Incentive	5 975	4 978	–	–
Integrated National Electrification Programme	45 000	40 000	40 000	40 000
Finance Management	2 619	2 979	3 234	3 234
Public Transport Infrastructure System (PTIF)	46 365	59 011	52 560	46 000
Municipal Infrastructure Grant (MIG)	46 275	94 622	16 899	23 451
Infrastructure Skills Development Fund (ISDF)	6 000	6 213	6 500	6 864
Energy Efficiency and Demand Management		6 000	5 000	5 000
REGIONAL WWT PLANT GRANT	28 000			
Municipal Demarcation Transition Grant	8 952	3 044		
<b>Total Operating Transfers and Grants</b>	<b>864 900</b>	<b>968 911</b>	<b>956 082</b>	<b>1 028 010</b>

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 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

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, 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.

### 1.3.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circulars No. 66 and 67 deals, inter alia, with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0.25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R100 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further maximum R85 000 reduction on the market value of a property will be granted to all properties with a valuation of R100 000 or less in terms of the Municipality's own Property Rates Policy;
- Rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, a rebate of 80 percent will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not exceed the amount equal to twice the annual state pension as approved by National Government for a financial year. In this regard the following stipulations are relevant:
  - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
  - The applicant must submit proof of his/her age and identity and also proof of the annual income from a social pension;
  - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
  - The property must be categorized as residential.

## MBRR Table SA14 – Household bills

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 % incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Rand/cent</b>											
<b>Monthly Account for Household - 'Middle Income Range'</b>	1										
<b>Rates and services charges:</b>											
Property rates					249,10	249,10	249,10	8,5%	270,27	297,30	327,03
Electricity : Basic levy					74,80	74,80	74,80	4,0%	82,28	90,51	99,56
Electricity : Consumption					1 351,90	1 351,90	1 351,90	4,0%	1 405,98	1 546,57	1 701,23
Water: Basic levy									-	-	-
Water: Consumption					298,98	298,98	298,98	10,0%	328,88	361,77	397,94
Sanitation					57,54	57,54	57,54	10,0%	63,30	69,62	76,59
Refuse removal					96,05	96,05	96,05	10,0%	105,66	116,22	127,85
Other					100,00	100,00	100,00		110,00	121,00	133,10
<b>sub-total</b>		-	-	-	<b>2 228,37</b>	<b>2 228,37</b>	<b>2 228,37</b>	<b>6,2%</b>	<b>2 366,36</b>	<b>2 603,00</b>	<b>2 863,30</b>
VAT on Services					277,10	277,10	277,10		293,45	322,80	355,08
<b>Total large household bill:</b>		-	-	-	<b>2 505,47</b>	<b>2 505,47</b>	<b>2 505,47</b>	<b>6,2%</b>	<b>2 659,81</b>	<b>2 925,79</b>	<b>3 218,37</b>
<b>% increase/-decrease</b>					-	-	-		<b>6,2%</b>	<b>10,0%</b>	<b>10,0%</b>
<b>Monthly Account for Household - 'Affordable Range'</b>	2										
<b>Rates and services charges:</b>											
Property rates					166,06	166,06	166,06	8,5%	180,17	198,19	218,01
Electricity : Basic levy					74,80	74,80	74,80	82,3%	82,28	90,51	99,56
Electricity : Consumption					569,80	569,80	569,80	4,0%	592,59	651,85	717,04
Water: Basic levy									-	-	-
Water: Consumption					244,26	244,26	244,26	10,0%	268,68	295,55	325,10
Sanitation					57,54	57,54	57,54	10,0%	63,30	69,62	76,59
Refuse removal					96,05	96,05	96,05	10,0%	105,66	116,22	127,85
Other					50,00	50,00	50,00		55,00	60,50	66,55
<b>sub-total</b>		-	-	-	<b>1 258,51</b>	<b>1 258,51</b>	<b>1 258,51</b>	<b>7,1%</b>	<b>1 347,68</b>	<b>1 482,45</b>	<b>1 630,69</b>
VAT on Services					152,94	152,94	152,94	(0,2%)	163,45	179,80	197,78
<b>Total small household bill:</b>		-	-	-	<b>1 411,45</b>	<b>1 411,45</b>	<b>1 411,45</b>	<b>7,1%</b>	<b>1 511,13</b>	<b>1 662,24</b>	<b>1 828,47</b>
<b>% increase/-decrease</b>					-	-	-		<b>7,1%</b>	<b>10,0%</b>	<b>10,0%</b>
<b>Monthly Account for Household - 'Indigent' Household receiving free basic services</b>	3										
<b>Rates and services charges:</b>											
Property rates					83,03	83,03	83,03	10,0%	91,33	100,47	110,51
Electricity : Basic levy					74,80	74,80	74,80	10,0%	82,28	90,51	99,56
Electricity : Consumption					306,90	306,90	306,90	10,0%	337,59	371,35	408,48
Water: Basic levy											
Water: Consumption					145,90	145,90	145,90	10,0%	160,49	176,54	194,20
Sanitation											
Refuse removal					35,88	35,88	35,88	10,0%	39,47	43,42	47,76
Other											
<b>sub-total</b>		-	-	-	<b>646,52</b>	<b>646,52</b>	<b>646,52</b>	<b>10,0%</b>	<b>711,17</b>	<b>782,28</b>	<b>860,51</b>
VAT on Services					78,89	78,89	78,89		86,78	95,45	105,00
<b>Total small household bill:</b>		-	-	-	<b>725,40</b>	<b>725,40</b>	<b>725,40</b>	<b>10,0%</b>	<b>797,94</b>	<b>877,74</b>	<b>965,51</b>
<b>% increase/-decrease</b>					-	-	-		<b>10,0%</b>	<b>10,0%</b>	<b>10,0%</b>

## 1.4 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;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

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

### Summary of operating expenditure by standard classification item

Description  R thousand	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget		Budget Year 2017/18		Budget Year +1 2018/19		Budget Year +2 2019/20	
<b>Expenditure By Type</b>								
Employee related costs	645,892	24.3%	743,622	25.6%	788,239	26.7%	835,533	26.0%
Remuneration of councillors	35,326	1.3%	38,152	1.3%	40,441	1.4%	42,867	1.3%
Debt impairment	50,000	1.9%	55,000	1.9%	57,000	1.9%	62,000	1.9%
Depreciation & asset impairment	180,000	6.8%	185,000	6.4%	199,948	6.8%	211,945	6.6%
Finance charges	40,000	1.5%	80,000	2.8%	88,000	3.0%	120,000	3.7%
Bulk purchases	839,635	31.5%	854,322	29.4%	905,582	30.7%	959,917	29.8%
Other materials	246,103	9.2%	204,967	7.1%	212,261	7.2%	223,706	7.0%
Contracted services	215,574	8.1%	330,136	11.4%	210,271	7.1%	292,416	9.1%
Transfers and subsidies	15,500	0.6%	5,720	0.2%	15,720	0.5%	15,720	0.5%
Other expenditure	393,890	14.8%	405,339	14.0%	432,822	14.7%	452,662	14.1%
<b>Total Expenditure</b>	<b>2,661,921</b>	<b>100%</b>	<b>2,902,258</b>	<b>100%</b>	<b>2,950,284</b>	<b>100%</b>	<b>3,216,766</b>	<b>100%</b>

The budgeted allocation for employee related costs for the 2017/18 financial year totals R743 million, which equals 25.6 percent of the total operating expenditure. Salary increases have been factored into this budget at a percentage increase of 7.5 per cent for the 2017/18 for the MTREF.

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

The provision of debt impairment was determined based on an annual collection rate of 88 per cent and the Debt Write-off Policy of the Municipality. For the 2017/18 financial year this amount

equates to R55 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 R185 million for the 2017/18 financial and equates to 6.5 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 2.8 percent (R80 million) of operating expenditure.

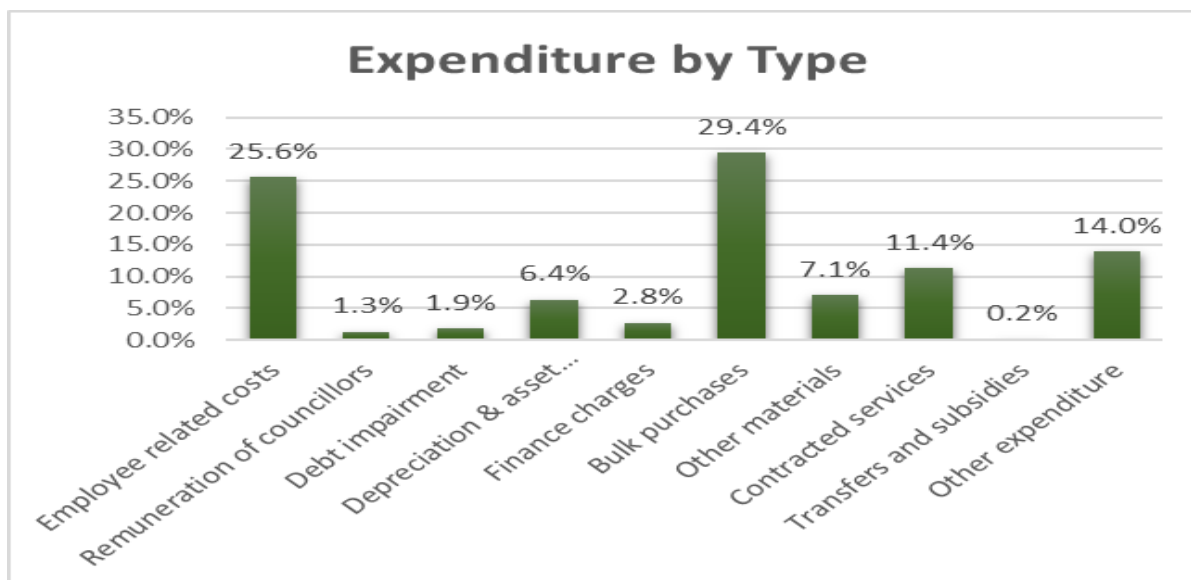
Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Lepelle Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. Bulk purchases make up 29.4 percent (R854 million) of operating expenditure. The expenditures include distribution losses.

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the City's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the City's infrastructure. For 2017/18 the appropriation against this group of expenditure makes up 7.1 per cent (R204.9 million) of operating expenditure.

Contracted services such as research and development have been identified as a cost saving area for the Municipality. As part of the compilation of the 2017/18 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2017/18 financial year, this group of expenditure totals R330.1million.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Printing and stationary, subsistence and travelling, attending of conferences and workshops have significantly been reduced or limited to zero growth. Other expenditure makes up 14 percent (R405.3 million) of operating expenditure





#### 1.4.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2017/18 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

## Operational repairs and maintenance

Description	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>						
<b><u>Repairs and Maintenance by Asset Class</u></b>						
<i>Roads Infrastructure</i>	16,764	61,726	61,726	57,726	59,928	63,524
<i>Storm water Infrastructure</i>	24,337	1,990	1,990	1,670	1,770	1,876
<i>Electrical Infrastructure</i>	21,900	13,107	13,107	35,773	37,919	40,194
<i>Water Supply Infrastructure</i>	29,027	20,235	20,235	24,720	26,711	28,313
<i>Sanitation Infrastructure</i>	14,987	14,987	14,987	6,961	7,379	7,822
<i>Solid Waste Infrastructure</i>	26,018	21,306	21,306	11,742	12,446	13,193
<i>Rail Infrastructure</i>	63	63	63	53	56	59
<b>Infrastructure</b>	<b>133,095</b>	<b>133,414</b>	<b>133,414</b>	<b>138,644</b>	<b>146,209</b>	<b>154,981</b>
Community Facilities	18,275	17,311	17,311	20,076	17,361	18,403
Sport and Recreation Facilities	2,927	5,362	5,362	4,323	4,485	4,755
<b>Community Assets</b>	<b>21,202</b>	<b>22,674</b>	<b>22,674</b>	<b>24,399</b>	<b>21,846</b>	<b>23,157</b>
Revenue Generating	20,000	-	-	-	-	-
Non-revenue Generating	-	4,850	4,850	-	-	-
<b>Investment properties</b>	<b>20,000</b>	<b>4,850</b>	<b>4,850</b>	<b>-</b>	<b>-</b>	<b>-</b>
Operational Buildings	4,000	5,900	5,900	1,449	1,853	1,965
Housing	-	-	-	-	-	-
<b>Other Assets</b>	<b>4,000</b>	<b>5,900</b>	<b>5,900</b>	<b>1,449</b>	<b>1,853</b>	<b>1,965</b>
<b>Biological or Cultivated Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Licences and Rights	10,681	20,326	20,326	12,742	13,335	14,135
<b>Intangible Assets</b>	<b>10,681</b>	<b>20,326</b>	<b>20,326</b>	<b>12,742</b>	<b>13,335</b>	<b>14,135</b>
Furniture and Office Equipment	961	1,031	1,031	2,026	2,148	2,277
Machinery and Equipment	13,269	57,908	57,908	19,549	20,662	21,901
Transport Assets	-	-	-	6,158	6,208	5,290
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>203,209</b>	<b>246,103</b>	<b>246,103</b>	<b>204,967</b>	<b>212,261</b>	<b>223,706</b>

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

### Repairs and maintenance per asset class

Description	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>						
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>						
<b>Infrastructure</b>	<b>133,095</b>	<b>133,414</b>	<b>133,414</b>	<b>138,644</b>	<b>146,209</b>	<b>154,981</b>
Roads Infrastructure	16,764	61,726	61,726	57,726	59,928	63,524
<i>Roads</i>	16,764	61,726	61,726	24,036	25,478	27,006
<i>Capital Spares</i>				15,726	15,408	16,332
Storm water Infrastructure	24,337	1,990	1,990	1,670	1,770	1,876
Electrical Infrastructure	21,900	13,107	13,107	35,773	37,919	40,194
<i>Capital Spares</i>	21,900	13,107	13,107	35,773	37,919	40,194
Water Supply Infrastructure	29,027	20,235	20,235	24,720	26,711	28,313
<i>Capital Spares</i>				1,911	2,534	2,686
Sanitation Infrastructure	14,987	14,987	14,987	6,961	7,379	7,822
<i>Pump Station</i>						
<i>Reticulation</i>	14,987	14,987	14,987	4,772	5,058	5,362
<i>Waste Water Treatment Works</i>				2,190	2,321	2,460
<i>Capital Spares</i>						
Solid Waste Infrastructure	26,018	21,306	21,306	11,742	12,446	13,193
<i>Landfill Sites</i>						
<i>Capital Spares</i>				321	340	361
<b>Community Assets</b>	<b>21,202</b>	<b>22,674</b>	<b>22,674</b>	<b>24,399</b>	<b>21,846</b>	<b>23,157</b>
Community Facilities	18,275	17,311	17,311	20,076	17,361	18,403
<i>Halls</i>	3,916					
<i>Fire/Ambulance Stations</i>	889	1,816	1,816	1,582	1,677	1,778
<i>Testing Stations</i>				2	2	2
<i>Museums</i>				17	18	19
<i>Galleries</i>				28	60	64
<i>Theatres</i>						
<i>Libraries</i>	89	341	341	36	39	41
<i>Cemeteries/Crematoria</i>	805	1,212	1,212	1,018	1,079	1,144
<i>Public Open Space</i>	6,511	6,762	6,762	8,963	5,593	5,928
<i>Nature Reserves</i>				396	377	400
Sport and Recreation Facilities	2,927	5,362	5,362	4,323	4,485	4,755
<i>Indoor Facilities</i>						
<i>Outdoor Facilities</i>				4,323	4,485	4,755
<i>Capital Spares</i>	2,927	5,362	5,362			
<b>Intangible Assets</b>	<b>10,681</b>	<b>20,326</b>	<b>20,326</b>	<b>12,742</b>	<b>13,335</b>	<b>14,135</b>
Servitudes						
Licences and Rights	10,681	20,326	20,326	12,742	13,335	14,135
<b>Furniture and Office Equipment</b>	<b>961</b>	<b>1,031</b>	<b>1,031</b>	<b>2,026</b>	<b>2,148</b>	<b>2,277</b>
Furniture and Office Equipment	961	1,031	1,031	2,026	2,148	2,277
<b>Machinery and Equipment</b>	<b>13,269</b>	<b>57,908</b>	<b>57,908</b>	<b>19,549</b>	<b>20,662</b>	<b>21,901</b>
Machinery and Equipment	13,269	57,908	57,908	19,549	20,662	21,901
<b>Total Repairs and Maintenance Expenditure</b>	<b>203,209</b>	<b>246,103</b>	<b>246,103</b>	<b>204,967</b>	<b>212,261</b>	<b>223,706</b>

For the 2017/18 financial year, R138 millions of total repairs and maintenance will be spent on infrastructure assets. Community assets have been allocated R24 millions of total repairs and maintenance.

## 1.5 Capital expenditure

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

### 2017/18 Medium-term capital budget per vote

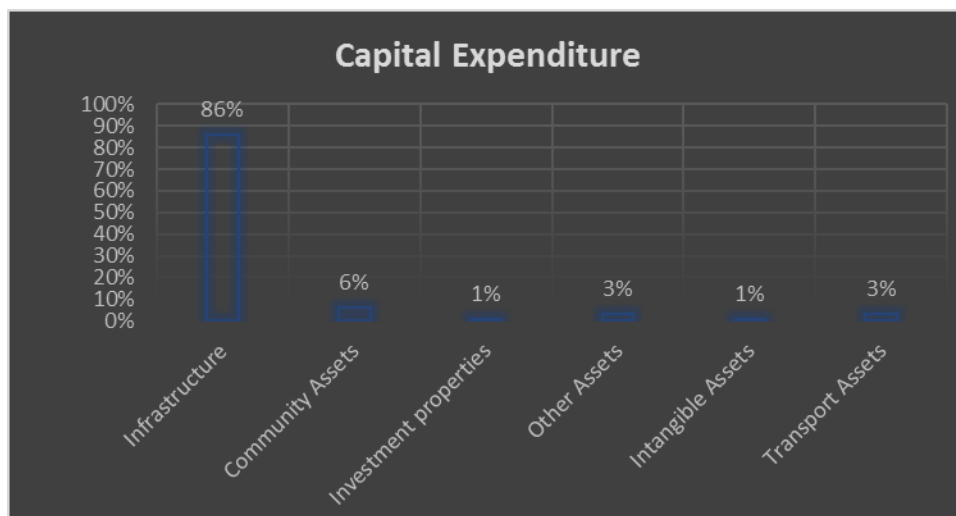
Vote Description R thousand	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget		Budget Year 2017/18		Budget Year +1 2018/19		Budget Year +2 2019/20	
<b>Capital expenditure - Vote</b>								
<b>Multi-year expenditure to be appropriated</b>								
Vote 1 - COUNCIL	3,000	0%	-	0%	-	0%	-	0%
Vote 3 - Strategic Planning Monitoring and Evaluation	6,850	1%	-	0%	-	0%	-	0%
Vote 4 - Engineering Services	741,386	70%	819,524	67%	1,036,178	86%	1,492,250	91%
Vote 5 - Community Services	34,981	3%	35,332	3%	27,380	2%	24,750	2%
Vote 6 - Community Development	89,435	8%	93,249	8%	87,408	7%	90,300	5%
Vote 7 - Corporate and Shared Services	35,100	3%	43,750	4%	7,250	1%	6,300	0%
Vote 8 - Planning and Economic Development	9,095	1%	10,000	1%	13,500	1%	4,500	0%
Vote 9 - Budget and Treasury	6,350	1%	6,151	1%	2,000	0%	2,000	0%
Vote 10 - Transport Operations	137,303	13%	222,112	18%	28,636	2%	27,737	2%
<b>Capital single-year expenditure sub-total</b>	<b>1,063,499</b>	<b>100%</b>	<b>1,230,118</b>	<b>100%</b>	<b>1,202,352</b>	<b>100%</b>	<b>1,647,837</b>	<b>100%</b>

For 2017/18 an amount of R1 230.1 billion has been appropriated for the development of infrastructure. In the outer years this amount totals R1 202.3 million and R1 647.8 million respectively for each of the financial years.

Engineering Service receives the highest allocation of R 819 million in 2017/18 which equates to 67 per cent followed by Transport Operations at 18 per cent, R222 million and then community development at 8 per cent, R93 million

Total New assets represent 70 per cent or R866 million of the total capital budget while Asset Renewal represent 24 per cent or R293 million and Upgrading of existing assets equates to 6 per cent or R70 million. Further detail relating to asset classes and proposed capital expenditure is contained in MBRR A9 (Asset Management) on page 43. In addition to the MBRR Table A9, MBRR Tables SA34a, 34b, 34c provides a detailed breakdown of the capital programme relating to New asset construction, capital asset Renewals well as Upgrading of existing assets by asset class

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



### 1.6 Annual budget Tables - Parent Municipality

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2017/18 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

## MBRR Table A1 - 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	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	-	-	-	357 780	357 780	357 780	388 192	411 483	436 172
Service charges	-	-	-	1 332 604	1 332 604	1 332 604	1 484 279	1 632 709	1 792 949
Investment revenue	-	-	-	40 000	40 000	40 000	44 944	47 641	50 500
Transfers recognised - operational	-	-	-	864 900	854 258	854 258	968 911	956 082	1 028 010
Other own revenue	-	-	-	223 041	318 632	318 632	405 936	353 848	389 959
<b>Total Revenue (excluding capital transfers and contributions)</b>	-	-	-	2 818 325	2 903 275	2 903 275	3 292 262	3 401 763	3 697 590
Employee costs	-	-	-	644 064	645 892	645 892	743 622	788 239	835 533
Remuneration of councillors	-	-	-	35 326	35 326	35 326	38 152	40 441	42 867
Depreciation & asset impairment	-	-	-	180 000	180 000	180 000	185 000	199 948	211 945
Finance charges	-	-	-	40 000	40 000	40 000	80 000	88 000	120 000
Materials and bulk purchases	-	-	-	1 042 844	1 085 738	1 085 738	1 059 289	1 117 843	1 183 623
Transfers and grants	-	-	-	11 500	15 500	15 500	5 720	15 720	15 720
Other expenditure	-	-	-	624 822	659 465	659 465	790 475	700 093	807 077
<b>Total Expenditure</b>	-	-	-	2 578 556	2 661 921	2 661 921	2 902 258	2 950 284	3 216 766
<b>Surplus/(Deficit)</b>	-	-	-	239 769	241 354	241 354	390 004	451 479	480 824
Transfers and subsidies - capital (monetary allocations)	-	-	-	622 026	612 668	612 668	650 955	758 454	1 164 787
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	-	-	-	861 795	854 022	854 022	1 040 959	1 209 933	1 645 611
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	-	-	-	861 795	854 022	854 022	1 040 959	1 209 933	1 645 611
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	-	-	-	1 096 467	1 063 499	1 063 499	1 230 118	1 202 352	1 647 837
Transfers recognised - capital	-	-	-	622 026	612 668	612 668	650 955	758 454	1 164 787
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	235 000	235 000	235 000	239 000	-	-
Internally generated funds	-	-	-	239 441	215 832	215 832	340 163	443 898	483 050
<b>Total sources of capital funds</b>	-	-	-	1 096 467	1 063 499	1 063 499	1 230 118	1 202 352	1 647 837
<b>Financial position</b>									
Total current assets	-	-	-	535 382	571 366	571 366	794 481	893 476	1 031 491
Total non current assets	-	-	-	10 226 963	10 349 557	10 349 557	11 116 515	11 400 558	11 405 558
Total current liabilities	-	-	-	574 934	628 063	628 063	672 322	704 146	702 166
Total non current liabilities	-	-	-	597 233	546 492	546 492	708 883	704 470	755 756
Community wealth/Equity	-	-	-	9 590 178	9 746 367	9 746 367	10 529 790	10 885 418	10 979 128
<b>Cash flows</b>									
Net cash from (used) operating	-	-	-	823 944	749 934	749 934	1 146 590	1 314 929	1 757 516
Net cash from (used) investing	-	-	-	(1 003 244)	(939 367)	(939 367)	(1 139 912)	(1 105 866)	(1 573 419)
Net cash from (used) financing	-	-	-	164 000	164 000	164 000	199 000	(110 450)	(52 082)
<b>Cash/cash equivalents at the year end</b>	-	-	-	70 925	60 793	60 793	266 471	365 083	497 098
<b>Cash backing/surplus reconciliation</b>									
Cash and investments available	-	-	-	144 926	224 243	224 243	488 671	627 283	770 298
Application of cash and investments	-	-	-	60 074	57 496	57 496	254 978	354 882	434 866
<b>Balance - surplus (shortfall)</b>	-	-	-	84 852	166 747	166 747	233 693	272 402	335 432

**Table A1 Budget Summary – Continues**

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	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousands</b>									
<b>Asset management</b>									
Asset register summary (WDV)	-	-	-	10 147 998	10 240 497	10 240 497	10 967 707	11 211 472	11 211 472
Depreciation	-	-	-	180 000	180 000	180 000	185 000	199 948	211 945
Renewal of Existing Assets	-	-	-	416 213	213 099	213 099	290 823	204 018	215 312
Repairs and Maintenance	-	-	-	203 209	246 103	246 103	204 967	212 261	223 706
<b>Free services</b>									
Cost of Free Basic Services provided	-	-	-	-	-	-	587 353	649 428	715 519
Revenue cost of free services provided	-	-	-	99 617	99 617	99 617	104 417	111 890	107 179
<b>Households below minimum service level</b>									
Water:	-	-	-	6	6	6	8	9	9
Sanitation/sewage:	-	-	-	178	178	178	130	133	135
Energy:	-	-	-	29	29	29	39	40	40
Refuse:	-	-	-	86	86	86	114	117	119

**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 are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently, Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive

improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved during the 2017/18 financial year, when a surplus will be reflected.

5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.



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

Functional Classification 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	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue - Functional</b>									
<b>Governance and administration</b>	-	-	-	1 914 246	1 989 838	1 989 838	2 302 079	2 359 238	2 893 181
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	-	-	-	1 914 246	1 989 838	1 989 838	2 302 079	2 359 238	2 893 181
Internal audit	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>	-	-	-	77 149	77 149	77 149	45 392	48 115	51 003
Community and social services	-	-	-	2 332	2 332	2 332	5 075	5 379	5 702
Sport and recreation	-	-	-	8 879	8 879	8 879	9 439	10 005	10 605
Public safety	-	-	-	63 663	63 663	63 663	30 844	32 695	34 657
Housing	-	-	-	28	28	28	34	36	38
Health	-	-	-	2 247	2 247	2 247	-	-	-
<b>Economic and environmental services</b>	-	-	-	114 194	114 194	114 194	109 119	117 666	122 606
Planning and development	-	-	-	71 885	71 885	71 885	92 876	100 448	104 355
Road transport	-	-	-	12 037	12 037	12 037	13 615	14 432	15 298
Environmental protection	-	-	-	30 272	30 272	30 272	2 628	2 786	2 953
<b>Trading services</b>	-	-	-	1 334 762	1 334 762	1 334 762	1 486 627	1 635 198	1 795 588
Energy sources	-	-	-	917 430	917 430	917 430	972 480	1 069 721	1 176 686
Water management	-	-	-	284 956	284 956	284 956	313 506	344 853	379 332
Waste water management	-	-	-	60 858	60 858	60 858	94 496	103 946	111 310
Waste management	-	-	-	71 518	71 518	71 518	106 145	116 678	128 259
<b>Other</b>	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	-	-	-	3 440 351	3 515 942	3 515 942	3 943 217	4 160 217	4 862 377
<b>Expenditure - Functional</b>									
<b>Governance and administration</b>	-	-	-	706 233	714 868	714 868	972 460	984 784	1 135 612
Executive and council	-	-	-	161 814	132 747	132 747	243 014	285 517	310 820
Finance and administration	-	-	-	544 419	582 121	582 121	717 756	689 473	814 530
Internal audit	-	-	-	-	-	-	11 690	9 794	10 262
<b>Community and public safety</b>	-	-	-	376 137	392 335	392 335	272 491	279 931	296 460
Community and social services	-	-	-	85 911	87 697	87 697	64 741	68 214	72 040
Sport and recreation	-	-	-	100 956	101 467	101 467	159 914	161 220	170 893
Public safety	-	-	-	175 978	190 009	190 009	34 934	36 893	39 107
Housing	-	-	-	8 747	8 765	8 765	8 235	8 682	9 203
Health	-	-	-	4 545	4 397	4 397	4 667	4 922	5 217
<b>Economic and environmental services</b>	-	-	-	240 663	282 883	282 883	384 563	333 752	361 505
Planning and development	-	-	-	81 469	84 312	84 312	92 826	98 376	106 468
Road transport	-	-	-	149 199	188 508	188 508	291 055	234 657	254 275
Environmental protection	-	-	-	9 995	10 062	10 062	681	718	761
<b>Trading services</b>	-	-	-	1 255 523	1 271 835	1 271 835	1 272 745	1 351 817	1 423 188
Energy sources	-	-	-	778 997	787 649	787 649	806 231	860 685	909 326
Water management	-	-	-	304 709	310 325	310 325	301 177	318 919	337 975
Waste water management	-	-	-	102 559	103 911	103 911	100 353	103 550	103 123
Waste management	-	-	-	69 258	69 949	69 949	64 984	68 663	72 765
<b>Other</b>	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	-	-	-	2 578 556	2 661 921	2 661 921	2 902 258	2 950 284	3 216 766
<b>Surplus/(Deficit) for the year</b>	-	-	-	861 795	854 022	854 022	1 040 959	1 209 933	1 645 611

**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 9 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. The table highlights that this is the case for the Electricity, Water and Sanitation functions, but not the Waste Management function.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under Executive & Council.

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

Vote Description	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>						
<b>Revenue by Vote</b>						
Vote 1 - Council	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manger	-	-	-	-	-	-
Vote 3 - Strategic Planning Monitoring and Evaluation	-	-	-	-	-	-
Vote 4 - Engineering Services	1,308,469	1,308,469	1,308,469	1,380,720	1,518,773	1,667,596
Vote 5 - Community Services	154,430	154,430	154,430	177,708	192,534	208,666
Vote 6 - Community Development	10,108	10,108	10,108	10,941	11,597	12,293
Vote 7 - Corporate and Shared Services	4,748	4,748	4,748	5,033	5,335	5,655
Vote 8 - Planning and Economic Development	53,126	53,126	53,126	71,800	78,107	80,674
Vote 9 - Budget and Treasury	1,909,471	1,985,062	1,985,062	2,297,016	2,353,871	2,887,492
Vote 10 - Transport Operations	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>3,440,351</b>	<b>3,515,942</b>	<b>3,515,942</b>	<b>3,943,217</b>	<b>4,160,217</b>	<b>4,862,377</b>
<b>Expenditure by Vote to be appropriated</b>						
Vote 1 - Council	180,814	152,626	152,626	202,689	228,920	243,371
Vote 2 - Office of the Municipal Manger	29,233	30,810	30,810	67,350	82,617	94,911
Vote 3 - Strategic Planning Monitoring and Evaluation	25,074	28,659	28,659	33,256	35,139	37,247
Vote 4 - Engineering Services	1,282,036	1,326,492	1,326,492	1,311,939	1,392,296	1,466,113
Vote 5 - Community Services	313,833	330,165	330,165	337,368	347,482	365,411
Vote 6 - Community Development	178,291	189,700	189,700	207,040	215,258	227,909
Vote 7 - Corporate and Shared Services	162,738	166,841	166,841	175,048	185,707	195,413
Vote 8 - Planning and Economic Development	74,714	77,505	77,505	76,651	81,242	88,306
Vote 9 - Budget and Treasury	274,929	292,852	292,852	394,950	351,990	461,134
Vote 10 - Transport Operations	56,895	66,270	66,270	95,967	29,633	36,950
<b>Total Expenditure by Vote</b>	<b>2,578,556</b>	<b>2,661,921</b>	<b>2,661,921</b>	<b>2,902,258</b>	<b>2,950,284</b>	<b>3,216,766</b>
<b>Surplus/(Deficit) for the year</b>	<b>861,795</b>	<b>854,022</b>	<b>854,022</b>	<b>1,040,959</b>	<b>1,209,933</b>	<b>1,645,611</b>

**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. The following table is an analysis of the surplus or deficit for the electricity trading service.

### Surplus/ (Deficit) calculations for the electricity trading service

Functional Classification Description R thousand	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
<b>Revenue - Functional</b>									
<i>Trading services</i>									
Energy sources				917 430	917 430	917 430	972 480	1 069 721	1 176 686
<b>Expenditure - Functional</b>									
<i>Trading services</i>									
Energy sources				778 997	787 649	787 649	806 231	860 685	909 326
<b>Surplus/(Deficit) for the year</b>				<b>138 433</b>	<b>129 781</b>	<b>129 781</b>	<b>166 248</b>	<b>209 037</b>	<b>267 360</b>

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

Description	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>						
<b>Revenue By Source</b>						
Property rates	357,780	357,780	357,780	388,192	411,483	436,172
Service charges - electricity revenue	917,263	917,263	917,263	972,299	1,069,530	1,176,483
Service charges - water revenue	284,895	284,895	284,895	313,385	344,724	379,196
Service charges - sanitation revenue	60,858	60,858	60,858	94,496	103,946	111,310
Service charges - refuse revenue	69,588	69,588	69,588	104,099	114,509	125,960
Rental of facilities and equipment	13,500	13,500	13,500	35,454	37,581	39,836
Interest earned - external investments	40,000	40,000	40,000	44,944	47,641	50,500
Interest earned - outstanding debtors	59,400	59,400	59,400	66,742	70,747	74,992
Fines, penalties and forfeits	12,000	12,000	12,000	24,000	25,440	26,967
Licences and permits	12,501	12,501	12,501	14,046	14,889	15,782
Agency services	18,800	18,800	18,800	21,124	22,391	23,734
Transfers and subsidies	864,900	854,258	854,258	968,911	956,082	1,028,010
Other revenue	68,840	164,431	164,431	203,570	137,340	162,580
Gains on disposal of PPE	38,000	38,000	38,000	41,000	45,460	46,068
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>2,818,325</b>	<b>2,903,275</b>	<b>2,903,275</b>	<b>3,292,262</b>	<b>3,401,763</b>	<b>3,697,590</b>
<b>Expenditure By Type</b>						
Employee related costs	644,064	645,892	645,892	743,622	788,239	835,533
Remuneration of councillors	35,326	35,326	35,326	38,152	40,441	42,867
Debt impairment	50,000	50,000	50,000	55,000	57,000	62,000
Depreciation & asset impairment	180,000	180,000	180,000	185,000	199,948	211,945
Finance charges	40,000	40,000	40,000	80,000	88,000	120,000
Bulk purchases	839,635	839,635	839,635	854,322	905,582	959,917
Other materials	203,209	246,103	246,103	204,967	212,261	223,706
Contracted services	193,255	215,574	215,574	330,136	210,271	292,416
Transfers and subsidies	11,500	15,500	15,500	5,720	15,720	15,720
Other expenditure	381,567	393,890	393,890	405,339	432,822	452,662
Loss on disposal of PPE						
<b>Total Expenditure</b>	<b>2,578,556</b>	<b>2,661,921</b>	<b>2,661,921</b>	<b>2,902,258</b>	<b>2,950,284</b>	<b>3,216,766</b>
<b>Surplus/(Deficit)</b>	<b>239,769</b>	<b>241,354</b>	<b>241,354</b>	<b>390,004</b>	<b>451,479</b>	<b>480,824</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	622,026	612,668	612,668	650,955	758,454	1,164,787
<b>Surplus/(Deficit) for the year</b>	<b>861,795</b>	<b>854,022</b>	<b>854,022</b>	<b>1,040,959</b>	<b>1,209,933</b>	<b>1,645,611</b>

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

1. Total revenue is R3.2 billion in 2017/18 and escalates to R3.6 billion by 2019/20. This represents a year-on-year increase of 6 percent for the 2018/19 and 2019/20 financial year.
2. Revenue to be generated from property rates is R 388 million in the 2017/18 financial year and increases to R411 million by 2018/19 which represents 13 percent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 6 per cent for each of the outer financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R1.4 billion for the 2017/18 financial year and increasing to R1.7 billion by 2019/20. For the 2017/18 financial year services charges amount to 60 per cent of the total revenue base and remains constant per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.
4. Rental of Facilities – there is a significant increase in the budget from R13.5million 2016/17 to R35 million 2017/18 budget.
5. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are remaining constant over the MTREF by 31 per cent and 33 per cent for the two outer years.
6. Bulk purchases have significantly increased over the 2017/18 to 2019/20 period escalating from R854 million to R959 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from Lepelle Water.
7. Employee related costs and bulk purchases 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.
8. Depreciation asset impairment- Provision for depreciation and asset impairment has been informed by the municipality's Asset Management Policy. Budget appropriations in this regard total R185 million for the 2017/18 financial year.

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

Vote Description R thousand	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Capital expenditure - Vote</b>							
<b>Single-year expenditure to be appropriated</b>							
Vote 1 - COUNCIL	3,000	3,000	3,000	3,000	-	-	-
Vote 2 - Office of the Municipal Manger	-	-	-	-	-	-	-
Vote 3 - Strategic Planning Monitoring and Evaluation	6,850	6,850	6,850	6,850	-	-	-
Vote 4 - Engineering Services	779,015	741,386	741,386	741,386	819,524	1,036,178	1,492,250
Vote 5 - Community Services	27,716	34,981	34,981	34,981	35,332	27,380	24,750
Vote 6 - Community Development	85,275	89,435	89,435	89,435	93,249	87,408	90,300
Vote 7 - Corporate and Shared Services	12,100	35,100	35,100	35,100	43,750	7,250	6,300
Vote 8 - Planning and Economic Development	27,500	9,095	9,095	9,095	10,000	13,500	4,500
Vote 9 - Budget and Treasury	8,350	6,350	6,350	6,350	6,151	2,000	2,000
Vote 10 - Transport Operations	146,661	137,303	137,303	137,303	222,112	28,636	27,737
<b>Capital single-year expenditure sub-total</b>	<b>1,096,467</b>	<b>1,063,499</b>	<b>1,063,499</b>	<b>1,063,499</b>	<b>1,230,118</b>	<b>1,202,352</b>	<b>1,647,837</b>
<b>Total Capital Expenditure - Vote</b>	<b>1,096,467</b>	<b>1,063,499</b>	<b>1,063,499</b>	<b>1,063,499</b>	<b>1,230,118</b>	<b>1,202,352</b>	<b>1,647,837</b>
<b>Capital Expenditure - Functional</b>							
<b>Governance and administration</b>	<b>61,525</b>	<b>77,125</b>	<b>77,125</b>	<b>77,125</b>	<b>49,898</b>	<b>9,250</b>	<b>8,300</b>
Executive and council	3,000	3,000	3,000	3,000			
Finance and administration	58,525	74,125	74,125	74,125	49,901	9,250	8,300
Internal audit							
<b>Community and public safety</b>	<b>72,516</b>	<b>82,275</b>	<b>82,275</b>	<b>82,275</b>	<b>112,030</b>	<b>101,588</b>	<b>107,750</b>
Community and social services	20,750	19,750	19,750	19,750	54,000	43,950	61,400
Sport and recreation	45,900	56,360	56,360	56,360	50,249	52,758	40,000
Public safety	5,866	6,131	6,131	6,131	7,781	4,880	6,350
Housing	-	35	35	35			
Health							
<b>Economic and environmental services</b>	<b>366,999</b>	<b>310,792</b>	<b>310,792</b>	<b>310,792</b>	<b>418,716</b>	<b>339,604</b>	<b>346,798</b>
Planning and development	27,500	6,460	6,460	6,460	10,000	13,500	4,500
Road transport	339,499	304,332	304,332	304,332	408,716	326,104	342,298
Environmental protection							
<b>Trading services</b>	<b>595,427</b>	<b>593,307</b>	<b>593,307</b>	<b>593,307</b>	<b>649,474</b>	<b>751,910</b>	<b>1,184,989</b>
Energy sources	31,000	31,000	31,000	31,000	84,050	160,100	163,000
Water management	375,018	494,898	494,898	494,898	416,838	464,923	604,689
Waste water management	-	50,159	50,159	50,159	132,032	113,687	410,000
Waste management	189,409	17,250	17,250	17,250	16,551	13,200	7,300
<b>Other</b>							
<b>Total Capital Expenditure - Functional</b>	<b>1,096,467</b>	<b>1,063,499</b>	<b>1,063,499</b>	<b>1,063,499</b>	<b>1,230,118</b>	<b>1,202,352</b>	<b>1,647,837</b>
<b>Funded Mix</b>							
National Government	622,026	612,668	612,668	612,668	650,955	758,454	1,164,787
<b>Borrowing</b>	<b>235,000</b>	<b>235,000</b>	<b>235,000</b>	<b>235,000</b>	<b>239,000</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>	<b>239,441</b>	<b>215,832</b>	<b>215,832</b>	<b>215,832</b>	<b>340,163</b>	<b>443,898</b>	<b>483,050</b>
<b>Total Capital Funding</b>	<b>1,096,467</b>	<b>1,063,499</b>	<b>1,063,499</b>	<b>1,063,499</b>	<b>1,230,118</b>	<b>1,202,352</b>	<b>1,647,837</b>

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

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (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. Single-year capital expenditure has been appropriated at R1.230 billion for the 2017/18 financial year and decreases in 2018/19 at the level of R1 202 billion and increases to R1 647 billion in 2019/20.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital grants and contributions from the capital replacement reserve. For 2017/18, capital transfers totals R650 million and increases to R1 164 billion by 2019/20. Internally generated funding totaling R239.4 million in 2017/18 and decreases to R204.9 million in 2019/20. The Borrowings funding totaling R239 million in 2017/18. These funding sources are further discussed in detail in



## MBRR Table A6 - Budgeted Financial Position

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	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>									
<b>ASSETS</b>									
<b>Current assets</b>									
Cash				70 925	60 793	60 793	266 471	365 083	497 098
Call investment deposits	-	-	-	-	70 000	70 000	99 000	104 000	110 000
Consumer debtors	-	-	-	364 198	364 198	364 198	352 296	342 679	342 679
Other debtors				40 000	40 000	40 000	40 000	45 000	45 000
Current portion of long-term receivables				24 044	161	161	500	500	500
Inventory				36 215	36 215	36 215	36 214	36 214	36 214
<b>Total current assets</b>	-	-	-	<b>535 382</b>	<b>571 366</b>	<b>571 366</b>	<b>794 481</b>	<b>893 476</b>	<b>1 031 491</b>
<b>Non current assets</b>									
Long-term receivables				376	-	-			
Investments				74 001	93 451	93 451	123 200	158 200	163 200
Investment property				617 158	658 489	658 489	658 489	658 489	658 489
Investment in Associate				-	-	-			
Property, plant and equipment	-	-	-	9 514 054	9 570 934	9 570 934	10 291 534	10 545 887	10 545 887
Agricultural				-	-	-	8 999	14 278	14 278
Biological				14 278	8 999	8 999	2 074	2 508	2 508
Intangible				2 508	2 074	2 074	15 609	4 588	4 588
Other non-current assets				4 588	15 609	15 609	16 609	16 609	16 609
<b>Total non current assets</b>	-	-	-	<b>10 226 963</b>	<b>10 349 557</b>	<b>10 349 557</b>	<b>11 116 515</b>	<b>11 400 558</b>	<b>11 405 558</b>
<b>TOTAL ASSETS</b>	-	-	-	<b>10 762 345</b>	<b>10 920 922</b>	<b>10 920 922</b>	<b>11 910 995</b>	<b>12 294 035</b>	<b>12 437 050</b>
<b>LIABILITIES</b>									
<b>Current liabilities</b>									
Bank overdraft									
Borrowing	-	-	-	102 499	102 499	102 499	122 499	112 949	54 581
Consumer deposits				67 612	70 000	70 000	75 000	75 000	75 000
Trade and other payables	-	-	-	404 823	404 823	404 823	404 823	446 198	502 585
Provisions					50 741	50 741	70 000	70 000	70 000
<b>Total current liabilities</b>	-	-	-	<b>574 934</b>	<b>628 063</b>	<b>628 063</b>	<b>672 322</b>	<b>704 146</b>	<b>702 166</b>
<b>Non current liabilities</b>									
Borrowing	-	-	-	355 622	355 622	355 622	518 013	458 349	469 635
Provisions	-	-	-	241 611	190 870	190 870	190 870	246 121	286 121
<b>Total non current liabilities</b>	-	-	-	<b>597 233</b>	<b>546 492</b>	<b>546 492</b>	<b>708 883</b>	<b>704 470</b>	<b>755 756</b>
<b>TOTAL LIABILITIES</b>	-	-	-	<b>1 172 167</b>	<b>1 174 555</b>	<b>1 174 555</b>	<b>1 381 205</b>	<b>1 408 617</b>	<b>1 457 922</b>
<b>NET ASSETS</b>	-	-	-	<b>9 590 178</b>	<b>9 746 367</b>	<b>9 746 367</b>	<b>10 529 790</b>	<b>10 885 418</b>	<b>10 979 128</b>
<b>COMMUNITY WEALTH/EQUITY</b>									
Accumulated Surplus/(Deficit)				6 196 046	6 337 848	6 337 848	7 121 271	7 476 899	7 570 609
Reserves	-	-	-	3 394 132	3 408 519	3 408 519	3 408 519	3 408 519	3 408 519
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	-	-	-	<b>9 590 178</b>	<b>9 746 367</b>	<b>9 746 367</b>	<b>10 529 790</b>	<b>10 885 418</b>	<b>10 979 128</b>

## **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. Table 64 is supported by an extensive table of notes (Table SA3) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is informed directly by forecasting the statement of financial position.

### MBRR Table A7 - Budgeted Cash Flow Statement

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	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Property rates				314 846	314 846	314 846	341 609	362 105	383 831
Service charges				1 172 692	1 172 692	1 172 692	1 331 879	1 465 069	1 608 909
Other revenue				110 564	206 155	206 155	278 799	222 573	251 737
Government - operating				864 900	854 258	854 258	968 911	958 082	1 028 010
Government - capital				622 026	599 348	599 348	650 955	756 454	1 164 787
Interest				87 472	87 472	87 472	103 868	110 101	116 708
Dividends									
<b>Payments</b>									
Suppliers and employees				(2 297 056)	(2 429 337)	(2 429 337)	(2 447 711)	(2 460 136)	(2 666 746)
Finance charges				(40 000)	(40 000)	(40 000)	(76 000)	(83 600)	(114 000)
Transfers and Grants				(11 500)	(15 500)	(15 500)	(5 720)	(15 720)	(15 720)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	-	-	-	<b>823 944</b>	<b>749 934</b>	<b>749 934</b>	<b>1 146 590</b>	<b>1 314 929</b>	<b>1 757 516</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE				38 000	38 000	38 000	28 700	36 368	41 461
Decrease (Increase) in non-current debtors				400	400	400			
Decrease (increase) other non-current receivables									
Decrease (increase) in non-current investments									
<b>Payments</b>									
Capital assets				(1 041 644)	(977 767)	(977 767)	(1 168 612)	(1 142 234)	(1 614 880)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	-	-	-	<b>(1 003 244)</b>	<b>(939 367)</b>	<b>(939 367)</b>	<b>(1 139 912)</b>	<b>(1 105 866)</b>	<b>(1 573 419)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short term loans				-					
Borrowing long term/refinancing				235 000	235 000	235 000	310 000		
Increase (decrease) in consumer deposits				4 000	4 000	4 000	40 000		
<b>Payments</b>									
Repayment of borrowing				(75 000)	(75 000)	(75 000)	(151 000)	(110 450)	(52 082)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	-	-	-	<b>164 000</b>	<b>164 000</b>	<b>164 000</b>	<b>199 000</b>	<b>(110 450)</b>	<b>(52 082)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	-	-	-	<b>(15 300)</b>	<b>(25 432)</b>	<b>(25 432)</b>	<b>205 678</b>	<b>98 612</b>	<b>132 015</b>
Cash/cash equivalents at the year begin:				86 225	86 225	86 225	60 793	266 471	365 083
Cash/cash equivalents at the year end:	-	-	-	70 925	60 793	60 793	266 471	365 083	497 098

### Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2017/18 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term as well as long term financial development strategy.
4. Cash and cash equivalents totals R266 million positive as at the end of the 2017/18 financial year and increases to R497 million by 2019/20.

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

Description	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>							
<b><u>Cash and investments available</u></b>							
Cash/cash equivalents at the year end	70,925	60,793	60,793	60,793	266,471	365,084	497,099
Other current investments > 90 days	-	70,000	70,000	70,000	99,000	104,000	110,000
Non current assets - Investments	74,001	93,451	93,451	93,451	123,200	158,200	163,200
<b>Cash and investments available:</b>	<b>144,926</b>	<b>224,243</b>	<b>224,243</b>	<b>224,243</b>	<b>488,671</b>	<b>627,284</b>	<b>770,299</b>
<b><u>Application of cash and investments</u></b>							
Unspent conditional transfers	54,823	54,823	54,823	54,823	54,823	46,198	52,585
Statutory requirements							
Other working capital requirements	5,251	2,673	2,673	2,673	7,696	62,225	111,822
Other provisions					69,259	88,259	107,259
Long term investments committed	-	-	-	-	123,200	158,200	163,200
Reserves to be backed by cash/investments							
<b>Total Application of cash and investments:</b>	<b>60,074</b>	<b>57,496</b>	<b>57,496</b>	<b>57,496</b>	<b>254,978</b>	<b>354,882</b>	<b>434,866</b>
<b>Surplus(shortfall)</b>	<b>84,852</b>	<b>166,747</b>	<b>166,747</b>	<b>166,747</b>	<b>233,693</b>	<b>272,402</b>	<b>335,433</b>

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

5. As part of the budgeting and planning guidelines that informed the compilation of the 2017/18 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
6. As can be seen the budget has been modelled to progressively move from a R233 million in 2016/17 to an increase of R335 million by 2019/20.

**MBRR Table A9 - Asset Management**

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Audited	Audited	Audited	Original	Adjusted	Full Year	Budget Year	Budget Year	Budget Year
	Outcome	Outcome	Outcome	Budget	Budget	Forecast	2017/18	+1 2018/19	+2 2019/20
<b>CAPITAL EXPENDITURE</b>									
<b>Total New Assets</b>	-	-	-	-	-	-	866 209	800 575	1 176 025
<i>Roads Infrastructure</i>	-	-	-	-	-	-	269 950	116 136	109 886
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	71 900	108 750	115 500
<i>Water Supply Infrastructure</i>	-	-	-	-	-	-	270 338	363 982	473 689
<i>Sanitation Infrastructure</i>	-	-	-	-	-	-	132 035	113 687	410 000
<i>Solid Waste Infrastructure</i>	-	-	-	-	-	-	15 101	9 800	6 800
<b>Infrastructure</b>	-	-	-	-	-	-	<b>759 324</b>	<b>712 355</b>	<b>1 115 875</b>
<i>Community Facilities</i>	-	-	-	-	-	-	12 886	14 030	27 350
<i>Sport and Recreation Facilities</i>	-	-	-	-	-	-	40 249	51 440	15 000
<b>Community Assets</b>	-	-	-	-	-	-	<b>53 135</b>	<b>65 470</b>	<b>42 350</b>
<b>Heritage Assets</b>	-	-	-	-	-	-	-	-	-
<i>Revenue Generating</i>	-	-	-	-	-	-	10 000	13 500	4 500
<i>Non-revenue Generating</i>	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	-	-	-	-	-	-	<b>10 000</b>	<b>13 500</b>	<b>4 500</b>
<i>Operational Buildings</i>	-	-	-	-	-	-	5 500	6 000	10 000
<b>Other Assets</b>	-	-	-	-	-	-	<b>5 500</b>	<b>6 000</b>	<b>10 000</b>
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-
<i>Licences and Rights</i>	-	-	-	-	-	-	750	750	800
<b>Intangible Assets</b>	-	-	-	-	-	-	<b>750</b>	<b>750</b>	<b>800</b>
<b>Computer Equipment</b>	-	-	-	-	-	-	<b>2 000</b>	<b>2 000</b>	<b>2 000</b>
<b>Furniture and Office Equipment</b>	-	-	-	-	-	-	<b>500</b>	<b>500</b>	<b>500</b>
<b>Transport Assets</b>	-	-	-	-	-	-	<b>35 000</b>	-	-
<b>Total Renewal of Existing Assets</b>	-	-	-	<b>416 213</b>	<b>213 099</b>	<b>213 099</b>	<b>292 823</b>	<b>205 268</b>	<b>215 212</b>
<i>Roads Infrastructure</i>	-	-	-	103 538	80 358	80 358	106 380	119 968	137 412
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	-	-	-	2 000	3 003	3 003	12 250	51 350	47 500
<i>Water Supply Infrastructure</i>	-	-	-	235 600	58 028	58 028	134 000	-	-
<i>Sanitation Infrastructure</i>	-	-	-	2 500	2 500	2 500	-	-	-
<i>Solid Waste Infrastructure</i>	-	-	-	-	-	-	1 450	3 400	500

Table A9 Asset Management Continues

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Audited	Audited	Audited	Original	Adjusted	Full Year	Budget Year	Budget Year	Budget Year
	Outcome	Outcome	Outcome	Budget	Budget	Forecast	2017/18	+1 2018/19	+2 2019/20
<b>R thousand</b>									
<b>Infrastructure</b>	-	-	-	343 638	143 889	143 889	254 080	174 718	185 412
Community Facilities	-	-	-	20 750	13 210	13 210	5 095	12 450	16 550
Sport and Recreation Facilities	-	-	-	6 000	13 050	13 050	-	-	-
Community Assets	-	-	-	26 750	26 260	26 260	5 095	12 450	16 550
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	39 225	36 350	36 350	29 248	11 250	9 250
Housing	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	-	-	-	39 225	36 350	36 350	29 248	11 250	9 250
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	3 000	4 500	3 500
<b>Intangible Assets</b>	-	-	-	-	-	-	3 000	4 500	3 500
<b>Computer Equipment</b>	-	-	-	6 600	5 900	5 900	-	-	-
<b>Furniture and Office Equipment</b>	-	-	-	-	-	-	-	-	-
<b>Machinery and Equipment</b>	-	-	-	-	700	700	-	-	-
<b>Libraries</b>	-	-	-	-	-	-	1 400	2 350	500
<b>Total Upgrading of Existing Assets</b>	-	-	-	-	-	-	73 086	197 759	256 500
<i>Roads Infrastructure</i>	-	-	-	-	-	-	32 386	90 000	95 000
<i>Water Supply Infrastructure</i>	-	-	-	-	-	-	12 500	100 941	131 000
<b>Infrastructure</b>	-	-	-	-	-	-	44 886	190 941	226 000
Community Facilities	-	-	-	-	-	-	6 450	4 250	4 800
Sport and Recreation Facilities	-	-	-	-	-	-	10 000	1 318	25 000
<b>Community Assets</b>	-	-	-	-	-	-	16 450	5 568	29 800
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	5 000	-	-
Housing	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	-	-	-	-	-	-	5 000	-	-
Licences and Rights	-	-	-	-	-	-	3 000	-	-
<b>Intangible Assets</b>	-	-	-	-	-	-	3 000	-	-
<b>Computer Equipment</b>	-	-	-	-	-	-	3 000	-	-
<b>Libraries</b>	-	-	-	-	-	-	750	1 250	700
<b>Total Capital Expenditure</b>									
<i>Roads Infrastructure</i>	-	-	-	103 538	80 358	80 358	408 716	326 104	342 298
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	-	-	-	2 000	3 003	3 003	84 150	160 100	163 000
<i>Water Supply Infrastructure</i>	-	-	-	235 600	58 028	58 028	416 838	464 923	604 689
<i>Sanitation Infrastructure</i>	-	-	-	2 500	2 500	2 500	132 035	113 687	410 000
<i>Solid Waste Infrastructure</i>	-	-	-	-	-	-	16 551	13 200	7 300

Table A9 Asset Management Continues

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	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>									
<b>Infrastructure</b>	-	-	-	343 638	143 889	143 889	1 058 290	1 078 014	1 527 287
Community Facilities	-	-	-	20 750	13 210	13 210	24 431	30 730	48 700
Sport and Recreation Facilities	-	-	-	6 000	13 050	13 050	50 249	52 758	40 000
<b>Community Assets</b>	-	-	-	26 750	26 260	26 260	74 680	83 488	88 700
<b>Heritage Assets</b>	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	10 000	13 500	4 500
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	-	-	-	-	-	-	10 000	13 500	4 500
Operational Buildings	-	-	-	39 225	36 350	36 350	39 748	17 250	19 250
Housing	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	-	-	-	39 225	36 350	36 350	39 748	17 250	19 250
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	6 750	5 250	4 300
<b>Intangible Assets</b>	-	-	-	-	-	-	6 750	5 250	4 300
<b>Computer Equipment</b>	-	-	-	6 600	5 900	5 900	5 000	2 000	2 000
<b>Furniture and Office Equipment</b>	-	-	-	-	-	-	500	500	500
<b>Machinery and Equipment</b>	-	-	-	-	700	700	-	-	-
<b>Transport Assets</b>	-	-	-	-	-	-	35 000	-	-
<b>Libraries</b>	-	-	-	-	-	-	2 150	3 600	1 200
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	-	-	-	416 213	213 099	213 099	1 232 118	1 203 602	1 647 737
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>									
<i>Roads Infrastructure</i>				1 883 271	2 097 759	2 097 759	2 506 475	2 832 579	3 174 877
<i>Storm water Infrastructure</i>							-	-	-
<i>Electrical Infrastructure</i>				825 947	844 173	844 173	928 323	1 088 423	1 251 423
<i>Water Supply Infrastructure</i>				1 584 728	1 873 565	1 873 565	2 290 403	2 755 326	3 360 015
<i>Sanitation Infrastructure</i>				462 700	634 964	634 964	766 999	880 686	1 290 686
<i>Solid Waste Infrastructure</i>							16 551	29 751	37 051
<i>Rail Infrastructure</i>							-	-	-
<i>Coastal Infrastructure</i>							-	-	-
<i>Information and Communication Infrastructure</i>				4 273 045	3 549 981	3 549 981	3 045 073	2 085 236	437 499
<b>Infrastructure</b>	-	-	-	9 029 691	9 000 442	9 000 442	9 553 824	9 672 001	9 551 551
Community Facilities							24 431	55 161	103 861
Sport and Recreation Facilities							50 249	103 007	143 007
<b>Community Assets</b>	-	-	-	-	-	-	74 680	158 168	246 868
<b>Heritage Assets</b>									
Revenue Generating				142 802	209 548	209 548	219 548	233 048	237 548
Non-revenue Generating							-	-	-

Table A9 Asset Management Continues

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	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>									
Investment properties	-	-	-	142 802	209 548	209 548	219 548	233 048	237 548
Operational Buildings				617 158	617 158	617 158	656 906	674 156	693 406
Housing							-	-	-
Other Assets	-	-	-	617 158	617 158	617 158	656 906	674 156	693 406
Biological or Cultivated Assets				14 278	14 278	14 278	14 278	14 278	14 278
Servitudes							-	-	-
Licences and Rights							6 750	12 000	16 300
Intangible Assets	-	-	-	-	-	-	6 750	12 000	16 300
Computer Equipment				2 508	2 508	2 508	7 508	9 508	11 508
Furniture and Office Equipment							500	1 000	1 500
Machinery and Equipment				341 561	396 563	396 563	396 563	396 563	396 563
Transport Assets							35 000	35 000	35 000
Libraries							2 150	5 750	6 950
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10 147 998</b>	<b>10 240 497</b>	<b>10 240 497</b>	<b>10 967 707</b>	<b>11 211 472</b>	<b>11 211 472</b>
<b>EXPENDITURE OTHER ITEMS</b>									
<u>Depreciation</u>	-	-	-	180 000	180 000	391 945	185 000	199 948	211 945
<u>Repairs and Maintenance by Asset Class</u>	-	-	-	203 209	246 103	246 103	204 967	212 261	223 706
Roads Infrastructure	-	-	-	16 764	61 726	61 726	57 726	59 928	63 524
Storm water Infrastructure	-	-	-	24 337	1 990	1 990	1 670	1 770	1 876
Electrical Infrastructure	-	-	-	21 900	13 107	13 107	35 773	37 919	40 194
Water Supply Infrastructure	-	-	-	29 027	20 235	20 235	24 720	26 711	28 313
Sanitation Infrastructure	-	-	-	14 987	14 987	14 987	6 961	7 379	7 822
Solid Waste Infrastructure	-	-	-	26 018	21 306	21 306	11 742	12 446	13 193
Rail Infrastructure	-	-	-	63	63	63	53	56	59
<b>Infrastructure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>133 095</b>	<b>133 414</b>	<b>133 414</b>	<b>138 644</b>	<b>146 209</b>	<b>154 981</b>
Community Facilities	-	-	-	18 275	17 311	17 311	20 076	17 361	18 403
Sport and Recreation Facilities	-	-	-	2 927	5 362	5 362	4 323	4 485	4 755
<b>Community Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21 202</b>	<b>22 674</b>	<b>22 674</b>	<b>24 399</b>	<b>21 846</b>	<b>23 157</b>
<b>Heritage Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenue Generating	-	-	-	20 000	-	-	-	-	-
Non-revenue Generating	-	-	-	-	4 850	4 850	-	-	-
<b>Investment properties</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20 000</b>	<b>4 850</b>	<b>4 850</b>	<b>-</b>	<b>-</b>	<b>-</b>
Operational Buildings	-	-	-	4 000	5 900	5 900	1 449	1 853	1 965
Housing	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 000</b>	<b>5 900</b>	<b>5 900</b>	<b>1 449</b>	<b>1 853</b>	<b>1 965</b>
<b>Biological or Cultivated Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	10 681	20 326	20 326	12 742	13 335	14 135
<b>Intangible Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10 681</b>	<b>20 326</b>	<b>20 326</b>	<b>12 742</b>	<b>13 335</b>	<b>14 135</b>
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	961	1 031	1 031	2 026	2 148	2 277
Machinery and Equipment	-	-	-	13 269	57 908	57 908	19 549	20 662	21 901
Transport Assets	-	-	-	-	-	-	6 158	6 208	5 290
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>383 209</b>	<b>426 103</b>	<b>638 048</b>	<b>389 967</b>	<b>412 209</b>	<b>435 651</b>
<i>Renewal and upgrading of Existing Assets as % of total c</i>	0,0%	0,0%	0,0%	100,0%	100,0%	100,0%	29,7%	33,5%	28,6%
<i>Renewal and upgrading of Existing Assets as % of deprec</i>	0,0%	0,0%	0,0%	231,2%	118,4%	54,4%	197,8%	201,6%	222,6%
<i>R&amp;M as a % of PPE</i>	0,0%	0,0%	0,0%	2,1%	2,6%	2,6%	2,0%	2,0%	2,1%
<i>Renewal and upgrading and R&amp;M as a % of PPE</i>	0,0%	0,0%	0,0%	6,0%	4,0%	4,0%	5,0%	5,0%	6,0%



## MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		-	-	-	43 800	43 800	43 800	58 189	59 352	60 540
Piped water inside yard (but not in dwelling)		-	-	-	43 300	43 300	43 300	57 524	58 675	59 848
Using public tap (at least min.service level)	2	-	-	-	51 000	51 000	51 000	67 754	69 109	70 491
Other water supply (at least min.service level)	4	-	-	-	33 601	33 601	33 601	44 639	45 532	46 443
<i>Minimum Service Level and Above sub-total</i>		-	-	-	171 701	171 701	171 701	228 106	232 669	237 322
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	6 300	6 300	6 300	8 370	8 537	8 708
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	6 300	6 300	6 300	8 370	8 537	8 708
<b>Total number of households</b>	5	-	-	-	178 001	178 001	178 001	236 476	241 206	246 030
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		-	-	-	40 500	40 500	40 500	53 769	54 844	55 941
Flush toilet (with septic tank)		-	-	-	4 100	4 100	4 100	5 443	5 552	5 663
Chemical toilet		-	-	-	1 520	1 520	1 520	2 018	2 058	2 100
Pit toilet (ventilated)		-	-	-	34 000	34 000	34 000	45 139	46 042	46 963
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	80 120	80 120	80 120	106 369	108 496	110 666
Bucket toilet		-	-	-	80 120	80 120	80 120	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	98 000	98 000	98 000	130 107	132 709	135 363
<i>Below Minimum Service Level sub-total</i>		-	-	-	178 120	178 120	178 120	130 107	132 709	135 363
<b>Total number of households</b>	5	-	-	-	258 240	258 240	258 240	236 476	241 206	246 030
<b>Energy:</b>										
Electricity (at least min.service level)		-	-	-	79 802	79 802	79 802	106 018	108 138	110 301
Electricity - prepaid (min.service level)		-	-	-	69 000	69 000	69 000	91 667	93 500	95 371
<i>Minimum Service Level and Above sub-total</i>		-	-	-	148 802	148 802	148 802	197 685	201 639	205 671
Electricity (< min.service level)		-	-	-	13 216	13 216	13 216	17 558	17 909	18 267
Electricity - prepaid (< min. service level)		-	-	-	14 514	14 514	14 514	19 282	19 668	20 061
Other energy sources		-	-	-	1 469	1 469	1 469	1 952	1 991	2 030
<i>Below Minimum Service Level sub-total</i>		-	-	-	29 199	29 199	29 199	38 791	39 567	40 358
<b>Total number of households</b>	5	-	-	-	178 001	178 001	178 001	236 476	241 206	246 030
<b>Refuse:</b>										
Removed at least once a week		-	-	-	92 000	92 000	92 000	122 223	124 667	92 000
<i>Minimum Service Level and Above sub-total</i>		-	-	-	92 000	92 000	92 000	122 223	124 667	92 000
Removed less frequently than once a week		-	-	-	97	97	97	129	131	134
Using communal refuse dump		-	-	-	4 566	4 566	4 566	6 066	6 187	6 311
Using own refuse dump		-	-	-	81 338	81 338	81 338	108 058	110 219	112 424
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	86 001	86 001	86 001	114 253	116 538	118 869
<b>Total number of households</b>	5	-	-	-	178 001	178 001	178 001	236 476	241 206	210 869

MBRR Table A10 - Basic Service Delivery Measurement - cont

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	13 400	15 000	15 500
Sanitation (free minimum level service)		-	-	-	-	-	-	13 400	15 000	15 500
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	13 400	15 000	15 500
Refuse (removed at least once a week)		-	-	-	-	-	-	13 400	15 000	15 500
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	18 765	20 642	22 706
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	14 541	15 995	17 595
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	25 427	31 310	35 589
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	12 190	13 409	14 750
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>		-	-	-	-	-	-	516 429	568 072	624 879
<b>Total cost of FBS provided</b>		-	-	-	-	-	-	<b>587 353</b>	<b>649 428</b>	<b>715 519</b>
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)								100 000	100 000	100 000
Water (kilolitres per household per month)								6	6	6
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)								51	56	62
Electricity (kwh per household per month)								100	100	100
Refuse (average litres per week)								36	38	42
<b>Revenue cost of subsidised services provided (R'000)</b>	9									
Property rates (tariff adjustment) ( impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		-	-	-	43 248	43 248	43 248	50 880	53 000	42 400
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	12 072	12 072	12 072	18 765	20 642	22 706
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	14 979	14 979	14 979	14 541	15 995	17 595
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	22 050	22 050	22 050	8 040	8 844	9 728
Refuse (in excess of one removal a week for indigent households)		-	-	-	7 268	7 268	7 268	12 190	13 409	14 750
Municipal Housing - rental rebates										
Housing - top structure subsidies	6									
Other										
<b>Total revenue cost of subsidised services provided</b>		-	-	-	<b>99 617</b>	<b>99 617</b>	<b>99 617</b>	<b>104 417</b>	<b>111 890</b>	<b>107 179</b>

### Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs, for each of the main services.

2. Polokwane Municipality continues to make good progress with the eradication of backlogs:

a. Water services- Shortage of Water and insufficient capacity of waste water plant has affected growth of the City. Replacement of Asbestos Cement Cement pipes was done at small scale previously and contributed to water loss, however council has budgeted enough for the next three years.

## 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 IDP/Budget/PMS Steering Committee consists of the all Members of Mayoral Committee; Municipal Manager, all Directors and selected Managers with the Executive Mayor chairing the Meeting.

The role of IDP/Budget/PMS Steering Committee is to:

- Provide political oversight in the development of IDP/Budget/PMS.
- Supervise the implementation of the IDP/Budget/PMS.
- Lead the IDP /Budget Public Participation process.
- Responsible for the submission of the IDP/Budget/PMS to Mayoral Committee for recommendation to council

#### **IDP and Service Delivery and Budget Implementation Plan**

Integrated development planning is a **process** through which municipalities prepare a strategic development plan which extends over a five-year period. The Integrated Development Plan (IDP) is a **product** of the IDP process. The IDP is the principal strategic planning instrument which guides and informs all planning, budgeting, management and decision-making processes in a municipality. Through Integrated development planning, which necessitates the involvement of all relevant stakeholders, a municipality can:

- Identify its key development priorities;
- Formulate a clear vision, mission and values;
- Formulate appropriate strategies;
- Develop the appropriate organisational structure and systems to realise the vision and mission; and
- Align resources with the development priorities.

The SDBIP therefore serves as a “contract” between the administration, council and community expressing the goals and objectives set by the council as quantifiable outcomes that can be implemented by the administration over the next twelve months. This provides the basis for measuring performance in service delivery against end of-year targets and implementing the budget.

The SDBIP provides the vital link between the mayor, council (executive) and the administration, and facilitates the process for holding management accountable for its performance. The SDBIP is a management, implementation and monitoring tool that will assist the mayor, councillors, municipal manager, senior managers and community. A properly formulated SDBIP will ensure that appropriate information is circulated internally and externally for purposes of monitoring the

execution of the budget, performance of senior management and achievement of the strategic objectives set by council. It enables the municipal manager to monitor the performance of senior managers, the mayor to monitor the performance of the municipal manager, and for the community to monitor the performance of the municipality.

The SDBIP should therefore determine (and be consistent with) the performance agreements between the mayor and the municipal manager and the municipal manager and senior managers determined at the start of every financial year and approved by the mayor.

### **Legislative Mandate**

Section 16 of Municipal Systems Act (32 of 2000) mandate municipalities to develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must for this purpose encourage, and create conditions for, the local community to participate in the affairs of the municipality, including in:

- The preparation, implementation and review of its Integrated Development Plan (IDP).
- The establishment, implementation and review of its Performance Management System(PMS);
- Monitoring and review of its performance, including the outcomes and impact of such performance;
- The preparation of its budget;
- Strategic decision relating to the provision of municipal services.

Section 152 of the Constitution (108 of 1996) provides objectives of local government. One of the objectives is to **encourage the involvement of communities and community organizations in the matters of local government.**

In line with the above-mentioned legislative mandate, Polokwane Municipality undertook the IDP/Budget review consultation process from the **04-25 April 2017**. Polokwane municipality is made up of **45 wards**, which are grouped into **seven clusters** for administrative purpose, namely;

**1) Mankweng 2) Sebayeng/Dikgale; 3) Maja/Chuene/Molepo; 4) Moletjie 5) City 6) Seshego Cluster; 7) Aganang Cluster**

For effective and efficient public participation process, the 2017/18 Draft IDP/Budget Public Consultation Process was conducted as follows:

2. Public Participation Schedule

**The dates for the meetings were scheduled as follows:**

Date	Sector	Responsible	Venue	Time
04 April 2017	Traditional Leaders	Executive Mayor	Mayor's Parlour	10h00
05 April 2017	Molepo / Chuene / Maja Cluster	Executive Mayor	Mothiba Ngwana-Mago Cluster Offices	10h00
06 April 2017	Seshego Cluster	Executive Mayor	Ngwako Ramahlodi	10h00
11 April 2017	Sebayeng / Dikgale Cluster	Executive Mayor	Divine Life Ministry-Segopye	10h00
12 April 2017	Moletjie Cluster	Executive Mayor	Moletjie Moshate	10h00
13 April 2017	NGO, Youth, People with Disability, Women Structures	Executive Mayor	Jack Botes Hall	10h00
18 April 2017	Aganang Cluster	Executive Mayor	Aganang Community Hall	10h00
19 April 2017	Luthuli Park, Madiba Park, all Extensions, 71,73,75,76	Executive Mayor	Greenside Primary School	14h00 Merged with City
20 April 2017	City Cluster	Executive Mayor	Jack Botes Hall	18h00
25 April 2017	Mankweng Cluster	Executive Mayor	Bakgaga Sports Ground (Moshate wa Ga- Mothapo)	10h00

The Executive Mayor with the Members of Mayoral Committee and Management team convened consultation meetings with communities and stakeholders in all clusters as indicate above. In all the Meetings, the municipality presented the progress on previous financial year projects 2016/17 which was then followed by presentation of new projects and their budgets. Proposed tariffs increases were also presented to the community for their inputs and comments in all the clusters.

## 2.2 Overview of alignment of annual budget with IDP

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

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

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

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

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

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

- NSDP
- Green Paper on National Strategic Planning of 2009;
- MTSF
- Government Programme of Action;
- New Growth Path
- Development Facilitation Act of 1995;
- Limpopo Employment, Growth and Development Plan
- Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- National 2014 Vision;

- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP.

### **VISION 2030 - SMART CITY**

City of Polokwane has charted its post-election strategy for the next term and beyond through VISION 2030. This strategy is pegged against a long-term growth path to transform the municipality into a bustling and sustainable entity that distinguishes the Municipality as a nodal point that offers quality living experience through the **SMART CITY** concept.

Embedded in this strategic positioning is the need to craft an operating model that best fits the municipal ability to deliver on its strategy and mandate. It is precisely this process of envisioning operating model, which encouraged the leadership of the municipality to initiate a strategic planning session for the municipality.

A Strategic Planning Workshops was held with Departments which was then followed by Municipal Strategic Planning session to assess progress to date to deliver Vision 2030: unlike the previous year's Strategic Planning Session the main objective was to

- Assess Progress to date to deliver Vision 2030
- Review and refine the Logic Models (inputs)
- Review and refine the Scorecards
- Review and refine the Operating Model
- Develop Value Chain/Service Standards
- Roadmap for Vision 2030

### **The Smart City Concept**





**Smart  
Economy**

- Innovative spirit
- Entrepreneurship
- Economic image & trademarks
- Productivity
- Flexibility of labour market
- Ability to transform

**Smart  
Environment**

- Attractively of natural conditions
- Pollution
- Environmental protection
- Sustainable resource management

**Smart  
Governance**

- Participation in decision-making
- Public and social services
- Transparent governance
- Political strategies & perspectives

**Smart  
Living**

- Cultural facilities
- Health conditions
- Individual safety
- Housing quality
- Education facilities
- Social cohesion

**Smart  
Mobility**

- Local accessibility
- (Inter-)national accessibility
- Availability of ICT-infrastructure
- Sustainable, innovative and safe transport systems

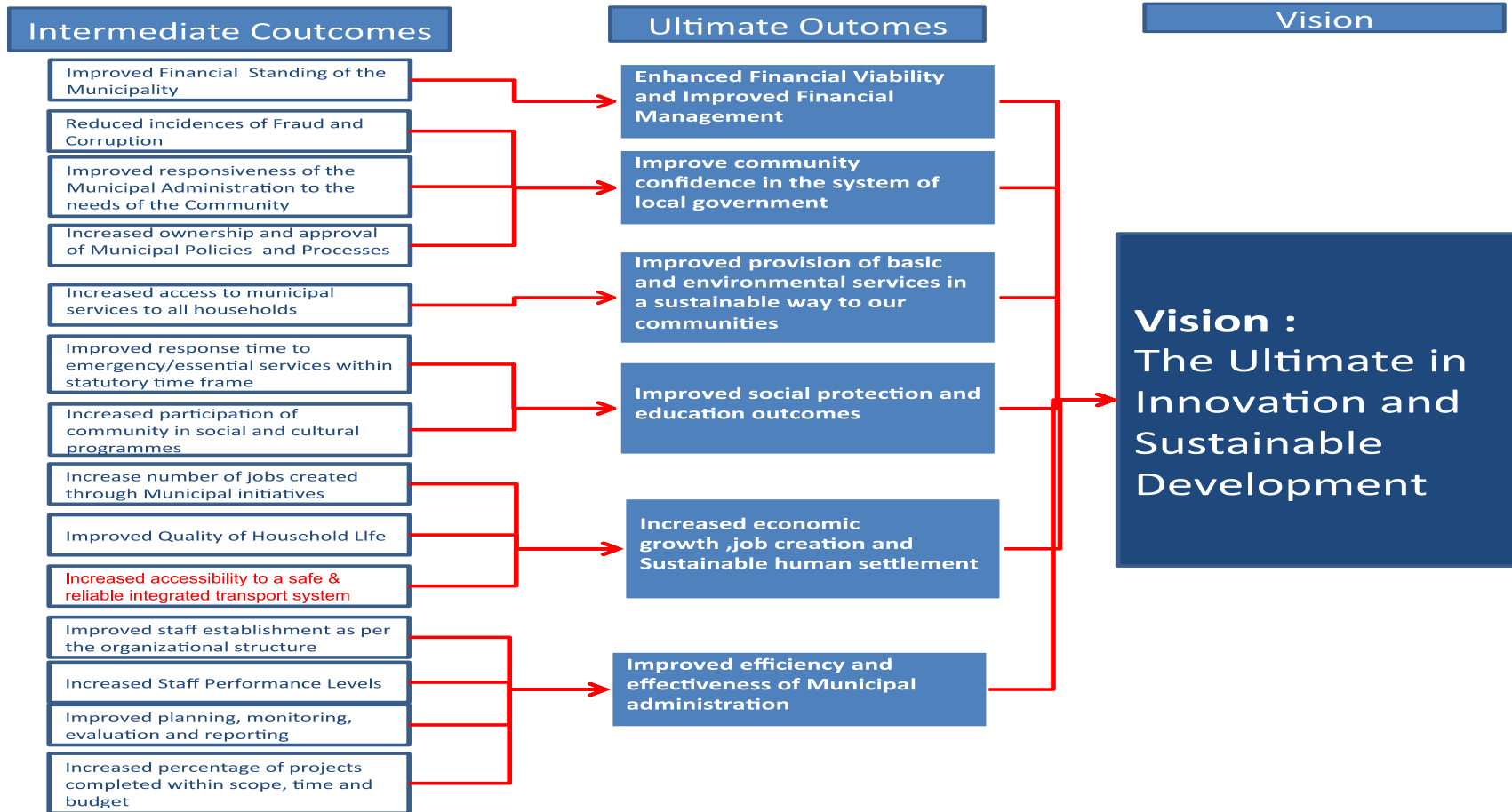
**Smart  
People**

- Participation in decision-making
- Public and social services
- Transparent governance
- Political strategies & perspectives

Forward looking in Economy, People, Governance, Mobility, Environment and Spaces. Comprehensive integration of critical infrastructure in its totality. Build collective intelligence of the City through connecting the physical, the IT, the social, and the business infrastructure.

Using the 'Smart City' as a compass to reposition the City of Polokwane as the trailblazer in the knowledge economy of not only Limpopo Province, but in the country. Using it as a platform to transform the productive patterns of the City's groups of communities, i.e. citizens, business, NGOs, government departments, etc.

## GOALS AND OBJECTIVES MAP



**Alignment of the Ultimate Outcomes/Goals for City of Polokwane to the KPA**

Key Performance Area	Ultimate Outcomes/Goals
KPA 1: Municipal Transformation and Institutional Development	1. Improved efficiency and effectiveness of Municipal administration
KPA 2: Basic Services Delivery and Infrastructure	2. Improved provision of basic and environmental services in a sustainable way to our
KPA 2: Basic Services Delivery and Infrastructure	3. Improved social protection and education outcomes
KPA3 & 6 : Local Economic Development & Spatial Rationale	4. Increased economic growth ,job creation and Sustainable human settlement, Integrated sustainable human settlement
KPA 4: Municipal Financial Viability and Financial Management	5. Enhanced Financial Viability and Improved Financial Management
KPA 5. Good Governance and Public Participation	6. Improve community confidence in the system of local government

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

Strategic Objective	Goal	Goal Code	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
Develop and refurbish infrastructural services	Improved provision of basic and environmental services in a sustainable way to our communities	A				1 308 469	1 308 469	1 308 469	1 435 756	1 579 312	1 734 190
Create a conducive economic environment	Increased economic growth, job creation and sustainable human settlement	B				53 126	53 126	53 126	71 800	78 107	80 674
Enhance revenue and asset base	Enhanced Financial Viability and Improved Financial Management	C				1 909 471	1 985 062	1 985 062	2 241 980	2 293 332	2 820 898
Plan sustainable integrated settlements	Increased economic growth, job creation and sustainable human settlement	D									
Preserve natural resources	Improved provision of basic and environmental services in a sustainable way to our communities	E									
Facilitate, care and support communities	Improve community confidence in the system of local government	F				164 537	164 537	164 537	188 649	204 131	220 960
Invest in human capital and retain skills	Improve efficiency and effectiveness of Municipal administration	G				4 748	4 748	4 748	5 033	5 335	5 655
Practice good governance	Improve efficiency and effectiveness of Municipal administration	H									
<b>Allocations to other priorities</b>											
<b>Total Revenue (excluding capital transfers and contributions)</b>			-	-	-	<b>3 440 351</b>	<b>3 515 942</b>	<b>3 515 942</b>	<b>3 943 217</b>	<b>4 160 217</b>	<b>4 862 377</b>

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

Strategic Objective	Goal	Goal Code	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
Develop and refurbish infrastructural services	Improved provision of basic and environmental services in a sustainable way to our communities	A				1 338 931	1 392 763	1 392 763	1 559 037	1 581 084	1 666 910
Create a conducive economic environment	Increased economic growth, job creation and sustainable human settlement	B				74 714	77 505	77 505	75 884	80 526	85 332
Enhance revenue and asset base	Enhanced Financial Viability and Improved Financial Management	C				274 929	292 852	292 852	322 347	284 847	402 400
Plan sustainable integrated settlements	Increased economic growth, job creation and sustainable human settlement	D				28 391	28 391	28 391	30 942	32 681	34 616
Preserve natural resources	Improved provision of basic and environmental services in a sustainable way to our communities	E				10 056	10 056	10 056	10 363	10 932	11 588
Facilitate, care and support communities	Improve community confidence in the system of local government	F				492 123	519 865	519 865	495 636	525 194	553 732
Invest in human capital and retain skills	Improve efficiency and effectiveness of Municipal administration	G				4 748	4 748	4 748	5 033	5 335	5 655
Practice good governance	Improve efficiency and effectiveness of Municipal administration	H				354 664	335 741	335 741	403 017	429 685	456 533
<b>Allocations to other priorities</b>											
<b>Total Expenditure</b>			-	-	-	<b>2 578 556</b>	<b>2 661 921</b>	<b>2 661 921</b>	<b>2 902 258</b>	<b>2 950 284</b>	<b>3 216 766</b>

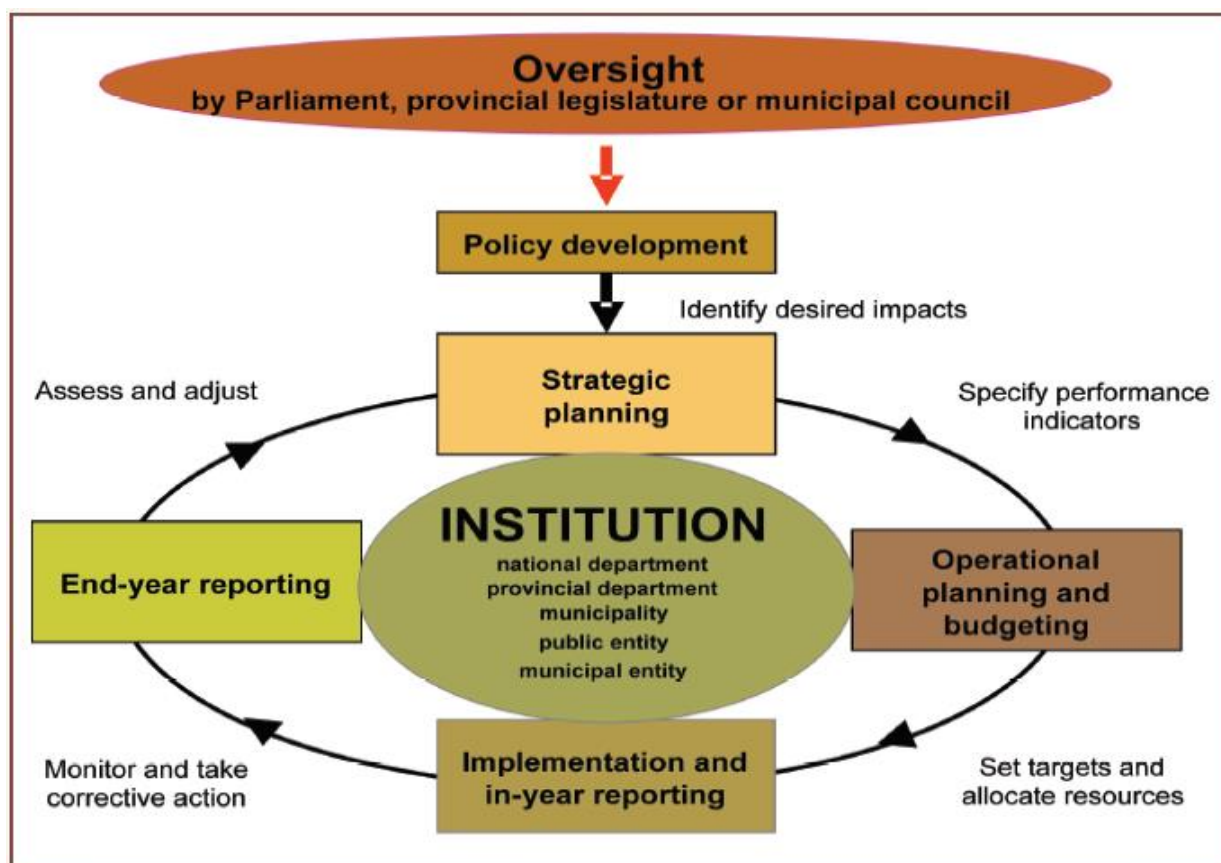
### MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	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
Develop and refurbish infrastructural services	Improved provision of basic and environmental services in a sustainable way to our communities	A				925 676	878 689	878 689	1 041 636	1 064 814	1 519 987
Create a conducive economic environment	Increased economic growth, job creation and sustainable human settlement	B				27 500	9 095	9 095	10 000	13 500	4 500
Enhance revenue and asset base	Enhanced Financial Viability and Improved Financial Management	C				8 350	6 350	6 350	6 151	2 000	2 000
Plan sustainable integrated settlements	Increased economic growth, job creation and sustainable human settlement	D				-	35	35			
Preserve natural resources	Improved provision of basic and environmental services in a sustainable way to our communities	E									
Facilitate, care and support communities	Improve community confidence in the system of local government	F				112 991	124 415	124 415	128 581	114 788	115 050
Invest in human capital and retain skills	Improve efficiency and effectiveness of Municipal administration	G				12 100	35 100	35 100	43 750	7 250	6 300
Practice good governance	Improve efficiency and effectiveness of Municipal administration	H				9 850	9 815	9 815			
Allocations to other priorities											
<b>Total Capital Expenditure</b>			-	-	-	1 096 467	1 063 499	1 063 499	1 230 118	1 202 352	1 647 837

## 2.3 Measurable performance objectives and indicators

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



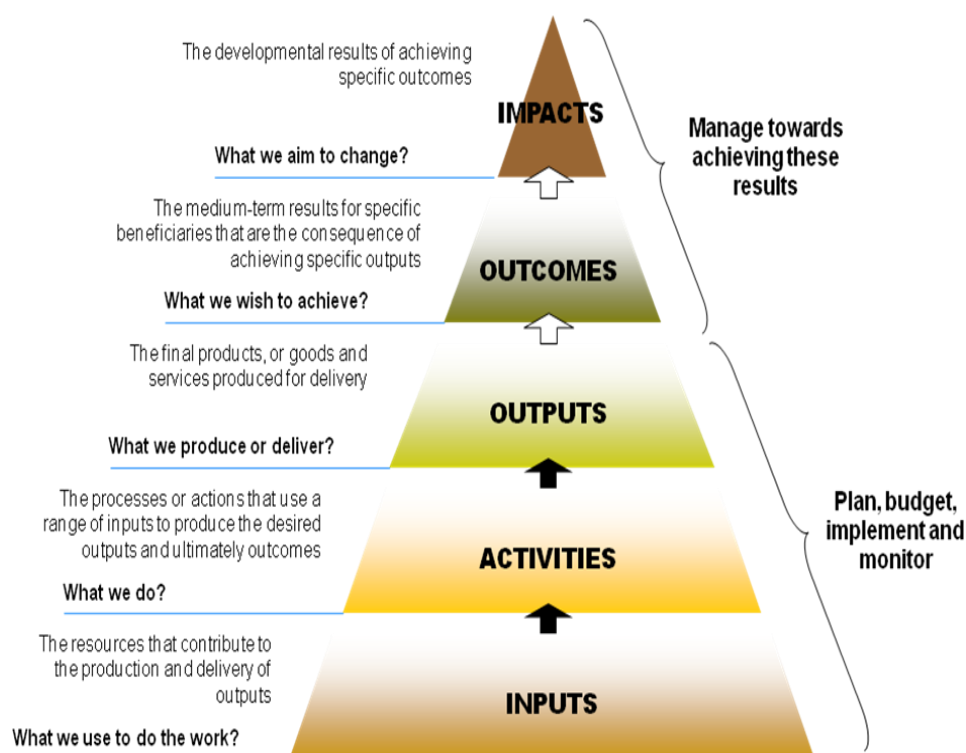
**Figure 1 Planning, budgeting and reporting cycle**

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 Municipality therefore has adopted one integrated performance management system which encompasses:

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

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



**Figure 2 Definition of performance information concepts**

---

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

---



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

### MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b><u>Borrowing Management</u></b>								
Credit Rating								
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	4.5%	4.3%	4.3%	4.3%	8.0%	6.7%	5.3%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	5.9%	5.6%	5.6%	5.6%	9.9%	8.1%	6.4%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	49.5%	52.1%	52.1%	52.1%	53.5%	0.0%	0.0%
<b><u>Safety of Capital</u></b>								
Gearing	Long Term Borrowing/ Funds & Reserves	10.5%	10.4%	10.4%	10.4%	15.2%	13.4%	13.8%
<b><u>Liquidity</u></b>								
Current Ratio	Current assets/current liabilities	0.8	0.8	0.8	0.8	1.2	1.3	1.5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.8	0.8	0.8	0.8	1.2	1.3	1.5
Liquidity Ratio	Monetary Assets/Current Liabilities	-	0.1	0.1	0.1	0.5	0.7	0.9
<b><u>Revenue Management</u></b>								
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	0.0%	88.0%	88.0%	88.0%	88.0%	89.4%	89.4%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		88.0%	88.0%	88.0%	88.0%	89.4%	89.4%	89.4%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	15.2%	13.9%	13.9%	13.9%	11.9%	11.4%	10.5%
<b><u>Creditors Management</u></b>								
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		493.5%	575.7%	575.7%	575.7%	331.7%	167.2%	122.3%
<b><u>Other Indicators</u></b>								
Electricity Distribution Losses (2)	Total Volume Losses (kW)	100,726,349	100,726,349	100,726,349	100,726,349	90,653,714	81,588,343	73,429,509
	Total Cost of Losses (Rand '000)	148,068	148,068	148,068	148,068	45,000	40,500	36,450
	% Volume (units purchased and generated less units sold)/units purchased and generated	0	0	0	0			
Water Distribution Losses (2)	Total Volume Losses (kℓ)	7,000,163	7,000,163	7,000,163	7,000,163	8,000,000	7,200,000	6,480,000
	Total Cost of Losses (Rand '000)	1,260	1,260	1,260	1,260	35,000	31,500	28,350
	% Volume (units purchased and generated less units sold)/units purchased and generated	0	0	0	0			

Description of financial indicator	Basis of calculation	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Employee costs	Employee costs/(Total Revenue - capital revenue)	22.9%	22.2%	22.2%	22.2%	22.6%	23.2%	22.6%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%		24.4%	24.9%	24.3%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	24.1%	29.3%	29.3%		6.2%	6.2%	6.1%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	7.8%	7.6%	7.6%	7.6%	8.0%	8.5%	9.0%
<b>IDP regulation financial viability indicators</b>								
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	12.0	12.0	12.0	8.0	10.5	14.5	15.8
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	25.1%	23.7%	23.7%	23.7%	20.6%	18.6%	17.1%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.4	0.4	0.4	0.4	1.5	1.9	2.3

## 2.4 Overview of budget related-policies

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

The following budget-related policies have been approved by Council, or have been reviewed or amended and/or are currently being reviewed/amended in line with National Guidelines and other legislation.

- 2.4.1 Budget and Virement Policy
- 2.4.2 Supply Chain Management Policy
- 2.4.3. Rates Policy
- 2.4.4 Tariff Policy
- 2.4.5 Credit Control & Debt Collection Policy
- 2.4.6 Funding and Reserves Policy
- 2.4.7 Cash Management and Investment Policy
- 2.4.8 Asset Management Policy
- 2.4.9 Borrowing Policy
- 2.4.10 Indigent Policy
- 2.4.11 Petty Cash Policy
- 2.4.12 Customer Care Policy
- 2.4.13 Claims and Loss Control Policy
- 2.4.14 Unauthorised Irregular and fruitless Expenditure Policy
- 2.4.15 Leave Policy
- 2.4.16 Subsistence & Travel allowance Policy

The promulgation of the Municipal Budget and Reporting Regulations in Government Gazette No. 32141 dated 17 April 2009 is to secure sound and sustainable management of the budgeting and reporting practices of municipalities by establishing uniform norms and standards and other requirement for insuring transparency, accountability and appropriate lines of responsibility in the

budgeting and reporting processes of those institutions and other relevant matters as required by the MFMA.

These regulations are effective for all Municipalities from 1 July 2010 and the budget has been compiled accordingly to be in full compliance from 1 July 2010.

In terms of section 7 of these regulations the Municipal Manager must prepare, or take all reasonable steps to ensure the preparation of the budget-related policies of the municipality, or any amendments to such policies, in accordance with the legislation applicable to those policies for tabling in the municipal council by the applicable deadline specified by the mayor in terms of section 21(1) (b) of the Act.

#### **2.4.1 BUDGET AND VIREMENT POLICY**

The budget policy is there to assist Mayors, Councillors, Accounting Officers and Senior Managers in dealing with the changes brought about by the Municipal Finance Management Act No 56 of 2003. This policy provides a framework within which Senior Management can compile, control and review budgets of their respective departments to allow flexibility in the use of transfer of funds to enable management to act on occasions such as disasters, unforeseen expenditure or savings, etc. as they arise to accelerate service delivery in a financially responsible manner.

#### **2.4.2 SUPPLY CHAIN MANAGEMENT POLICY**

Municipalities are required in terms of section 111 of the MFMA to have a supply chain management policy.

This policy is within the framework of the relevant legislation and regulations. The policy ascribes to the following principles:

A procurement system which is fair, equitable, transparent, competitive and cost-effective in terms of section 217 of the Constitution of South Africa No. 108 of 1996

As enshrined in Chapter 11 of the Municipal Finance Management Act and its regulations

Best practices in supply chain management

Uniformity in supply chain management systems between organs of state in all spheres

Broad Based Black Economic Empowerment

#### **2.4.3 RATES POLICY**

Section 5(1) of the Municipal Property Rates Act, No. 6 of 2004 states that a municipal council must annually review, and if necessary, amend its rates policy. Any amendments must accompany the municipality's annual budget when it is tabled in the Council. The policy is designed to ensure equitable treatment by Council in the levying of rates on property owners, including owners under sectional title, as well as other persons who may become liable for the payment of rates.

#### **2.4.4 TARIFF POLICY**

The Municipal Systems Act, No 32 of 2000, requires a municipality to have a tariff determination policy. The challenge in setting tariffs lies in striking a balance between maintaining financial

sustainability of the relevant departments (and so the sustainability of service provision) and ensuring affordability of those services by consumers. The municipality's tariff policy provides a broad framework where the Council can determine fair, transparent and affordable service charges that also promote sustainability of service provision. The policy is based on principles that address the social, economic and financial imperatives that the process of tariff setting should take account of.

#### **2.4.5 CREDIT CONTROL & DEBT COLLECTION POLICY**

The municipality's credit control and debt collection policy provides the procedures and mechanisms for credit control and for the collection of debts. The primary objective of this policy is to ensure that all monies due and payable to the municipality in respect of rates, fees for services, surcharges on such fees, charges, tariffs, interest which has accrued on any amounts due and payable in respect of the foregoing and any collection charges are collected efficiently and promptly.

#### **2.4.6 FUNDING AND RESERVES POLICY**

The funding and reserves policy is aimed at ensuring that the municipality procures sufficient and cost effective funding in order to achieve its capital expenditure objectives in an optimum manner. The policy is adhered to in the procurement of funding for the municipality having due regard to the assets and liability maturity profile of the municipality

#### **2.4.7 CASH MANAGEMENT AND INVESTMENT POLICY**

Section 13(2) of the MFMA requires that a municipality have a policy dealing with cash management and investment. The municipality's cash management and investment policy is developed within the framework of the MFMA.

#### **2.4.8 ASSET MANAGEMENT POLICY**

To ensure the effective and efficient control of the municipality's assets through

- (a) proper recording of assets from authorisation to acquisition and to subsequent disposal;
- (b) providing for safeguarding procedures, and
- (c) setting proper guidelines as to authorised utilization
- (d) and prescribing for proper maintenance.

To assist officials in understanding their legal and managerial responsibilities with regard to assets.

#### **2.4.9 BORROWING POLICY**

The objectives of this Policy are to: -

manage interest rate and credit risk exposure;

maintain debt within specified limits and ensure adequate provision for the repayment of debt; to ensure compliance with all Legislation and Council policy governing borrowing of funds.

#### **2.4.10 INDIGENT POLICY**

The objectives of this Policy are to: -

Provide a framework within which the Municipality can exercise its executive and legislative authority with regard to the implementation of financial aid to indigent and poor households in respect of their municipal account;  
Determine the criteria for qualification of Indigent and poor households;  
Ensure that the criteria is applied correctly and fairly to all applicants;  
Allow the municipality to conduct in loco visits to the premises of applicants to verify the actual status of the household;  
Allow the Municipality to maintain and publish the register of names and addresses of account holders receiving subsidies.

#### **2.4.11 PETTY CASH POLICY**

Compliance with the regulatory framework in terms of the relevant legislation is required.

#### **2.4.12 CUSTOMER CARE POLICY**

Municipality is committed to ensuring that the human rights principles set out in the National Constitution of the Republic of South Africa, 1996, as well as the Batho Pele Principles, aimed at transformation of public service delivery, and “getting it right the first time”, forms the basis on which Polokwane Municipality’s service delivery rests.

#### **2.4.13 CLAIMS AND LOSS CONTROL POLICY**

To provide an overview of the individual procedures which support the Claims & Loss Control Committee and contains guidelines for Good Practice for claims and loss management within Polokwane Municipality.

#### **2.4.14 UNAUTHORISED IRREGULAR AND FRUITLESS EXPENDITURE POLICY**

This policy aims to ensure that, amongst other things:

- a) Unauthorized, irregular, or fruitless and wasteful expenditure is detected, processed, recorded, and reported in a timely manner;
- b) Officials and councillors have a clear and comprehensive understanding of the procedures they must follow when addressing unauthorized, irregular, fruitless and wasteful expenditure;
- c) Polokwane Municipality’s resources are managed in compliance with the MFMA, the municipal regulations and other relevant legislation; and

d) All officials and councillors are aware of their responsibilities in respect of unauthorized, irregular, fruitless and wasteful expenditure

#### **2.4.15 LEAVE POLICY**

To ensure that employees know their entitlement with regard to the allocation of leave, the responsibility to apply for leave in the prescribed manner(s) and for good governance.

#### **2.4.16 SUBSISTENCE & TRAVEL ALLOWANCE POLICY**

Subject to the provisions of the standard Conditions of Services and any other Agreement with the Bargaining Council applicable to the Council of its employees, the objective of the policy is:

- a) To fairly compensate persons / employees representing the Council for essential additional expenses incurred by them in the execution of their official duties.
- b) To ensure uniformity in the payment of subsistence and traveling allowances.
- c) To limit or avoid night traveling as far as possible.

### **2.5 Overview of budget assumptions**

#### **2.5.1 External factors**

Government in general is anticipating to reduce total sovereign debt over GDP in order to deliver sustainable service delivery in a financially sustainable manner. He has emphasised on the importance of directing financial resources into capital projects which will yield return on investment in a long run while at the same time providing adequate resources for social compact as part of the constitutional imperative.

The South African economic growth has been set at 1.9 per cent growth trajectory due to slow economic growth in the advanced economy such as US and China while at the same time the growth factors in the emerging economy has been said at the marginal growth rate which means South African Economy is also affected as such. It be noted that international rating agencies such as Moody's Fisch as well as standard and poor has downgraded South Africa rating to junk status. All this macro-economic factors and indicators must be considered in all sphere of government when each sphere considers preparation of their Multi-Year Budget in order to build a robust and sustainable financial and fiscal system.

## **2.5.2 General inflation outlook and its impact on the municipal activities**

There are 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
- Credit rating of the municipality visa vis that of the government
- GDP visa vis GVA (General Value Added)
- General micro-economic indicators such as local investment in the municipal economy

## **2.5.3 Interest rates for borrowing and investment of funds**

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The Municipality engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2017/18 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2017/18 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

## **2.5.4 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.

The rate of revenue collection is currently expressed as a percentage (88 per cent) of annual billings. Cash flow is assumed to be 88 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

## **2.5.5 Growth or decline in tax base of the municipality**

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition, the change in the number of poor households influences the net revenue benefit derived from

household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

### **2.5.6 Impact of national, provincial and local policies**

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

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

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

### **2.5.7 Ability of the municipality to spend and deliver on the programmes**

It is estimated that a spending rate of at least 95 per cent is achieved on operating expenditure and 95 per cent on the capital programme for the 2017/18 MTREF of which performance has been factored into the cash flow budget.

## **2.6 Overview of budget funding**

### **2.6.1 Medium-term outlook: operating revenue**

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



## Breakdown of the operating revenue over the medium-term

Description	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget		Budget Year 2017/18		Budget Year +1 2018/19		Budget Year +2 2019/20	
<b>R thousand</b>								
<b>Revenue By Source</b>								
Property rates	357,780	12.3%	388,192	11.8%	411,483	12.1%	436,172	11.8%
Service charges - electricity revenue	917,263	31.6%	972,299	29.5%	1,069,530	31.4%	1,176,483	31.8%
Service charges - water revenue	284,895	9.8%	313,385	9.5%	344,724	10.1%	379,196	10.3%
Service charges - sanitation revenue	60,858	2.1%	94,496	2.9%	103,946	3.1%	111,310	3.0%
Service charges - refuse revenue	69,588	2.4%	104,099	3.2%	114,509	3.4%	125,960	3.4%
Service charges - other								
Rental of facilities and equipment	13,500	0.5%	35,454	1.1%	37,581	1.1%	39,836	1.1%
Interest earned - external investments	40,000	1.4%	44,944	1.4%	47,641	1.4%	50,500	1.4%
Interest earned - outstanding debtors	59,400	2.0%	66,742	2.0%	70,747	2.1%	74,992	2.0%
Dividends received	-	0.0%		0.0%		0.0%		0.0%
Fines, penalties and forfeits	12,000	0.4%	24,000	0.7%	25,440	0.7%	26,967	0.7%
Licences and permits	12,501	0.4%	14,046	0.4%	14,889	0.4%	15,782	0.4%
Agency services	18,800	0.6%	21,124	0.6%	22,391	0.7%	23,734	0.6%
Transfers and subsidies	854,258	29.4%	968,911	29.4%	956,082	28.1%	1,028,010	27.8%
Other revenue	164,431	5.7%	203,570	6.2%	137,340	4.0%	162,580	4.4%
Gains on disposal of PPE	38,000	1.3%	41,000	1.2%	45,460	1.3%	46,068	1.2%
<b>Total Revenue (excluding capital transfers)</b>	<b>2,903,275</b>	<b>100%</b>	<b>3,292,262</b>	<b>100%</b>	<b>3,401,763</b>	<b>100%</b>	<b>3,697,590</b>	<b>100%</b>
<b>Rstes and Sevices Charges</b>	<b>1,690,384</b>	<b>58%</b>	<b>1,872,471</b>	<b>57%</b>	<b>2,044,192</b>	<b>60%</b>	<b>2,229,121</b>	<b>60%</b>

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity, solid waste removal, property rates, operating grants from organs of state and other minor charges (such as building plan fees, licenses, fines and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 95 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Energy Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2017/18 MTREF on the different revenue categories are:

### Proposed tariff increases over the medium-term

Description	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Property rates	8%	6%	6%
Service charges - electricity revenue	6%	10%	10%
Service charges - water revenue	10%	10%	10%
Service charges - sanitation revenue	10%	10%	10%
Service charges - refuse revenue	10%	10%	10%

The tables below provide detail investment information and investment particulars by maturity.

#### MBRR SA15 – Detail Investment Information

Investment type	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
<b>R thousand</b>									
<b>Parent municipality</b>									
Securities - National Government Listed Corporate Bonds									
Deposits - Bank				74 001	163 451	163 451	222 200	262 200	273 200
<b>Municipality sub-total</b>	-	-	-	<b>74 001</b>	<b>163 451</b>	<b>163 451</b>	<b>222 200</b>	<b>262 200</b>	<b>273 200</b>
<b>Consolidated total:</b>	-	-	-	<b>74 001</b>	<b>163 451</b>	<b>163 451</b>	<b>222 200</b>	<b>262 200</b>	<b>273 200</b>

#### MBRR SA16 – Investment particulars by maturity

Investments by Maturity	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (A)	Investment Top Up	Closing Balance
<b>Parent municipality</b>												
Standard Bank	Call Investment	Yes		0,0575				59 000				59 000
PHA	Long-Term Investment	Yes		0				1				1
Sanlam	Sinking Fund	Yes		(CPIX+5%)				21 000			21 000	42 000
Liberty Life	Sinking Fund	Yes		(CPIX+5%)			2026 Dec. 0	25 200			43 200	68 400
												-
												-
<b>Municipality sub-total</b>								<b>105 201</b>		<b>-</b>	<b>64 200</b>	<b>169 401</b>
<b>Entities sub-total</b>								<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL INVESTMENTS AND INTEREST</b>								<b>105 201</b>		<b>-</b>	<b>64 200</b>	<b>169 401</b>

As part of long term financial development strategy Council, will explore various investment strategies such as Sinking Fund to create for future cash-backed provisions and other strategic liabilities. As implementation model Council will at least invest per cent of its monthly revenue into short- term liquid fund and per cent into medium to long term Sinking fund.

## 2.6.2 Medium-term outlook: capital revenue

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

### Sources of capital revenue over the MTREF

R thousand	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Funded by</b>							
National Government	622,026	612,668	612,668	612,668	650,955	758,454	1,164,787
Transfers recognised - capital	622,026	612,668	612,668	612,668	650,958	758,454	1,164,787
Public contributions & donations				–			
Borrowing	235,000	235,000	235,000	235,000	239,000	–	–
Internally generated funds	239,441	215,832	215,832	215,832	340,163	443,898	483,050
<b>Total Capital Funding</b>	<b>1,096,467</b>	<b>1,063,499</b>	<b>1,063,499</b>	<b>1,063,499</b>	<b>1,230,118</b>	<b>1,202,352</b>	<b>1,647,837</b>

Capital grants and receipts equates to 53 per cent of the total funding source which represents R650 million for the 2017/18 financial year and amounts to R1.1 billion or 71 per cent by 2019/20.

The capital budget totalled R 1.2 billion in 2017/18. This is funded by National grants amounting to R 650 million and R 340 million being funded from Council's internal sources, with the balance of R239 million from borrowings.

The following table is a detailed analysis of the Municipality's borrowing liability.

### MBRR Table SA 17 - Detail of borrowings

Borrowing - Categorized by type	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
<b>Parent municipality</b>									
Long-Term Loans (non-annuity)				458 121	458 121	458 121	640 512	571 298	524 216
<b>Municipality sub-total</b>	-	-	-	458 121	458 121	458 121	640 512	571 298	524 216
<b>Entities sub-total</b>	-	-	-	-	-	-	-	-	-
<b>Total Borrowing</b>	-	-	-	458 121	458 121	458 121	640 512	571 298	524 216

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of

this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below

### MBRR Table SA 18 - Transfers and grant receipts

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	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>RECEIPTS:</b>									
<b><u>Operating Transfers and Grants</u></b>									
<b>National Government:</b>	-	-	-	864 900	864 900	864 900	968 911	956 082	1 028 010
Local Government Equitable Share				675 714	675 714	675 714	752 064	831 889	903 461
EPWP Incentive				5 975	5 975	5 975	4 978	-	-
Integrated National Electrification Programme				45 000	45 000	45 000	40 000	40 000	40 000
Finance Management				2 619	2 619	2 619	2 979	3 234	3 234
Public Transport Infrastructure System (PTIF)				46 365	46 365	46 365	59 011	52 560	46 000
Municipal Infrastructure Grant (MIG)				46 275	46 275	46 275	94 622	16 899	23 451
Infrastructure Skills Development Fund (ISDF)				6 000	6 000	6 000	6 213	6 500	6 864
Energy Efficiency and Demand sidemanagement				-	-	-	6 000	5 000	5 000
REGIONAL WWTP PLANT GRANT				28 000	28 000	28 000			
Municipal Demacation Transition Grant				8 952	8 952	8 952	3 044		
<b>Total Operating Transfers and Grants</b>	-	-	-	864 900	864 900	864 900	968 911	956 082	1 028 010
<b><u>Capital Transfers and Grants</u></b>									
<b>National Government:</b>	-	-	-	622 026	622 026	622 026	650 955	758 454	1 164 787
Municipal Infrastructure Grant (MIG)				253 668	253 668	253 668	293 167	312 894	341 658
Public Transport and Systems				153 661	153 661	153 661	122 112	28 636	27 737
Regional Bulk Infrastructure				180 159	180 159	180 159	209 676	286 924	646 180
Neighbourhood Development Partnership				34 538	34 538	34 538	26 000	35 000	39 212
Water Services Infrastructure				-	-	-	-	95 000	110 000
Other capital transfers/grants [insert desc]				-	-	-			
<b>Total Capital Transfers and Grants</b>	-	-	-	622 026	622 026	622 026	650 955	758 454	1 164 787
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	-	-	-	1 486 926	1 486 926	1 486 926	1 619 866	1 714 536	2 192 797

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).

### MBRR Table A7 - Budget cash flow statement

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	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Property rates				314 846	314 846	314 846	341 609	362 105	383 831
Service charges				1 172 692	1 172 692	1 172 692	1 331 879	1 465 069	1 608 909
Other revenue				110 564	206 155	206 155	278 799	222 573	251 737
Government - operating				864 900	854 258	854 258	968 911	958 082	1 028 010
Government - capital				622 026	599 348	599 348	650 955	756 454	1 164 787
Interest				87 472	87 472	87 472	103 868	110 101	116 708
Dividends									
<b>Payments</b>									
Suppliers and employees				(2 297 056)	(2 429 337)	(2 429 337)	(2 447 711)	(2 460 136)	(2 666 746)
Finance charges				(40 000)	(40 000)	(40 000)	(76 000)	(83 600)	(114 000)
Transfers and Grants				(11 500)	(15 500)	(15 500)	(5 720)	(15 720)	(15 720)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	-	-	-	<b>823 944</b>	<b>749 934</b>	<b>749 934</b>	<b>1 146 590</b>	<b>1 314 929</b>	<b>1 757 516</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE				38 000	38 000	38 000	28 700	36 368	41 461
Decrease (Increase) in non-current debtors				400	400	400			
Decrease (increase) other non-current receivables									
Decrease (increase) in non-current investments									
<b>Payments</b>									
Capital assets				(1 041 644)	(977 767)	(977 767)	(1 168 612)	(1 142 234)	(1 614 880)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	-	-	-	<b>(1 003 244)</b>	<b>(939 367)</b>	<b>(939 367)</b>	<b>(1 139 912)</b>	<b>(1 105 866)</b>	<b>(1 573 419)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short term loans				-					
Borrowing long term/refinancing				235 000	235 000	235 000	310 000		
Increase (decrease) in consumer deposits				4 000	4 000	4 000	40 000		
<b>Payments</b>									
Repayment of borrowing				(75 000)	(75 000)	(75 000)	(151 000)	(110 450)	(52 082)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	-	-	-	<b>164 000</b>	<b>164 000</b>	<b>164 000</b>	<b>199 000</b>	<b>(110 450)</b>	<b>(52 082)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	-	-	-	<b>(15 300)</b>	<b>(25 432)</b>	<b>(25 432)</b>	<b>205 678</b>	<b>98 612</b>	<b>132 015</b>
Cash/cash equivalents at the year begin:				86 225	86 225	86 225	60 793	266 471	365 083
Cash/cash equivalents at the year end:	-	-	-	70 925	60 793	60 793	266 471	365 083	497 098

For the 2017/18 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to improve to R266 million positive by 2017/18 and increasing to R497 million by 2019/20.

### 2.6.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

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

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

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

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

Description	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>							
<b>Cash and investments available</b>							
Cash/cash equivalents at the year end	70,925	60,793	60,793	60,793	266,471	365,084	497,099
Other current investments > 90 days	(70,925)	9,207	9,207	9,207	99,000	104,000	110,000
Non current assets - Investments	74,001	93,451	93,451	93,451	123,200	158,200	163,200
<b>Cash and investments available:</b>	<b>74,001</b>	<b>163,451</b>	<b>163,451</b>	<b>163,451</b>	<b>488,671</b>	<b>627,284</b>	<b>770,299</b>
<b>Application of cash and investments</b>							
Unspent conditional transfers	54,823	54,823	54,823	54,823	54,823	46,198	52,585
Unspent borrowing	-	-	-	-	-	-	-
Statutory requirements							
Other working capital requirements	5,251	2,673	2,673	2,673	7,696	62,225	111,822
Other provisions					69,259	88,259	107,259
Long term investments committed	-	-	-	-	123,200	158,200	163,200
Reserves to be backed by cash/investments							
<b>Total Application of cash and investments:</b>	<b>60,074</b>	<b>57,496</b>	<b>57,496</b>	<b>57,496</b>	<b>254,978</b>	<b>354,882</b>	<b>434,866</b>
<b>Surplus(shortfall)</b>	<b>13,926</b>	<b>105,954</b>	<b>105,954</b>	<b>105,954</b>	<b>233,693</b>	<b>272,402</b>	<b>335,433</b>

## 2.6.4 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.

### MBRR SA10 – Funding compliance measurement

#### 2.6.4.1 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. The forecasted cash and cash equivalents for the 2017/18 MTREF shows R266 million, R365 million and R497 million positive for each respective financial year.

Description	MFMA section	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
<b>Funding measures</b>											
Cash/cash equivalents at the year end - R'000	18(1)b	-	-	-	70 925	60 793	60 793	60 793	266 471	365 083	497 098
Cash + investments at the yr end less applications - R'000	18(1)b	-	-	-	84 852	166 747	166 747	166 747	233 693	272 402	335 432
Cash year end/monthly employee/supplier payments	18(1)b	-	-	-	0,4	0,4	0,4	0,4	1,5	1,9	2,3
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	-	-	-	861 795	854 022	854 022	868 562	1 040 959	1 209 933	1 645 611
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	N.A.	(6,0%)	(6,0%)	(6,0%)	(6,0%)	(6,0%)	(6,0%)	4,8%	3,2%	3,0%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	0,0%	0,0%	0,0%	85,2%	85,9%	85,9%	85,9%	87,3%	87,1%	87,2%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	0,0%	0,0%	0,0%	3,0%	3,0%	3,0%	3,0%	2,9%	2,8%	2,8%
Capital payments % of capital expenditure	18(1)c;19	0,0%	0,0%	0,0%	95,0%	91,9%	91,9%	91,9%	95,0%	95,0%	98,0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	0,0%	0,0%	0,0%	49,5%	52,1%	52,1%	52,1%	53,5%	0,0%	0,0%
Grants % of Govt. legislated/gazetted allocations	18(1)a								0,0%	0,0%	0,0%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	0,0%	0,0%	0,0%	(5,6%)	0,0%	0,0%	(2,9%)	(1,2%)	0,0%
Long term receivables % change - incr(decr)	18(1)a	N.A.	0,0%	0,0%	0,0%	(100,0%)	0,0%	0,0%	0,0%	0,0%	0,0%
R&M % of Property Plant & Equipment	20(1)(vi)	0,0%	0,0%	0,0%	2,1%	2,6%	2,6%	2,1%	2,0%	2,0%	2,1%
Asset renewal % of capital budget	20(1)(vi)	0,0%	0,0%	0,0%	38,0%	20,0%	20,0%	0,0%	23,6%	17,0%	13,1%

#### 2.6.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of



the cash backed reserves/surpluses is contained in Table 23. 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.

#### *2.6.4.3 Surplus/deficit excluding depreciation offsets*

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2017/18 MTREF the indicative outcome is a surplus of R1.225 billion, R1.409 billion and R1.857 billion.

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.

#### *2.6.4.4 Cash receipts as a percentage of ratepayer and other revenue*

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. In addition, the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

#### *2.6.4.5 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. The provision has been appropriated at 2.94, 2.79 and 2.78 per cent over the MTREF. 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.

#### *2.6.4.6 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. It can be seen that a 0 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

#### *2.6.4.7 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)*

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded.

#### *2.6.4.8 Transfers/grants revenue as a percentage of Government transfers/grants available*

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

#### *2.6.4.9 Consumer debtors change (Current and Non-current)*

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtor's accounts within 30 days.

#### *2.6.4.10 Repairs and maintenance expenditure level*

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 58 MBRR SA34C.

#### *2.6.4.11 Asset renewal/rehabilitation expenditure level*

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 57 MBRR SA34b.

## 2.7 Expenditure on grants and reconciliations of unspent funds

### MBRR SA19 - Expenditure on transfers and grant programmes

Description	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Audited	Audited	Audited	Original	Adjusted	Full Year	Budget Year	Budget Year	Budget Year
	Outcome	Outcome	Outcome	Budget	Budget	Forecast	2017/18	+1 2018/19	+2 2019/20
<b>EXPENDITURE:</b>									
<b><u>Operating expenditure of Transfers and Grants</u></b>									
<b>National Government:</b>				<b>864,900</b>	<b>864,900</b>	<b>864,900</b>	<b>968,911</b>	<b>956,082</b>	<b>1,028,010</b>
Local Government Equitable Share				675,714	675,714	675,714	752,064	831,889	903,461
EPWP Incentive				5,975	5,975	5,975	4,978	-	-
Integrated National Electrification Programme				45,000	45,000	45,000	40,000	40,000	40,000
Finance Management				2,619	2,619	2,619	2,979	3,234	3,234
Public Transport Infrastructure System (PTIF)				46,365	46,365	46,365	59,011	52,560	46,000
Municipal Infrastructure Grant (MIG)				46,275	46,275	46,275	94,622	16,899	23,451
Infrastructure Skills Development Fund (ISDF)				6,000	6,000	6,000	6,213	6,500	6,864
Energy Efficiency and Demand sidemanagement				-	-	-	6,000	5,000	5,000
REGIONAL WWT PLANT GRANT				28,000	28,000	28,000			
Municipal Demarcation Transition Grant				8,952	8,952	8,952	3,044		
<b>Total operating expenditure of Transfers and Grants:</b>				<b>864,900</b>	<b>864,900</b>	<b>864,900</b>	<b>968,911</b>	<b>956,082</b>	<b>1,028,010</b>
<b><u>Capital expenditure of Transfers and Grants</u></b>									
<b>National Government:</b>				<b>622,026</b>	<b>622,026</b>	<b>622,026</b>	<b>650,955</b>	<b>758,454</b>	<b>1,164,787</b>
Municipal Infrastructure Grant (MIG)				253,668	253,668	253,668	293,167	312,894	341,658
Public Transport and Systems				153,661	153,661	153,661	122,112	28,636	27,737
Regional Bulk Infrastructure				180,159	180,159	180,159	209,676	286,924	646,180
Neighbourhood Development Partnership				34,538	34,538	34,538	26,000	35,000	39,212
Water Services Infrastructure				-	-	-	-	95,000	110,000
<b>Total capital expenditure of Transfers and Grants</b>				<b>622,026</b>	<b>622,026</b>	<b>622,026</b>	<b>650,955</b>	<b>758,454</b>	<b>1,164,787</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>				<b>1,486,926</b>	<b>1,486,926</b>	<b>1,486,926</b>	<b>1,619,866</b>	<b>1,714,536</b>	<b>2,192,797</b>

## MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

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	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Operating transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year									
Current year receipts				864,900	864,900	864,900	968,911	956,082	1,028,010
Conditions met - transferred to revenue	-	-	-	864,900	864,900	864,900	968,911	956,082	1,028,010
Conditions still to be met - transferred to liabilities									
<b>Total operating transfers and grants revenue</b>	-	-	-	864,900	864,900	864,900	968,911	956,082	1,028,010
<b>Total operating transfers and grants - CTBM</b>	-	-	-	-	-	-	-	-	-
<b>Capital transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year							-		
Current year receipts				622,026	622,026	622,026	650,955	758,454	1,164,787
Conditions met - transferred to revenue	-	-	-	622,026	622,026	622,026	650,955	758,454	1,164,787
Conditions still to be met - transferred to liabilities									
<b>Total capital transfers and grants revenue</b>	-	-	-	622,026	622,026	622,026	650,955	758,454	1,164,787
<b>Total capital transfers and grants - CTBM</b>	-	-	-	-	-	-	-	-	-
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>	-	-	-	1,486,926	1,486,926	1,486,926	1,619,866	1,714,536	2,192,797

## 2.8 Councillor and employee benefits

### MBRR SA22 – Consolidated Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration	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
R thousand	A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>									
Basic Salaries and Wages				20 716	20 716	20 716	21 959	23 277	24 674
Pension and UIF Contributions				3 073	3 073	3 073	3 258	3 453	3 660
Medical Aid Contributions				638	638	638	676	717	760
Motor Vehicle Allowance				8 413	8 413	8 413	8 918	9 453	10 020
Cellphone Allowance				2 111	2 111	2 111	2 238	2 372	2 514
Housing Allowances				-	-	-	-	-	-
Other benefits and allowances				375	375	375	397	421	446
<b>Sub Total - Councillors</b>	-	-	-	<b>35 326</b>	<b>35 326</b>	<b>35 326</b>	<b>37 446</b>	<b>39 693</b>	<b>42 074</b>
<b>% increase</b>				-	-	-	<b>6,0%</b>	<b>6,0%</b>	<b>6,0%</b>
<b>Senior Managers of the Municipality</b>									
Basic Salaries and Wages				8 114	8 114	8 114	12 007	12 674	13 435
Pension and UIF Contributions				1 057	1 057	1 057	1 136	1 205	1 277
Medical Aid Contributions				189	189	189	203	216	228
Overtime				17 441			-	-	-
Performance Bonus							-	-	-
Motor Vehicle Allowance				1 260	1 260	1 260	1 355	1 436	1 522
Cellphone Allowance							-	-	-
Housing Allowances							-	-	-
Other benefits and allowances				390	390	390	419	445	471
<b>Sub Total - Senior Managers of Municipality</b>	-	-	-	<b>28 451</b>	<b>11 011</b>	<b>11 011</b>	<b>15 121</b>	<b>15 975</b>	<b>16 934</b>
<b>% increase</b>				-	<b>(61,3%)</b>	-	<b>37,3%</b>	<b>5,7%</b>	<b>6,0%</b>
<b>Other Municipal Staff</b>									
Basic Salaries and Wages				412 618	412 618	412 618	473 117	498 003	527 882
Pension and UIF Contributions				82 341	82 341	82 341	100 925	106 627	113 025
Medical Aid Contributions				23 345	23 345	23 345	28 143	29 733	31 517
Overtime				29 561	29 561	29 561	39 679	41 920	44 436
Performance Bonus				-	-	-			
Motor Vehicle Allowance				38 588	38 588	38 588			
Cellphone Allowance							336	355	376
Housing Allowances				6 286	6 286	6 286	6 880	7 269	7 705
Other benefits and allowances				38 898	38 898	38 898	91 525	96 697	102 498
<b>Sub Total - Other Municipal Staff</b>	-	-	-	<b>631 637</b>	<b>631 637</b>	<b>631 637</b>	<b>740 604</b>	<b>780 603</b>	<b>827 438</b>
<b>% increase</b>				-	-	-	<b>17,3%</b>	<b>5,4%</b>	<b>6,0%</b>
<b>Total Parent Municipality</b>	-	-	-	<b>695 414</b>	<b>677 974</b>	<b>677 974</b>	<b>793 171</b>	<b>836 271</b>	<b>886 446</b>
				-	<b>(2,5%)</b>	-	<b>17,0%</b>	<b>5,4%</b>	<b>6,0%</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	-	-	-	<b>703 945</b>	<b>686 504</b>	<b>686 504</b>	<b>803 344</b>	<b>847 035</b>	<b>897 856</b>
<b>% increase</b>				-	<b>(2,5%)</b>	-	<b>17,0%</b>	<b>5,4%</b>	<b>6,0%</b>
<b>TOTAL MANAGERS AND STAFF</b>	-	-	-	<b>666 731</b>	<b>649 290</b>	<b>649 290</b>	<b>763 916</b>	<b>805 260</b>	<b>853 575</b>

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

Disclosure of Salaries, Allowances & Benefits 1.	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum		1.					2.
<b><u>Councillors</u></b>							
Speaker		525 593	110 657	240 095			876 344
Chief Whip		504 846	89 953	228 517			823 316
Executive Mayor		691 567	103 734	317 099			1 112 400
Deputy Executive Mayor		-	-	-			-
Executive Committee		3 718 537	740 102	1 729 879			6 188 519
Total for all other councillors		16 933 266	3 750 030	8 468 204			29 151 500
<b>Total Councillors</b>	<b>-</b>	<b>22 373 809</b>	<b>4 794 476</b>	<b>10 983 794</b>			<b>38 152 080</b>
<b><u>Senior Managers of the Municipality</u></b>							
Municipal Manager (MM)		2 049 980	-	2 020			2 052 000
Chief Finance Officer		1 769 956	2 022	129 600			1 901 578
Director Engineering Services		907 445	251 829	334 819			1 494 094
Director Community Services		789 272	240 681	299 052			1 329 005
Director Corporate & Shared Services		1 326 983	2 022	-			1 329 005
Director Planning & Economic Development		850 386	239 274	239 345			1 329 005
<i>List of each official with packages &gt;= senior manager</i>							
Director Community Development		-	-	-			-
Director Strategic Planning Monitoring & Evaluation		1 326 983	2 022	-			1 329 005
Director Transport Operations		948 807	249 290	130 908			1 329 005
		1 326 983	2 022	-			1 329 005
<b>Total Senior Managers of the Municipality</b>	<b>-</b>	<b>11 296 795</b>	<b>989 161</b>	<b>1 135 744</b>	<b>-</b>		<b>13 421 700</b>
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	<b>-</b>	<b>33 670 604</b>	<b>5 783 638</b>	<b>12 119 539</b>	<b>-</b>		<b>51 573 780</b>

## MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers Number	2015/16			Current Year 2016/17			Budget Year 2017/18		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>									
Councillors (Political Office Bearers plus Other Councillors)				90		90	90		90
Board Members of municipal entities									
<b>Municipal employees</b>									
Municipal Manager and Senior Managers				9		4	10		10
Other Managers				104	100	4	104	100	4
Professionals	-	-	-	196	195	1	196	195	1
<i>Finance</i>				24	24	-	24	24	-
<i>Spatial/town planning</i>				30	30		30	30	
<i>Information Technology</i>				8	8		8	8	
<i>Roads</i>				8	8		8	8	
<i>Electricity</i>				7	7		7	7	
<i>Water</i>				10	10		10	10	
<i>Sanitation</i>				-	-		-	-	
<i>Refuse</i>				4	4		4	4	
<i>Other</i>				105	104	1	105	104	1
Technicians	-	-	-	645	645	-	645	645	-
<i>Finance</i>				90	90		90	90	
<i>Spatial/town planning</i>				29	29		29	29	
<i>Information Technology</i>				10	10		10	10	
<i>Roads</i>				36	36		36	36	
<i>Electricity</i>				50	50		50	50	
<i>Water</i>				28	28		28	28	
<i>Sanitation</i>				-	-		-	-	
<i>Refuse</i>				31	31		31	31	
<i>Other</i>				371	371		371	371	
Clerks (Clerical and administrative)				20	20		20	20	
Service and sales workers				28	28		28	28	
Skilled agricultural and fishery workers				-	-		-	-	
Craft and related trades									
Plant and Machine Operators									
Elementary Occupations				688	688	50	688	688	50
<b>TOTAL PERSONNEL NUMBERS</b>	-	-	-	<b>1 780</b>	<b>1 676</b>	<b>149</b>	<b>1 781</b>	<b>1 676</b>	<b>155</b>
% increase				-	-	-	0,1%	-	4,0%
<b>Total municipal employees headcount</b>				<b>3 089</b>	<b>1 770</b>	<b>10</b>	<b>3 089</b>	<b>1 770</b>	<b>10</b>
Finance personnel headcount				<b>190</b>	<b>144</b>	<b>21</b>	<b>190</b>	<b>144</b>	<b>21</b>
Human Resources personnel headcount				<b>53</b>	<b>39</b>	<b>6</b>	<b>53</b>	<b>39</b>	<b>6</b>

## MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework			
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
<b>Revenue By Source</b>																
Property rates	27,789	35,887	47,427	37,212	32,211	38,594	29,022	22,503	36,458	35,356	22,772	22,962	388,192	411,483	436,172	
Service charges - electricity revenue	69,602	89,887	118,789	93,205	80,678	96,666	72,692	56,362	91,315	88,555	57,037	57,512	972,299	1,069,530	1,176,483	
Service charges - water revenue	22,434	28,972	38,287	30,041	26,004	31,157	23,429	18,166	29,432	28,542	18,384	18,537	313,385	344,724	379,196	
Service charges - sanitation revenue	6,764	8,736	11,545	9,058	7,841	9,395	7,065	5,478	8,875	8,606	5,543	5,589	94,496	103,946	111,310	
Service charges - refuse revenue	7,452	9,624	12,718	9,979	8,638	10,350	7,783	6,034	9,777	9,481	6,107	6,157	104,099	114,509	125,960	
Rental of facilities and equipment	2,538	3,278	4,332	3,399	2,942	3,525	2,651	2,055	3,330	3,229	2,080	2,097	35,454	37,581	39,836	
Interest earned - external investments	3,217	4,155	5,491	4,308	3,729	4,468	3,360	2,605	4,221	4,093	2,636	2,658	44,944	47,641	50,500	
Interest earned - outstanding debtors	4,778	6,170	8,154	6,398	5,538	6,635	4,990	3,869	6,268	6,079	3,915	3,948	66,742	70,747	74,992	
Fines, penalties and forfeits	1,718	2,219	2,932	2,301	1,991	2,386	1,794	1,391	2,254	2,186	1,408	1,420	24,000	25,440	26,967	
Licences and permits	1,005	1,299	1,716	1,346	1,165	1,396	1,050	814	1,319	1,279	824	831	14,046	14,889	15,782	
Agency services	1,512	1,953	2,581	2,025	1,753	2,100	1,579	1,225	1,984	1,924	1,239	1,249	21,124	22,391	23,734	
Transfers and subsidies	69,359	89,573	118,376	92,881	80,397	96,329	72,438	56,165	90,997	88,246	56,838	57,311	968,911	956,082	1,028,010	
Other revenue	14,572	18,820	24,871	19,514	16,892	20,239	15,219	11,800	19,119	18,541	11,942	12,041	203,570	137,340	162,580	
Gains on disposal of PPE	2,935	3,790	5,009	3,930	3,402	4,076	3,065	2,377	3,851	3,734	2,405	2,425	41,000	45,460	46,068	
<b>Total Revenue (excluding capital transfers and</b>	<b>235,675</b>	<b>304,361</b>	<b>402,228</b>	<b>315,599</b>	<b>273,181</b>	<b>327,317</b>	<b>246,138</b>	<b>190,844</b>	<b>309,199</b>	<b>299,851</b>	<b>193,130</b>	<b>194,738</b>	<b>3,292,262</b>	<b>3,401,763</b>	<b>3,697,590</b>	
<b>Expenditure By Type</b>																
Employee related costs	60,788	63,513	66,940	56,217	55,241	67,177	60,289	56,998	59,401	59,506	60,409	77,143	743,622	788,239	835,533	
Remuneration of councillors	3,119	3,259	3,434	2,884	2,834	3,447	3,093	2,924	3,048	3,053	3,099	3,958	38,152	40,441	42,867	
Debt impairment	4,496	4,698	4,951	4,158	4,086	4,969	4,459	4,216	4,393	4,401	4,468	5,706	55,000	57,000	62,000	
Depreciation & asset impairment	15,123	15,801	16,653	13,986	13,743	16,712	14,999	14,180	14,778	14,804	15,029	19,192	185,000	199,948	211,945	
Finance charges	6,540	6,833	7,202	6,048	5,943	7,227	6,486	6,132	6,390	6,402	6,499	8,299	80,000	88,000	120,000	
Bulk purchases	69,837	72,967	76,905	64,586	63,465	77,177	69,264	65,483	68,244	68,364	69,402	88,627	854,322	905,582	959,917	
Other materials	16,755	17,506	18,451	15,495	15,226	18,516	16,618	15,711	16,373	16,402	16,651	21,263	204,967	212,261	223,706	
Contracted services	26,987	28,197	29,718	24,958	24,525	29,824	26,766	25,305	26,372	26,418	26,819	34,248	330,136	210,271	292,416	
Transfers and subsidies	468	489	515	432	425	517	464	438	457	458	465	593	5,720	15,720	15,720	
Other expenditure	33,135	34,620	36,488	30,643	30,111	36,617	32,863	31,069	32,379	32,436	32,928	42,050	405,339	432,822	452,662	
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>237,246</b>	<b>247,881</b>	<b>261,258</b>	<b>219,409</b>	<b>215,599</b>	<b>262,182</b>	<b>235,299</b>	<b>222,457</b>	<b>231,835</b>	<b>232,243</b>	<b>235,769</b>	<b>301,079</b>	<b>2,902,258</b>	<b>2,950,284</b>	<b>3,216,766</b>	
<b>Surplus/(Deficit)</b>	<b>(1,571)</b>	<b>56,480</b>	<b>140,970</b>	<b>96,189</b>	<b>57,582</b>	<b>65,135</b>	<b>10,839</b>	<b>(31,613)</b>	<b>77,364</b>	<b>67,609</b>	<b>(42,640)</b>	<b>(106,341)</b>	<b>390,004</b>	<b>451,479</b>	<b>480,824</b>	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	60,000	90,000	180,000		100,000	80,000			140,955				650,955	758,454	1,164,787	
Transfers and subsidies - capital (in-kind - all)														-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>58,429</b>	<b>146,480</b>	<b>320,970</b>	<b>96,189</b>	<b>157,582</b>	<b>145,135</b>	<b>10,839</b>	<b>(31,613)</b>	<b>218,319</b>	<b>67,609</b>	<b>(42,640)</b>	<b>(106,341)</b>	<b>1,040,959</b>	<b>1,209,933</b>	<b>1,645,611</b>	



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

Description	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework			
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
<b>R thousand</b>																
<b>Revenue by Vote</b>																
Vote 1 - COUNCIL													-	-	-	-
Vote 2 - Office of the Municipal Manger													-	-	-	-
Vote 3 - Strategic Planning Monitoring and Evaluation													-	-	-	-
Vote 4 - Engineering Services	103 531	138 086	203 868	110 507	130 670	142 622	86 185	66 824	157 622	104 993	67 624	68 188	1 380 720	1 518 773	1 667 596	
Vote 5 - Community Services	13 325	17 773	26 239	14 223	16 818	18 356	11 093	8 601	20 287	13 513	8 704	8 776	177 708	192 534	208 666	
Vote 6 - Community Development	820	1 094	1 615	876	1 035	1 130	683	530	1 249	832	536	540	10 941	11 597	12 293	
Vote 7 - Corporate and Shared Services	377	503	743	403	476	520	314	244	575	383	246	249	5 033	5 335	5 655	
Vote 8 - Planning and Economic Development	5 384	7 181	10 601	5 747	6 795	7 417	4 482	3 475	8 197	5 460	3 517	3 546	71 800	78 107	80 674	
Vote 9 - Budget and Treasury	172 238	229 725	339 162	183 844	217 387	237 272	143 381	111 171	262 225	174 670	112 503	113 440	2 297 016	2 353 871	2 887 492	
Vote 10 - Transport Operations													-	-	-	-
<b>Total Revenue by Vote</b>	<b>295 675</b>	<b>394 361</b>	<b>582 228</b>	<b>315 599</b>	<b>373 181</b>	<b>407 317</b>	<b>246 138</b>	<b>190 844</b>	<b>450 154</b>	<b>299 851</b>	<b>193 130</b>	<b>194 738</b>	<b>3 943 217</b>	<b>4 160 217</b>	<b>4 862 377</b>	
<b>Expenditure by Vote to be appropriated</b>																
Vote 1 - COUNCIL	16 569	17 312	18 246	15 323	15 057	18 310	16 433	15 536	16 191	16 219	16 466	21 027	202 689	228 920	243 371	
Vote 2 - Office of the Municipal Manger	5 506	5 752	6 063	5 092	5 003	6 084	5 460	5 162	5 380	5 389	5 471	6 987	67 350	82 617	94 911	
Vote 3 - Strategic Planning Monitoring and Evaluation	2 719	2 840	2 994	2 514	2 470	3 004	2 696	2 549	2 657	2 661	2 702	3 450	33 256	35 139	37 247	
Vote 4 - Engineering Services	107 245	112 052	118 099	99 182	97 460	118 517	106 365	100 560	104 799	104 983	106 577	136 100	1 311 939	1 392 296	1 466 113	
Vote 5 - Community Services	27 578	28 814	30 369	25 505	25 062	30 477	27 352	25 859	26 949	26 997	27 407	34 998	337 368	347 482	365 411	
Vote 6 - Community Development	16 925	17 683	18 638	15 652	15 380	18 703	16 786	15 870	16 539	16 568	16 819	21 478	207 040	215 258	227 909	
Vote 7 - Corporate and Shared Services	14 309	14 951	15 758	13 234	13 004	15 813	14 192	13 417	13 983	14 008	14 220	18 159	175 048	185 707	195 413	
Vote 8 - Planning and Economic Development	6 266	6 547	6 900	5 795	5 694	6 924	6 214	5 875	6 123	6 134	6 227	7 952	76 651	81 242	88 306	
Vote 9 - Budget and Treasury	32 285	33 733	35 553	29 858	29 340	35 679	32 020	30 273	31 549	31 605	32 084	40 972	394 950	351 990	461 134	
Vote 10 - Transport Operations	7 845	8 196	8 639	7 255	7 129	8 669	7 780	7 356	7 666	7 679	7 796	9 956	95 967	29 633	36 950	
<b>Total Expenditure by Vote</b>	<b>237 246</b>	<b>247 881</b>	<b>261 258</b>	<b>219 409</b>	<b>215 599</b>	<b>262 182</b>	<b>235 299</b>	<b>222 457</b>	<b>231 835</b>	<b>232 243</b>	<b>235 769</b>	<b>301 079</b>	<b>2 902 258</b>	<b>2 950 284</b>	<b>3 216 766</b>	
<b>Surplus/(Deficit) before assoc.</b>	<b>58 429</b>	<b>146 480</b>	<b>320 970</b>	<b>96 189</b>	<b>157 582</b>	<b>145 135</b>	<b>10 839</b>	<b>(31 613)</b>	<b>218 319</b>	<b>67 609</b>	<b>(42 640)</b>	<b>(106 341)</b>	<b>1 040 959</b>	<b>1 209 933</b>	<b>1 645 611</b>	
<b>Surplus/(Deficit)</b>	<b>58 429</b>	<b>146 480</b>	<b>320 970</b>	<b>96 189</b>	<b>157 582</b>	<b>145 135</b>	<b>10 839</b>	<b>(31 613)</b>	<b>218 319</b>	<b>67 609</b>	<b>(42 640)</b>	<b>(106 341)</b>	<b>1 040 959</b>	<b>1 209 933</b>	<b>1 645 611</b>	

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

Description	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework			
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
<b>Revenue - Functional</b>																
<b>Governance and administration</b>	172 617	230 231	339 909	184 249	217 866	237 795	143 697	111 416	262 803	175 055	112 750	113 690	2 302 079	2 359 238	2 893 181	
Executive and council													-	-	-	
Finance and administration	172 617	230 231	339 909	184 249	217 866	237 795	143 697	111 416	262 803	175 055	112 750	113 690	2 302 079	2 359 238	2 893 181	
Internal audit													-	-	-	
<b>Community and public safety</b>	3 404	4 540	6 702	3 633	4 296	4 689	2 833	2 197	5 182	3 452	2 223	2 242	45 392	48 115	51 003	
Community and social services	381	508	749	406	480	524	317	246	579	386	249	251	5 075	5 379	5 702	
Sport and recreation	708	944	1 394	755	893	975	589	457	1 078	718	462	466	9 439	10 005	10 605	
Public safety	2 313	3 085	4 554	2 469	2 919	3 186	1 925	1 493	3 521	2 345	1 511	1 523	30 844	32 695	34 657	
Housing	3	3	5	3	3	3	2	2	4	3	2	2	34	36	38	
Health													-	-	-	
<b>Economic and environmental services</b>	8 182	10 913	16 112	8 733	10 327	11 272	6 811	5 281	12 457	8 298	5 344	5 389	109 119	117 666	122 606	
Planning and development	6 964	9 289	13 713	7 433	8 790	9 594	5 797	4 495	10 603	7 062	4 549	4 587	92 876	100 448	104 355	
Road transport	1 021	1 362	2 010	1 090	1 289	1 406	850	659	1 554	1 035	667	672	13 615	14 432	15 298	
Environmental protection	197	263	388	210	249	272	164	127	300	200	129	130	2 628	2 786	2 953	
<b>Trading services</b>	111 472	148 678	219 505	118 983	140 693	153 562	92 796	71 950	169 712	113 047	72 812	73 418	1 486 627	1 635 198	1 795 588	
Energy sources	72 920	97 258	143 590	77 833	92 034	100 453	60 703	47 066	111 017	73 950	47 630	48 027	972 480	1 069 721	1 176 686	
Water management	23 508	31 354	46 290	25 092	29 670	32 384	19 569	15 173	35 790	23 840	15 355	15 483	313 506	344 853	379 332	
Waste water management	7 086	9 451	13 953	7 563	8 943	9 761	5 899	4 573	10 788	7 186	4 628	4 667	94 496	103 946	111 310	
Waste management	7 959	10 616	15 673	8 495	10 045	10 964	6 626	5 137	12 117	8 072	5 199	5 242	106 145	116 678	128 259	
<b>Other</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Revenue - Functional</b>	<b>295 675</b>	<b>394 361</b>	<b>582 228</b>	<b>315 599</b>	<b>373 181</b>	<b>407 317</b>	<b>246 138</b>	<b>190 844</b>	<b>450 154</b>	<b>299 851</b>	<b>193 130</b>	<b>194 738</b>	<b>3 943 217</b>	<b>4 160 217</b>	<b>4 862 377</b>	
<b>Expenditure - Functional</b>																
<b>Governance and administration</b>	79 494	83 058	87 540	73 517	72 241	87 849	78 842	74 539	77 681	77 818	78 999	100 883	972 460	984 784	1 135 612	
Executive and council	19 865	20 756	21 876	18 372	18 053	21 953	19 702	18 627	19 412	19 446	19 742	25 210	243 014	285 517	310 820	
Finance and administration	58 673	61 303	64 612	54 262	53 320	64 840	58 192	55 016	57 335	57 436	58 308	74 460	717 756	689 473	814 530	

### Budgeted monthly revenue and expenditure (standard classification) – Continued

Description	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Internal audit	956	998	1 052	884	868	1 056	948	896	934	935	950	1 213	11 690	9 794	10 262
<b>Community and public safety</b>	<b>22 275</b>	<b>23 273</b>	<b>24 529</b>	<b>20 600</b>	<b>20 242</b>	<b>24 616</b>	<b>22 092</b>	<b>20 886</b>	<b>21 767</b>	<b>21 805</b>	<b>22 136</b>	<b>28 268</b>	<b>272 491</b>	<b>279 931</b>	<b>296 460</b>
Community and social services	5 292	5 530	5 828	4 894	4 809	5 849	5 249	4 962	5 172	5 181	5 259	6 716	64 741	68 214	72 040
Sport and recreation	13 072	13 658	14 395	12 089	11 879	14 446	12 965	12 257	12 774	12 797	12 991	16 589	159 914	161 220	170 893
Public safety	2 856	2 984	3 145	2 641	2 595	3 156	2 832	2 678	2 791	2 795	2 838	3 624	34 934	36 893	39 107
Housing	673	703	741	623	612	744	668	631	658	659	669	854	8 235	8 682	9 203
Health	382	399	420	353	347	422	378	358	373	373	379	484	4 667	4 922	5 217
<b>Economic and environmental services</b>	<b>31 436</b>	<b>32 845</b>	<b>34 618</b>	<b>29 073</b>	<b>28 568</b>	<b>34 740</b>	<b>31 178</b>	<b>29 477</b>	<b>30 719</b>	<b>30 773</b>	<b>31 241</b>	<b>39 894</b>	<b>384 563</b>	<b>333 752</b>	<b>361 505</b>
Planning and development	7 588	7 928	8 356	7 018	6 896	8 386	7 526	7 115	7 415	7 428	7 541	9 630	92 826	98 376	106 468
Road transport	23 792	24 859	26 200	22 004	21 622	26 293	23 597	22 309	23 250	23 291	23 644	30 194	291 055	234 657	254 275
Environmental protection	56	58	61	52	51	62	55	52	54	55	55	71	681	718	761
<b>Trading services</b>	<b>104 041</b>	<b>108 705</b>	<b>114 571</b>	<b>96 219</b>	<b>94 548</b>	<b>114 976</b>	<b>103 187</b>	<b>97 555</b>	<b>101 668</b>	<b>101 847</b>	<b>103 393</b>	<b>132 034</b>	<b>1 272 745</b>	<b>1 351 817</b>	<b>1 423 188</b>
Energy sources	65 906	68 860	72 576	60 951	59 892	72 833	65 365	61 797	64 402	64 516	65 495	83 638	806 231	860 685	909 326
Water management	24 620	25 723	27 112	22 769	22 373	27 207	24 418	23 085	24 058	24 101	24 467	31 244	301 177	318 919	337 975
Waste water management	8 203	8 571	9 034	7 587	7 455	9 066	8 136	7 692	8 016	8 030	8 152	10 411	100 353	103 550	103 123
Waste management	5 312	5 550	5 850	4 913	4 827	5 870	5 269	4 981	5 191	5 200	5 279	6 741	64 984	68 663	72 765
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditure - Functional</b>	<b>237 246</b>	<b>247 881</b>	<b>261 258</b>	<b>219 409</b>	<b>215 599</b>	<b>262 182</b>	<b>235 299</b>	<b>222 457</b>	<b>231 835</b>	<b>232 243</b>	<b>235 769</b>	<b>301 079</b>	<b>2 902 258</b>	<b>2 950 284</b>	<b>3 216 766</b>
Surplus/(Deficit) before assoc.	58 429	146 480	320 970	96 189	157 582	145 135	10 839	(31 613)	218 319	67 609	(42 640)	(106 341)	1 040 959	1 209 933	1 645 611
Share of surplus/ (deficit) of associate													-	-	-
<b>Surplus/(Deficit)</b>	<b>58 429</b>	<b>146 480</b>	<b>320 970</b>	<b>96 189</b>	<b>157 582</b>	<b>145 135</b>	<b>10 839</b>	<b>(31 613)</b>	<b>218 319</b>	<b>67 609</b>	<b>(42 640)</b>	<b>(106 341)</b>	<b>1 040 959</b>	<b>1 209 933</b>	<b>1 645 611</b>

### MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>															
<b>Single-year expenditure to be appropriated</b>															
Vote 1 - COUNCIL													-	-	-
Vote 2 - Office of the Municipal Manger													-	-	-
Vote 3 - Strategic Planning Monitoring and Evaluation													-	-	-
Vote 4 - Engineering Services	10 585	17 420	34 260	48 168	48 268	56 040	56 073	56 073	88 953	102 481	136 569	164 634	819 524	1 036 178	1 492 250
Vote 5 - Community Services	456	751	1 477	2 077	2 081	2 416	2 417	2 417	3 835	4 418	5 888	7 098	35 332	27 380	24 750
Vote 6 - Community Development	1 204	1 982	3 898	5 481	5 492	6 376	6 380	6 380	10 121	11 661	15 539	18 733	93 249	87 408	90 300
Vote 7 - Corporate and Shared Services	565	930	1 829	2 571	2 577	2 992	2 993	2 993	4 749	5 471	7 291	8 789	43 750	7 250	6 300
Vote 8 - Planning and Economic Development	129	213	418	588	589	684	684	684	1 085	1 250	1 666	2 009	10 000	13 500	4 500
Vote 9 - Budget and Treasury	79	131	257	362	362	421	421	421	668	769	1 025	1 236	6 151	2 000	2 000
Vote 10 - Transport Operations	2 869	4 721	9 285	13 055	13 082	15 188	15 197	15 197	24 109	27 775	37 014	44 620	222 112	28 636	27 737
<b>Capital single-year expenditure sub-total</b>	<b>15 888</b>	<b>26 147</b>	<b>51 424</b>	<b>72 301</b>	<b>72 451</b>	<b>84 117</b>	<b>84 167</b>	<b>84 167</b>	<b>133 520</b>	<b>153 826</b>	<b>204 992</b>	<b>247 118</b>	<b>1 230 118</b>	<b>1 202 352</b>	<b>1 647 837</b>
<b>Total Capital Expenditure</b>	<b>15 888</b>	<b>26 147</b>	<b>51 424</b>	<b>72 301</b>	<b>72 451</b>	<b>84 117</b>	<b>84 167</b>	<b>84 167</b>	<b>133 520</b>	<b>153 826</b>	<b>204 992</b>	<b>247 118</b>	<b>1 230 118</b>	<b>1 202 352</b>	<b>1 647 837</b>

### MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Capital Expenditure - Functional</b>															
<b>Governance and administration</b>	644	1 061	2 086	2 933	2 939	3 412	3 414	3 414	5 416	6 240	8 315	10 024	49 898	9 250	8 300
Executive and council													-	-	-
Finance and administration	644	1 061	2 086	2 933	2 939	3 412	3 414	3 414	5 416	6 240	8 315	10 024	49 898	9 250	8 300
Internal audit													-	-	-
<b>Community and public safety</b>	1 447	2 381	4 683	6 585	6 598	7 661	7 665	7 665	12 160	14 009	18 669	22 506	112 030	101 588	107 750
Community and social services	697	1 148	2 257	3 174	3 180	3 693	3 695	3 695	5 861	6 753	8 999	10 848	54 000	43 950	61 400
Sport and recreation	649	1 068	2 101	2 953	2 960	3 436	3 438	3 438	5 454	6 284	8 374	10 095	50 249	52 758	40 000
Public safety	100	165	325	457	458	532	532	532	845	973	1 297	1 563	7 781	4 880	6 350
<b>Economic and environmental services</b>	5 408	8 900	17 504	24 610	24 661	28 632	28 649	28 649	45 448	52 360	69 777	84 116	418 716	339 604	346 798
Planning and development	129	213	418	588	589	684	684	684	1 085	1 250	1 666	2 009	10 000	13 500	4 500
Road transport	5 279	8 688	17 086	24 022	24 072	27 949	27 965	27 965	44 363	51 110	68 110	82 107	408 716	326 104	342 298
<b>Trading services</b>	8 389	13 805	27 151	38 173	38 252	44 412	44 438	44 438	70 495	81 217	108 231	130 473	649 474	751 910	1 184 989
Energy sources	1 086	1 787	3 514	4 940	4 950	5 747	5 751	5 751	9 123	10 510	14 006	16 885	84 050	160 100	163 000
Water management	5 384	8 860	17 426	24 500	24 551	28 504	28 521	28 521	45 245	52 126	69 464	83 738	416 838	464 923	604 689
Waste water management	1 705	2 806	5 520	7 760	7 776	9 029	9 034	9 034	14 331	16 511	22 003	26 524	132 035	113 687	410 000
Waste management	214	352	692	973	975	1 132	1 132	1 132	1 796	2 070	2 758	3 325	16 551	13 200	7 300
<b>Other</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	<b>15 888</b>	<b>26 147</b>	<b>51 424</b>	<b>72 301</b>	<b>72 451</b>	<b>84 117</b>	<b>84 167</b>	<b>84 167</b>	<b>133 520</b>	<b>153 826</b>	<b>204 992</b>	<b>247 118</b>	<b>1 230 118</b>	<b>1 202 352</b>	<b>1 647 837</b>
<b>Funded by:</b>															
National Government	8 273	13 788	27 576	38 606	38 606	44 889	44 889	44 889	71 697	82 728	110 303	124 710	650 955	758 454	1 164 787
Transfers recognised - capital	8 273	13 788	27 576	38 606	38 606	44 889	44 889	44 889	71 697	82 728	110 303	124 710	650 955	758 454	1 164 787
Public contributions & donations													-	-	-
Borrowing	3 862	6 436	12 872	18 021	18 021	20 953	20 953	20 953	24 000	29 000	30 000	33 929	239 000	-	-
Internally generated funds	3 754	5 923	10 976	15 674	15 824	18 275	18 325	18 325	37 823	42 099	64 689	88 478	340 163	443 898	483 050
<b>Total Capital Funding</b>	<b>15 888</b>	<b>26 147</b>	<b>51 424</b>	<b>72 301</b>	<b>72 451</b>	<b>84 117</b>	<b>84 167</b>	<b>84 167</b>	<b>133 520</b>	<b>153 826</b>	<b>204 992</b>	<b>247 118</b>	<b>1 230 118</b>	<b>1 202 352</b>	<b>1 647 837</b>

## MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19
<b>Cash Receipts By Source</b>													1		
Property rates	28 633	28 916	29 198	29 339	29 268	29 444	29 374	29 444	29 550	29 691	29 797	18 954	341 609	362 105	383 831
Service charges - electricity revenue	75 078	75 817	76 557	76 927	76 742	77 204	77 019	77 204	77 482	77 851	78 129	29 059	875 069	962 577	1 058 835
Service charges - water revenue	22 902	23 128	23 353	23 466	23 410	23 551	23 494	23 551	23 635	23 748	23 833	23 974	282 047	310 252	341 276
Service charges - sanitation revenue	6 752	6 819	6 885	6 919	6 902	6 944	6 927	6 944	6 969	7 002	7 027	7 068	83 156	91 472	97 953
Service charges - refuse revenue	7 438	7 512	7 585	7 622	7 603	7 649	7 631	7 649	7 677	7 713	7 741	7 787	91 607	100 768	110 845
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	2 677	2 704	2 730	2 743	2 737	2 753	2 747	2 753	2 763	2 776	2 786	2 803	32 972	34 950	37 047
Interest earned - external investments	3 394	3 427	3 461	3 478	3 469	3 490	3 482	3 490	3 503	3 519	3 532	3 553	41 798	44 306	46 965
Interest earned - outstanding debtors	5 040	5 090	5 139	5 164	5 152	5 183	5 170	5 183	5 201	5 226	5 245	5 276	62 070	65 795	69 743
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	1 812	1 830	1 848	1 857	1 853	1 864	1 859	1 864	1 870	1 879	1 886	1 897	22 320	23 659	25 079
Licences and permits	1 061	1 071	1 082	1 087	1 084	1 091	1 088	1 091	1 095	1 100	1 104	1 110	13 063	13 847	14 677
Agency services	1 715	1 732	1 749	1 758	1 753	1 764	1 760	1 764	1 770	1 779	1 785	1 796	21 124	22 391	23 734
Transfer receipts - operational	318 582					318 582			318 582			13 166	968 911	956 082	1 028 010
Other revenue	10 313	10 415	10 516	10 567	10 542	10 605	10 580	10 605	10 643	10 694	10 732	73 108	189 320	127 726	151 199
<b>Cash Receipts by Source</b>	<b>485 398</b>	<b>168 460</b>	<b>170 104</b>	<b>170 926</b>	<b>170 515</b>	<b>490 124</b>	<b>171 131</b>	<b>171 542</b>	<b>490 740</b>	<b>172 980</b>	<b>173 596</b>	<b>189 551</b>	<b>3 025 066</b>	<b>3 115 930</b>	<b>3 389 195</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital		60 000	90 000	180 000		100 000	80 000					140 955	650 955	758 454	1 164 787
Proceeds on disposal of PPE												28 700	28 700	36 368	41 461
Short term loans												-	-	-	-
Borrowing long term/refinancing		205 000					105 000					-	310 000		
Increase (decrease) in consumer deposits												40 000	40 000		
Decrease (Increase) in non-current debtors												-	-		
Decrease (increase) other non-current receivables												-	-		
Decrease (increase) in non-current investments												-	-		
<b>Total Cash Receipts by Source</b>	<b>485 398</b>	<b>433 460</b>	<b>260 104</b>	<b>350 926</b>	<b>170 515</b>	<b>590 124</b>	<b>356 131</b>	<b>171 542</b>	<b>490 740</b>	<b>172 980</b>	<b>173 596</b>	<b>399 206</b>	<b>4 054 721</b>	<b>3 910 752</b>	<b>4 595 443</b>

## Budgeted monthly cash flow - Continued

MONTHLY CASH FLOWS	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Cash Payments by Type</b>																
Employee related costs	57 300	58 100	58 700	57 200	57 800	58 900	63 111	60 200	59 828	60 300	61 200	53 802	706 441	748 827	793 757	
Remuneration of councillors	3 000	3 010	3 020	3 028	3 020	3 020	3 080	3 012	3 020	3 010	3 015	3 008	36 244	38 419	40 724	
Finance charges						41 800						34 200	76 000	83 600	114 000	
Bulk purchases - Electricity	60 000	55 585	54 585	55 585	54 585	50 000	45 000	41 585	45 000	49 000	54 585	62 488	628 000	665 680	705 621	
Bulk purchases - Water & Sewer	15 955	19 500	15 955	19 500	15 955	15 955	15 955	19 500	15 955	15 955	19 500	(6 078)	183 606	194 623	206 300	
Other materials	8 000	10 000	15 000	15 000	15 000	15 000	20 568	20 569	20 569	20 569	22 000	12 444	194 719	201 648	212 521	
Contracted services	10 000	10 000	12 000	12 000	12 000	12 000	19 748	19 749	19 748	19 748	17 000	149 636	313 629	199 757	277 795	
Transfers and grants - other municipalities												-				
Transfers and grants - other	1 787	40	1 787	40	40	1 787	40	40	40	40	40	40	5 720	15 720	15 720	
Other expenditure	27 500	28 000	29 100	29 000	29 300	29 400	29 500	29 620	29 520	29 450	29 698	64 984	385 072	411 181	430 028	
<b>Cash Payments by Type</b>	<b>183 542</b>	<b>184 235</b>	<b>190 147</b>	<b>191 353</b>	<b>187 701</b>	<b>227 862</b>	<b>197 002</b>	<b>194 275</b>	<b>193 680</b>	<b>198 072</b>	<b>207 038</b>	<b>374 523</b>	<b>2 529 431</b>	<b>2 559 456</b>	<b>2 796 466</b>	
<b>Other Cash Flows/Payments by Type</b>																
Capital assets	15 000	25 000	50 000	70 000	70 000	81 392	81 392	81 392	130 000	150 000	200 000	214 436	1 168 612	1 142 234	1 614 880	
Repayment of borrowing						76 000						75 000	151 000	110 450	52 082	
Other Cash Flows/Payments												-				
<b>Total Cash Payments by Type</b>	<b>198 542</b>	<b>209 235</b>	<b>240 147</b>	<b>261 353</b>	<b>257 701</b>	<b>385 254</b>	<b>278 394</b>	<b>275 667</b>	<b>323 680</b>	<b>348 072</b>	<b>407 038</b>	<b>663 959</b>	<b>3 849 043</b>	<b>3 812 140</b>	<b>4 463 428</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>286 857</b>	<b>224 225</b>	<b>19 956</b>	<b>89 572</b>	<b>(87 186)</b>	<b>204 870</b>	<b>77 737</b>	<b>(104 125)</b>	<b>167 059</b>	<b>(175 092)</b>	<b>(233 442)</b>	<b>(264 754)</b>	<b>205 678</b>	<b>98 612</b>	<b>132 015</b>	
Cash/cash equivalents at the month/year begin:	60 793	347 650	571 874	591 831	681 403	594 217	799 087	876 824	772 699	939 758	764 666	531 225	60 793	266 471	365 083	
Cash/cash equivalents at the month/year end:	347 650	571 874	591 831	681 403	594 217	799 087	876 824	772 699	939 758	764 666	531 225	266 471	266 471	365 083	497 098	

## 2.9 Annual budgets and SDBIPs – Internal departments

### Services Department – Operating revenue by source, expenditure by type and total capital expenditure

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	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue By Source</b>									
Property rates				357 780	357 780	357 780	388 192	411 483	436 172
Service charges - electricity revenue				917 263	917 263	917 263	972 299	1 069 530	1 176 483
Service charges - water revenue				284 895	284 895	284 895	313 385	344 724	379 196
Service charges - sanitation revenue				60 858	60 858	60 858	94 496	103 946	111 310
Service charges - refuse revenue				69 588	69 588	69 588	104 099	114 509	125 960
Service charges - other									
Rental of facilities and equipment				13 500	13 500	13 500	35 454	37 581	39 836
Interest earned - external investments				40 000	40 000	40 000	44 944	47 641	50 500
Interest earned - outstanding debtors				59 400	59 400	59 400	66 742	70 747	74 992
Dividends received				-	-	-			
Fines, penalties and forfeits				12 000	12 000	12 000	24 000	25 440	26 967
Licences and permits				12 501	12 501	12 501	14 046	14 889	15 782
Agency services				18 800	18 800	18 800	21 124	22 391	23 734
Transfers and subsidies				864 900	854 258	854 258	968 911	958 082	1 028 010
Other revenue				68 840	164 431	164 431	203 570	137 340	162 580
Gains on disposal of PPE				38 000	38 000	38 000	41 000	45 460	46 068
<b>Total Revenue (excluding capital transfers and contributions)</b>				<b>2 818 325</b>	<b>2 903 275</b>	<b>2 903 275</b>	<b>3 292 262</b>	<b>3 403 763</b>	<b>3 697 590</b>
<b>Expenditure By Type</b>									
Employee related costs				644 064	645 892	645 892	743 622	788 239	835 533
Remuneration of councillors				35 326	35 326	35 326	38 152	40 441	42 867
Debt impairment				50 000	50 000	50 000	55 000	57 000	62 000
Depreciation & asset impairment				180 000	180 000	180 000	185 000	199 948	211 945
Finance charges				40 000	40 000	40 000	80 000	88 000	120 000
Bulk purchases				839 635	839 635	839 635	854 322	905 582	959 917
Other materials				203 209	246 103	246 103	204 967	212 261	223 706
Contracted services				193 255	215 574	215 574	330 136	210 271	292 416
Transfers and subsidies				11 500	15 500	15 500	5 720	15 720	15 720
Other expenditure				381 567	393 890	393 890	405 339	432 822	452 662
Loss on disposal of PPE									
<b>Total Expenditure</b>				<b>2 578 556</b>	<b>2 661 921</b>	<b>2 661 921</b>	<b>2 902 258</b>	<b>2 950 284</b>	<b>3 216 766</b>
<b>Surplus/(Deficit)</b>				<b>239 769</b>	<b>241 354</b>	<b>241 354</b>	<b>390 004</b>	<b>453 479</b>	<b>480 824</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)				622 026	612 668	612 668	650 955	756 454	1 164 787
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Transfers and subsidies - capital (in-kind - all)				-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>				<b>861 795</b>	<b>854 022</b>	<b>854 022</b>	<b>1 040 959</b>	<b>1 209 933</b>	<b>1 645 611</b>
Taxation									
<b>Surplus/(Deficit) after taxation</b>				<b>861 795</b>	<b>854 022</b>	<b>854 022</b>	<b>1 040 959</b>	<b>1 209 933</b>	<b>1 645 611</b>
Attributable to minorities									
<b>Surplus/(Deficit) attributable to municipality</b>				<b>861 795</b>	<b>854 022</b>	<b>854 022</b>	<b>1 040 959</b>	<b>1 209 933</b>	<b>1 645 611</b>
Share of surplus/ (deficit) of associate									
<b>Surplus/(Deficit) for the year</b>				<b>861 795</b>	<b>854 022</b>	<b>854 022</b>	<b>1 040 959</b>	<b>1 209 933</b>	<b>1 645 611</b>



## Total Capital Expenditure

Vote 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	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Capital expenditure - Vote</b>									
<b>Single-year expenditure to be appropriated</b>									
Vote 1 - COUNCIL				3 000	3 000	3 000	-	-	-
Vote 2 - Office of the Municipal Manger				-	-	-	-	-	-
Vote 3 - Strategic Planning Monitoring and Evaluation				6 850	6 850	6 850	-	-	-
Vote 4 - Engineering Services				779 015	741 386	741 386	819 524	1 036 178	1 492 250
Vote 5 - Community Services				27 716	34 981	34 981	35 332	27 380	24 750
Vote 6 - Community Development				85 275	89 435	89 435	93 249	87 408	90 300
Vote 7 - Corporate and Shared Services				12 100	35 100	35 100	43 750	7 250	6 300
Vote 8 - Planning and Economic Development				27 500	9 095	9 095	10 000	13 500	4 500
Vote 9 - Budget and Treasury				8 350	6 350	6 350	6 151	2 000	2 000
Vote 10 - Transport Operations				146 661	137 303	137 303	222 112	28 636	27 737
<b>Capital single-year expenditure sub-total</b>				<b>1 096 467</b>	<b>1 063 499</b>	<b>1 063 499</b>	<b>1 230 118</b>	<b>1 202 352</b>	<b>1 647 837</b>
<b>Total Capital Expenditure - Vote</b>				<b>1 096 467</b>	<b>1 063 499</b>	<b>1 063 499</b>	<b>1 230 118</b>	<b>1 202 352</b>	<b>1 647 837</b>
<b>Capital Expenditure - Functional</b>									
<b>Governance and administration</b>				<b>61 525</b>	<b>77 125</b>	<b>77 125</b>	<b>49 898</b>	<b>9 250</b>	<b>8 300</b>
Executive and council				3 000	3 000	3 000			
Finance and administration				58 525	74 125	74 125	49 898	9 250	8 300
Internal audit									
<b>Community and public safety</b>				<b>72 516</b>	<b>82 275</b>	<b>82 275</b>	<b>112 030</b>	<b>101 588</b>	<b>107 750</b>
Community and social services				20 750	19 750	19 750	54 000	43 950	61 400
Sport and recreation				45 900	56 360	56 360	50 249	52 758	40 000
Public safety				5 866	6 131	6 131	7 781	4 880	6 350
Housing				-	35	35			
Health									
<b>Economic and environmental services</b>				<b>366 999</b>	<b>310 792</b>	<b>310 792</b>	<b>418 716</b>	<b>339 604</b>	<b>346 798</b>
Planning and development				27 500	6 460	6 460	10 000	13 500	4 500
Road transport				339 499	304 332	304 332	408 716	326 104	342 298
Environmental protection									
<b>Trading services</b>				<b>595 427</b>	<b>593 307</b>	<b>593 307</b>	<b>649 474</b>	<b>751 910</b>	<b>1 184 989</b>
Energy sources				31 000	31 000	31 000	84 050	160 100	163 000
Water management				375 018	494 898	494 898	416 838	464 923	604 689
Waste water management				-	50 159	50 159	132 035	113 687	410 000
Waste management				189 409	17 250	17 250	16 551	13 200	7 300
<b>Other</b>									
<b>Total Capital Expenditure - Functional</b>				<b>1 096 467</b>	<b>1 063 499</b>	<b>1 063 499</b>	<b>1 230 118</b>	<b>1 202 352</b>	<b>1 647 837</b>
<b>Funded by:</b>									
National Government				622 026	612 668	612 668	650 955	758 454	1 164 787
Provincial Government									
District Municipality									
Other transfers and grants									
<b>Transfers recognised - capital</b>				<b>622 026</b>	<b>612 668</b>	<b>612 668</b>	<b>650 955</b>	<b>758 454</b>	<b>1 164 787</b>
<b>Public contributions &amp; donations</b>									
<b>Borrowing</b>				235 000	235 000	235 000	239 000		
<b>Internally generated funds</b>				239 441	215 832	215 832	340 163	443 898	483 050
<b>Total Capital Funding</b>				<b>1 096 467</b>	<b>1 063 499</b>	<b>1 063 499</b>	<b>1 230 118</b>	<b>1 202 352</b>	<b>1 647 837</b>

## 2.10 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, the following contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

Description	Preceding Years	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework			Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Total Contract Value
	Total	Original Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
<b>Parent Municipality:</b>													
<b>Revenue Obligation By Contract</b>													
Contract 1													-
Contract 2													-
Contract 3 etc													-
<b>Total Operating Revenue Implication</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Expenditure Obligation By Contract</b>													
Fleet Management			140 000	100 000	100 000	115 216	126 738	139 412	153 353	168 688	185 557	204 113	1 433 076
Contract 2													-
Contract 3 etc													-
<b>Total Operating Expenditure Implication</b>	-	-	140 000	100 000	100 000	115 216	126 738	139 412	153 353	168 688	185 557	204 113	1 433 076
<b>Capital Expenditure Obligation By Contract</b>													
Regional Waste Water						45 000	45 000	45 000	45 000	45 000	45 000	45 000	315 000
Municipal Office Building							20 000	21 200	22 472	23 820	25 250	26 765	139 506
Contract 3 etc													-
<b>Total Capital Expenditure Implication</b>	-	-	-	-	-	45 000	65 000	66 200	67 472	68 820	70 250	71 765	454 506
<b>Total Parent Expenditure Implication</b>	-	-	140 000	100 000	100 000	160 216	191 738	205 612	220 825	237 508	255 806	275 877	1 887 582

## 2.11 Capital expenditure details

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

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

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	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>				<b>437 877</b>	<b>601 698</b>	<b>601 698</b>	<b>759 324</b>	<b>712 355</b>	<b>1 115 875</b>
Roads Infrastructure				89 300	86 672	86 672	269 950	116 136	109 886
<i>Roads</i>							47 838	87 500	82 149
<i>Road Structures</i>							222 112	28 636	27 737
<i>Capital Spares</i>				89 300	86 672	86 672			
Electrical Infrastructure				29 000	27 997	27 997	71 900	108 750	115 500
<i>Capital Spares</i>				29 000	27 997	27 997	71 900	108 750	115 500
Water Supply Infrastructure				139 418	436 870	436 870	270 338	363 982	473 689
<i>Distribution</i>							270 338	363 982	473 689
<i>Capital Spares</i>				139 418	436 870	436 870			
Sanitation Infrastructure				180 159	50 159	50 159	132 035	113 687	410 000
<i>Pump Station</i>									
<i>Reticulation</i>							132 035	113 687	410 000
<i>Capital Spares</i>				180 159	50 159	50 159			
Solid Waste Infrastructure				-	-	-	15 101	9 800	6 800
<i>Landfill Sites</i>							10 001	-	-
<i>Waste Transfer Stations</i>							5 100	9 800	6 800
<b>Community Assets</b>				<b>57 666</b>	<b>54 606</b>	<b>54 606</b>	<b>53 135</b>	<b>65 470</b>	<b>42 350</b>
Community Facilities				57 666	54 606	54 606	12 886	14 030	27 350
<i>Centres</i>							500	2 100	12 000
<i>Fire/Ambulance Stations</i>							3 536	2 780	5 750
<i>Museums</i>							-	800	800
<i>Libraries</i>							1 300	3 300	2 500
<i>Public Open Space</i>							4 450	3 250	4 200
<i>Capital Spares</i>				57 666	54 606	54 606	3 100	1 800	2 100
Sport and Recreation Facilities				-	-	-	40 249	51 440	15 000
<i>Outdoor Facilities</i>							40 249	51 440	15 000
<b>Investment properties</b>				<b>-</b>	<b>-</b>	<b>-</b>	<b>10 000</b>	<b>13 500</b>	<b>4 500</b>
Revenue Generating				-	-	-	10 000	13 500	4 500
<i>Improved Property</i>									
<i>Unimproved Property</i>							10 000	13 500	4 500
<b>Other assets</b>				<b>61 300</b>	<b>42 045</b>	<b>42 045</b>	<b>5 500</b>	<b>6 000</b>	<b>10 000</b>
Operational Buildings				61 300	42 045	42 045	5 500	6 000	10 000
<i>Municipal Offices</i>							5 500	6 000	10 000
<i>Capital Spares</i>				61 300	42 045	42 045			
<b>Intangible Assets</b>				<b>-</b>	<b>-</b>	<b>-</b>	<b>750</b>	<b>750</b>	<b>800</b>
Licences and Rights				-	-	-	750	750	800
<i>Computer Software and Applications</i>							750	750	800
<b>Computer Equipment</b>				<b>-</b>	<b>-</b>	<b>-</b>	<b>2 000</b>	<b>2 000</b>	<b>2 000</b>
Computer Equipment							2 000	2 000	2 000
<b>Furniture and Office Equipment</b>				<b>-</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>500</b>	<b>500</b>
Furniture and Office Equipment							500	500	500
<b>Transport Assets</b>				<b>123 411</b>	<b>152 053</b>	<b>152 053</b>	<b>35 000</b>	<b>-</b>	<b>-</b>
Transport Assets				123 411	152 053	152 053	35 000	-	-
<b>Total Capital Expenditure on new assets</b>				<b>680 254</b>	<b>850 401</b>	<b>850 401</b>	<b>866 209</b>	<b>800 575</b>	<b>1 176 025</b>

**Table 56 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class**

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	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>									
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	-	-	-	343 638	143 889	143 889	254 080	174 718	185 412
Roads Infrastructure	-	-	-	103 538	80 358	80 358	106 380	119 968	137 412
Roads							106 380	119 968	137 412
Road Structures									
Road Furniture									
Capital Spares				103 538	80 358	80 358			
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Drainage Collection									
Storm water Conveyance									
Attenuation									
Electrical Infrastructure	-	-	-	2 000	3 003	3 003	12 250	51 350	47 500
Power Plants									
Capital Spares				2 000	3 003	3 003	12 250	51 350	47 500
Water Supply Infrastructure	-	-	-	235 600	58 028	58 028	134 000	-	-
Water Treatment Works									
Bulk Mains									
Distribution							134 000		
Sanitation Infrastructure	-	-	-	2 500	2 500	2 500	-	-	-
Capital Spares				2 500	2 500	2 500			
Solid Waste Infrastructure	-	-	-	-	-	-	1 450	3 400	500
Landfill Sites							850	3 000	-
Electricity Generation Facilities									
Capital Spares									
Data Centres									
Core Layers									
Distribution Layers									
Capital Spares									
<b>Community Assets</b>	-	-	-	26 750	26 260	26 260	5 095	12 450	16 550
Community Facilities	-	-	-	20 750	13 210	13 210	5 095	12 450	16 550
Halls				-	2 000	2 000	900	5 500	9 300
Centres									
Crèches									
Clinics/Care Centres									
Fire/Ambulance Stations				1 166	2 735	2 735	1 745	1 000	-
Testing Stations									
Capital Spares				17 284	-	-	250	3 600	6 750
Sport and Recreation Facilities	-	-	-	6 000	13 050	13 050	-	-	-
Indoor Facilities									
Outdoor Facilities									
Capital Spares				6 000	13 050	13 050			
<b>Other assets</b>	-	-	-	39 225	36 350	36 350	27 248	10 000	9 350
Operational Buildings	-	-	-	39 225	36 350	36 350	27 248	10 000	9 350
Municipal Offices				30 875	11 500	11 500	21 100	8 000	7 350
Pay/Enquiry Points									
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets									
<b>Computer Equipment</b>	-	-	-	6 600	5 900	5 900	-	-	-
Computer Equipment				6 600	5 900	5 900			
<b>Zoo's, Marine and Non-biological Animals</b>	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals									
<b>Total Capital Expenditure on renewal of existing</b>	-	-	-	416 213	213 099	213 099	290 823	204 018	215 312
<b>Renewal of Existing Assets as % of total capex</b>	0,0%	0,0%	0,0%	38,0%	20,0%	20,0%	23,6%	17,0%	13,1%
<b>Renewal of Existing Assets as % of deprecn"</b>	0,0%	0,0%	0,0%	231,2%	118,4%	118,4%	157,2%	102,0%	101,6%

**Table 57 MBRR SA34c - Repairs and maintenance expenditure by asset class**

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	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>									
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	-	-	-	133 095	133 414	133 414	138 644	146 209	154 981
Roads Infrastructure	-	-	-	16 764	61 726	61 726	57 726	59 928	63 524
Roads				16 764	61 726	61 726	24 036	25 478	27 006
Capital Spares							15 726	15 408	16 332
Storm water Infrastructure	-	-	-	24 337	1 990	1 990	1 670	1 770	1 876
Attenuation									
Electrical Infrastructure	-	-	-	21 900	13 107	13 107	35 773	37 919	40 194
Capital Spares				21 900	13 107	13 107	35 773	37 919	40 194
Water Supply Infrastructure	-	-	-	29 027	20 235	20 235	24 720	26 711	28 313
Capital Spares							1 911	2 534	2 686
Sanitation Infrastructure	-	-	-	14 987	14 987	14 987	6 961	7 379	7 822
Pump Station									
Reticulation				14 987	14 987	14 987	4 772	5 058	5 362
Waste Water Treatment Works							2 190	2 321	2 460
Capital Spares									
Solid Waste Infrastructure	-	-	-	26 018	21 306	21 306	11 742	12 446	13 193
Landfill Sites									
Capital Spares							321	340	361
<b>Community Assets</b>	-	-	-	21 202	22 674	22 674	24 399	21 846	23 157
Community Facilities	-	-	-	18 275	17 311	17 311	20 076	17 361	18 403
Halls				3 916					
Centres									
Crèches									
Clinics/Care Centres									
Fire/Ambulance Stations				889	1 816	1 816	1 582	1 677	1 778
Testing Stations							2	2	2
Museums							17	18	19
Galleries							28	60	64
Theatres									
Libraries				89	341	341	36	39	41
Cemeteries/Crematoria				805	1 212	1 212	1 018	1 079	1 144
Police									
Parks									
Public Open Space				6 511	6 762	6 762	8 963	5 593	5 928
Nature Reserves							396	377	400
Sport and Recreation Facilities	-	-	-	2 927	5 362	5 362	4 323	4 485	4 755
Indoor Facilities									
Outdoor Facilities							4 323	4 485	4 755
Capital Spares				2 927	5 362	5 362			
<b>Intangible Assets</b>	-	-	-	10 681	20 326	20 326	12 742	13 335	14 135
Servitudes									
Licences and Rights	-	-	-	10 681	20 326	20 326	12 742	13 335	14 135
Water Rights									
<b>Computer Equipment</b>	-	-	-	-	-	-	-	-	-
Computer Equipment									
<b>Furniture and Office Equipment</b>	-	-	-	961	1 031	1 031	2 026	2 148	2 277
Furniture and Office Equipment				961	1 031	1 031	2 026	2 148	2 277
<b>Machinery and Equipment</b>	-	-	-	13 269	57 908	57 908	19 549	20 662	21 901
Machinery and Equipment				13 269	57 908	57 908	19 549	20 662	21 901
<b>Total Repairs and Maintenance Expenditure</b>	-	-	-	203 209	246 103	246 103	204 967	212 261	223 706
<b>R&amp;M as a % of PPE</b>	0,0%	0,0%	0,0%	2,1%	2,6%	2,6%	2,1%	2,1%	2,1%
<b>R&amp;M as % Operating Expenditure</b>	0,0%	0,0%	0,0%	7,9%	9,2%	9,2%	7,7%	7,3%	7,6%

### Supporting Table SA34d Depreciation by asset class

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	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>									
<b>Depreciation by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	-	-	-	-	-	-	116 618	126 041	116 618
Roads Infrastructure	-	-	-	-	-	-	53 579	57 908	53 579
<i>Capital Spares</i>									
Storm water Infrastructure	-	-	-	-	-	-	7 893	8 531	7 893
<i>Drainage Collection</i>									
<i>Storm water Conveyance</i>							7 893	8 531	7 893
<i>Attenuation</i>									
Electrical Infrastructure	-	-	-	-	-	-	22 479	24 296	22 479
<i>Capital Spares</i>									
Water Supply Infrastructure	-	-	-	-	-	-	22 921	24 773	22 921
<i>Capital Spares</i>									
Sanitation Infrastructure	-	-	-	-	-	-	6 951	7 512	6 951
<i>Capital Spares</i>									
Solid Waste Infrastructure	-	-	-	-	-	-	2 138	2 311	2 138
<i>Capital Spares</i>									
<b>Community Assets</b>	-	-	-	-	-	-	31 675	34 234	31 675
Community Facilities	-	-	-	-	-	-	6 904	7 462	6 904
<i>Fire/Ambulance Stations</i>							693	749	693
<i>Police</i>									
<i>Capital Spares</i>									
Sport and Recreation Facilities	-	-	-	-	-	-	24 770	26 772	24 770
<i>Indoor Facilities</i>							1 569	1 696	1 569
<i>Outdoor Facilities</i>							23 201	25 076	23 201
<i>Capital Spares</i>									
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
<i>Improved Property</i>									
<i>Unimproved Property</i>									
<b>Other assets</b>	-	-	-	180 000	180 000	180 000	6 410	6 927	28 934
Operational Buildings	-	-	-	180 000	180 000	180 000	6 200	6 701	28 724
<i>Capital Spares</i>				180 000	180 000	180 000			22 524
Housing	-	-	-	-	-	-	209	226	209
<i>Capital Spares</i>									
<b>Furniture and Office Equipment</b>	-	-	-	-	-	-	5 729	6 192	6 565
Furniture and Office Equipment	-	-	-	-	-	-	5 729	6 192	6 565
<b>Total Depreciation</b>	-	-	-	180 000	180 000	180 000	185 000	199 948	211 945

**Supporting Table SA34e Consolidated capital expenditure on the upgrading of existing assets by asset class**

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	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>									
<b>Capital expenditure on upgrading of existing assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	-	-	-	-	-	-	44 886	190 941	226 000
Roads Infrastructure	-	-	-	-	-	-	32 386	90 000	95 000
Roads							32 386	90 000	95 000
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Drainage Collection									
Electrical Infrastructure	-	-	-	-	-	-	-	-	-
Capital Spares									
Water Supply Infrastructure	-	-	-	-	-	-	12 500	100 941	131 000
Capital Spares									
Sanitation Infrastructure	-	-	-	-	-	-	-	-	-
Capital Spares									
<b>Community Assets</b>	-	-	-	-	-	-	16 450	5 568	29 800
Community Facilities	-	-	-	-	-	-	6 450	4 250	4 800
Testing Stations									
Libraries									
Public Open Space							4 950	4 250	4 800
Nature Reserves									
Sport and Recreation Facilities	-	-	-	-	-	-	10 000	1 318	25 000
Capital Spares									
<b>Other assets</b>	-	-	-	-	-	-	5 000	-	-
Operational Buildings	-	-	-	-	-	-	5 000	-	-
Municipal Offices							5 000	-	-
<b>Computer Equipment</b>	-	-	-	-	-	-	3 000	-	-
Computer Equipment							3 000		
<b>Total Capital Expenditure on upgrading of existing a</b>	-	-	-	-	-	-	73 086	197 759	256 500
<b>Upgrading of Existing Assets as % of total capex</b>	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	5,9%	16,4%	15,6%
<b>Upgrading of Existing Assets as % of deprechn"</b>	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	39,5%	98,9%	121,0%

## MBRR SA35 - Future financial implications of the capital budget

Vote Description	2017/18 Medium Term Revenue & Expenditure Framework			Forecasts			
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Present value
<b>R thousand</b>							
<b>Capital expenditure</b>							
Vote 1 - COUNCIL	-	-	-				
Vote 2 - Office of the Municipal Manger	-	-	-				
Vote 3 - Strategic Planning Monitoring and Evaluation	1 400	3 100	16 300				
Vote 4 - Engineering Services	852 877	991 828	1 522 250				
Vote 5 - Community Services	37 472	27 470	27 400				
Vote 6 - Community Development	104 003	83 268	77 500				
Vote 7 - Corporate and Shared Services	7 250	5 750	7 800				
Vote 8 - Planning and Economic Development	36 800	14 250	10 500				
Vote 9 - Budget and Treasury	77 148	2 000	2 000				
Vote 10 - Transport Operations	221 023	38 087	27 737				
<i>List entity summary if applicable</i>							
<b>Total Capital Expenditure</b>	<b>1 337 973</b>	<b>1 165 753</b>	<b>1 691 487</b>	-	-	-	-
<b>Future operational costs by vote</b>							
Vote 1 - COUNCIL							
Vote 2 - Office of the Municipal Manger							
Vote 3 - Strategic Planning Monitoring and Evaluation							
Vote 4 - Engineering Services							
Vote 5 - Community Services							
Vote 6 - Community Development							
Vote 7 - Corporate and Shared Services							
Vote 8 - Planning and Economic Development							
Vote 9 - Budget and Treasury							
Vote 10 - Transport Operations							
<i>List entity summary if applicable</i>							
<b>Total future operational costs</b>	-	-	-	-	-	-	-
<b>Future revenue by source</b>							
Property rates							
Service charges - electricity revenue							
Service charges - water revenue							
Service charges - sanitation revenue							
Service charges - refuse revenue							
Service charges - other							
Rental of facilities and equipment							
<i>List other revenues sources if applicable</i>							
<i>List entity summary if applicable</i>							
<b>Total future revenue</b>	-	-	-	-	-	-	-
<b>Net Financial Implications</b>	<b>1 337 973</b>	<b>1 165 753</b>	<b>1 691 487</b>	-	-	-	-



### MBRR SA36- Consolidated detailed capital budget

Municipal Vote/Capital project  R thousand	2017/18 Medium Term Revenue & Expenditure Framework			Project information	
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
Parent municipality:					
Civic Centre refurbishment	15 000	5 000	4 500	20	Renewal
Renovation of municipal wide offices	2 000	2 000	2 000	Municipal Wide	Renewal
Aganang Furniture and Office Equipment	500	500	500	Municipal Wide	new
Upgrading of Offices Stadium	5 000	-	-	20	Renewal
Workers Residence( barracks )	2 000	-	-	23	new
Refurbishment of City Library and Auditorium	1 400	2 350	500	20	Renewal
Upgrading of Seshego Library	750	1 250	700	17	Renewal
Furniture and Equipment Molepo library	-	1 000	-	2	new
Modular Library Dikgale	500	500	-	32	new
Refurbishment of BakoneMalapa museum	800	-	-	23	Renewal
Construction of waiting area traffic	1 000	-	-	23	new
Construction of Mankweng Traffic and Licensing Testing Centre	4 500	6 000	10 000	25	new
Upgrading of Arterial road in SDA1 (Lithuli and Madiba park)	4 048	10 000	13 149	14	New
Ntsime to Sefateng	4 048	10 000	10 000	1,2	New
Semenya to Matekereng	4 048	10 000	12 000	38	New
Upgrading of internal streets in Toronto	4 048	10 000	10 000	25	New
Sebayeng village(ring road)	4 048	10 000	11 000	32	New
Chebeng to Makweya	4 048	9 000	10 000	9	New
Internal Street in Seshego Zone 8	4 048	10 000	15 000	11	New
Ramongoana bus and Taxi roads	4 048	10 000	10 000	38	New
Ntshishane Road	4 048	10 000	9 000	6 , 31	New
Upgrading of internal streets linked with Excelsior Street in Mankweng unit	4 048	10 000	10 000	25,26	New
Upgrading of Arterial road in Ga Rampheri	4 048	10 000	10 000	4	new
Upgrading of internal streets in municipal development in Bendor	11 500	6 500	2 000	21	New
Planning for Upgrading of internal streets in Molepo,Chuene Maja cluster	4 048	10 000	15 000	1,2,3,4,5,6	New
Upgrading makanye Road	4 048	10 000	10 000	mankanye	new
Rehabilitation of streets in Seshego	4 000	7 000	8 000	11,12,13,14	Renewal
Rehabilitation of streets in the CBD	3 500	6 000	8 000	23	Renewal
Traffic Lights and Signs	2 500	3 000	5 000	mankweng ,CBD ar	New
Installation of road signage	880	968	1 200	All Wards	New
Olifantspoort RWS (Mmotong wa Perekisi)	16 000	-	-	10, 16	New
Olifantspoort RWS (Mmotong wa Perekisi) WSIG	-	23 000	21 000	10, 17	New
Mothapo RWS	10 000	9 000	12 000	6, 24	New
Moletjie East RWS	16 000	-	-	15, 36, 38	New

Municipal Vote/Capital project  R thousand	2017/18 Medium Term Revenue & Expenditure Framework			Project information	
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
Molejtjie East RWS...WSIG	-	20 000	25 000	15, 36, 39	New
Molejtjie North RWS	8 000	5 000	10 000	35	New
Sebayeng/Dikgale RWS	15 000	-	-	29,31,32,33	New
Sebayeng/Dikgale RWS-WSIG	-	17 000	25 000	29,31,32,34	New
Molejtjie South RWS	10 000	10 000	15 000	9	New
Houtriv er RWS phase 10	12 000	-	-	18,35	New
Houtriv er RWS phase 10...WSIG	-	20 000	10 000	18,36	New
Chuene Maja RWS phase 9	10 000	12 000	13 000	1,2	New
Molepo RWS phase 10	10 000	10 000	10 000	3,4	New
Laastehoop RWS phase 10	10 000	6 000	8 000	5	New
Mankweng RWS phase 10	8 000	-	-	27, 25, 31, 7, 26	New
Mankweng RWS phase 10...WSIG	-	15 000	9 000	27, 25, 31, 7, 27	New
Boyne RWS phase 10	4 000	6 000	10 000	4	New
Segwasi RWS	7 000	6 000	8 000	28	New
Badimong RWS phase 10	11 337	9 000	10 000	30, 31, 34	New
Aganang RWS...WSIG	-	-	20 000	Aganang	new
asbestos (AC) PIPES...RBIG	67 644	77 796	136 180	city	new
Replacement AC PIPES...Loan	134 000	-	-	city	new
Raise dam wall at Dap naude .RBIG	5 000	20 000	-		new
Instalation of CCTV camera in boreholes	1 500	1 700	2 000	city	new
extension 78 water reticulation	8 000	9 000	6 000	disteneng	new
Upgrading of laboratory	500	500	1 000	23	Renewal
Extension 78 sewer reticulation	10 000	12 000	8 000	8	New
Roodeport Reserv oir{ Construction of concrete reserv oir	1 000	50 000	80 000	20,22,23	New
Upgrade of Seshego Water works	1 000	15 000	15 000	19,20,21,22,23	Renewal
Regional Waste Water Treatment plant	132 035	113 687	410 000	city	new
Illumination of public areas (street lights) in Rabe, Hans van Rensburg, Sch	1 000	2 200	2 000	19,20,21,22,23	New
Illumination of public areas ( High Mast lights)	4 000	4 500	5 000	Various Wards as per	New
Replacement of oil RMU with SF6/ Vacuum	1 750	2 000	2 500	11,12,13,14,17,37	New
SCADA on RTU	2 000	2 500	3 000	11,12,13,14,17,37	New
Replacement of overhead lines by underground cables	-	1 800	10 000	11,12,13,14,17,37,1	New
Replacement of Fiber glass enclosures	3 000	5 750	5 000	11,12,13,14,17,37	New
Planning and design New Bakone to IOTA 66KV double circuit GOAT line	10 000	20 000	20 000	11,12,13, 14,17,37	New
Build 66KV/Bakone substation	10 000	10 000	10 000	19,20,21,22,23	New
Installation of fourth 185mm <sup>2</sup> 11KV cable from Beta to Voortrekker substation	7 500	-	-	19,20,21,22,23	New
Design and Construct permanent distribution substation at Thornhill	3 000	16 000	2 000	23	New
Increase NMD from ESKOM at Alpha 11KV Distribution substation	750	750	-	23	New
Power factor corrections in the following substations,Sigma substation, beta	100	300	-	11,12,13,14,17,37	New
Plant and Equipment	750	1 000	500	municipal wide	New
Installation of 3x 185 mm <sup>2</sup> cables from Sterpark to Iota	-	16 000	-	21	New

Municipal Vote/Capital project  R thousand	2017/18 Medium Term Revenue & Expenditure Framework			Project information	
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
INSTALATION OF 1 X 185 MM <sup>2</sup> CABLE FROM DELTA TO BENDOR SUB	-	2 500	-	21	New
Increase license area assets	-	10 000	40 000	4,6,8,10,11,12,13,14	New
Retrofit 66kV Relays at Gamma, Alpha & Sigma Substations	-	4 000	3 000	Municipal licence a	Renewal
Replace 66kV Bus Bars & Breakers at Gamma Substation	2 700	2 800	-	Municipal licence a	Renewal
Replacement of Fences at Gamma, Sigma, Alpha, Beta, Sterpark & Florap	1 000	1 000	1 000	Municipal licence a	Renewal
Upgrade Gamma Substation and install additional 20MVA transformer	800	14 000	10 000	Municipal licence a	Renewal
Acquisition of fire Equipment	1 000	1 000	1 000	23	new
6 foto pumps	-	-	250	23	new
10 Largee bore hoses with stotz coupling	-	350	350	23	new
150X 80 Fire hoses with instantaneous couplings	-	300	300	23	new
Miscellaneous equipment and gear	-	500	550	23	new
3 Heavy hydraulic equipment	-	-	2 000	23	new
4 portable pump	-	-	850	23	new
16 x Multipurpose branches	200	300	300	23	new
Purchase alcohol testers	156	200	-	city	new
Purchase of note counting equipment	500	-	-	All Wards	new
Upgrading of logistics offices	500	1 000	-	All Wards	new
Upgrading of city vehicle pound	1 245	-	-	City	new
Renovations- Traffic Auditorium, parade room and Training Facility	1 500	600	-	City	new
Procure blue lights and siren systems	160	200	250	City	new
Installation of industrial air conditioners at licenses	1 000	-	-	City	new
Upgrading city license facility/	1 000	-	-	City	new
Upgrading of vehicle test station	400	500	600	City	new
Procurement of AARTO equipments	50	50	50	All Wards	new
Procurement of office cleaning equipment's	70	80	100	city	Renewal
Grass cutting equipment's	950	750	800	All Wards	new
Development of a Botanical garden	600	1 000	1 800	21	new
Development of a park at Ext 44 and 76	2 000	750	800	8	new
Upgrading of Tom Naude Park	900	750	800	20	Renewal
Zone 4 Park Expansion Phase 2	900	750	800	12	new
Upgrading of Security at Game Reserve	3 100	2 750	3 000	20	Renewal
Upgrading of Environmental Education Centre	900	750	1 000	23	new
30 m3 skip containers	600	600	600	9, 16, 33 &34	new
Extension of landfill site	850	3 000	-	All Wards	Renewal
Extension of offices(weighbridge)	350	400	500	20	Renewal
Rural transfer station ( Sengatane)	500	1 000	-	36, 38	new
Rural transfer station (Dikgale)	4 000	3 200	2 000	24	new
Rural transfer Station(Makotopong)	-	3 000	2 000	28	new
770 L Refuse Containers	-	600	600	All Wards	new
240 litre bins	-	800	1 000	All Wards	new

Municipal Vote/Capital project  R thousand	2017/18 Medium Term Revenue & Expenditure Framework			Project information	
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
6 & 9 M3 Skip containers	-	600	600	All Wards	new
Ladanna transfer station	250	-	-	20	Renewal
Upgrading of Ga- Manamela Sport Complex	6 000	-	-	35	new
Construction of an RDP Combo Sport Complex at Molepo Area	12 000	3 000	-	1,2,3,4,5	new
Construction of Mankweng Sport facility 2	15 000	20 000	-	25	new
Sport stadium in Ga-Maja	8 803	15 000	4 000	2	new
EXT 44/77 Sports and Recreation Facility	3 445	12 940	10 000	8	new
Grass Cutting equipment	500	500	1 000	municipal wide	new
Collection development-books	800	1 000	1 200	All Wards	new
Provision of Laptops, PCs and Peripheral Devices	2 000	2 000	2 000	All Wards	new
Implementation of ICT Strategy	750	750	800	All Wards	new
Network Upgrade	3 000	4 500	3 500	All Wards	Renewal
Thusong Service Centre (TSC)	500	5 000	6 000	mankweng	Renewal
Mobile service sites	500	2 100	-	Molepo/maja	new
Renovation of existing Cluster offices	400	500	1 800	mankweng	Renewal
Township establishment	1 000	1 000	1 000	Zone 5	New
Township establishment-Portion 74 and 75 of Ivy Dale Agricultural Holdings	1 000	1 000	500	Ivydale	New
Implementation of IRPTS Infrastructure	48 610	28 637	27 737	8,11,12,13,14,17,21	New/Renewal
IT Equipment	41 502	-	-	city	New
Renovation for the dilapidated AIDS Centre	750	750	750	city	renewal
Upgrading of stores facility	6 148	2 000	2 000	Laddanna	Renewal
Smart, prepaid and convectional water meters(REVENUE ENHANCEMENT)	-	-	-		
Civic Centre Aircon Upgrade	1	1 500	-		new
Old Peter Mokaba Stadium Generator	1 500	-	-		new
Upgrading of New Council Chamber (roof)	1 500	-	-		new
Upgrading of New Council Chamber (ICT Components included) I T	3 000	-	-		new
Refurbishment of Public toilets	250	600	750		new
Construction of Mankweng Water and Sanitation Centre	-	3 000	6 000		new
Cluster offices Construction at Seshego	-	-	2 000		new
Upgrading of existing Cluster offices	-	-	1 500		new
Construction of mobile service sites (Moleletje & Mankweng)	-	-	7 000		new
Construction of Municipal Depots in all Clusters	-	-	3 000		new
Upgrade of Mashashane Water works	1 000	10 000	15 000		new
Upgrading of pipeline from Dap to Menz	5 000	75 441	100 000		new
Design and Construction of New Pietersburg 11kv substation	800	5 000	20 000		new
Install 95mmX 11KV at Legae la Batho	6 000	-	-		new
Upgrading of Electrical network in Seshego zone 3 and 8	3 000	20 000	16 000		new
Install additional 95MMX11KV cable to complete a ring in Debron to Koppies	6 000	8 000	8 000		new
Aganang construction of Landfill site.(Multi year)	10 001	-	-		new
Acquisition of Fleet	35 000	-	-		new

Municipal Vote/Capital project  R thousand	2017/18 Medium Term Revenue & Expenditure Framework			Project information	
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
Modular Library Bloodriver /Perskebut		300	1 300		new
New Exhibition Irish House	-	800	800		new
Civic Centre Toilet	450	-	-		new
Civic Centre Lift	2 100	-	-		new
Construction of stormwater system in municipal area	2 500	6 000	8 000		new
Upgrading of internal streets in Seshego Zone 1	5 300	6 300	7 000		new
Upgrading of internal streets in Seshego Zone 2	5 300	6 300	7 000		new
Upgrading of internal streets in Seshego Zone 3	5 300	6 300	7 000		new
Upgrading of internal streets in Seshego Zone 4	5 300	6 300	7 000		new
Upgrading of internal streets in Seshego Zone 5	5 300	6 300	7 000		new
Tarring of internal Streets in Mankweng	3 000	5 000	5 000		new
Upgrading of street in De wet between Munnik/R81 and R71	4 000	-	-		new
Rehabilitation of Magazyn street between Suid and Hospital	4 000	-	-		new
Rehabilitation of street in Thabo Mbeki between N1 traffic circle and Schoer	4 000	1 000	-		new
Rehabilitation of plain street between suid and hospital	4 000	1 500	-		new
Rehabilitation of burger street	4 000	1 000	-		new
Rehabilitation of florapark(Erasmus street between De wet and Maeroela	2 500				new
Mohlonong to Kalkspruit upgrading of road from gravel to tar. (Multi year)	4 048	8 000	-		new
Lonsdale to Percy clinic via Flora upgrading of road from gravel to tar. (M	4 048	10 000	10 000		new
Upgrading of sewer line EXT44	5 000	-	-		new
New Township development	11 000	3 750	5 000		new
Electrification Of Urban Households	20 000	10 000	5 000		new
Township establishment- Nirvana	-	11 500	-		new
Acquisition of land	-	-	3 000		
Acquisition of Bus Fleet	27 000	9 450	-		new
Acquisition of Bus Fleet...PLEDGE	105 000	-	-		new
Swimming- Plant & Equipment	500	-	-		new
Upgrading of Mankweng Stadium-roadworks	-	-	6 000		new
Tibane Upgrading of Stadium	3 500	1 318	10 000		new
Mahlonong Upgrading of Stadium	500	-	10 000		new
Storm water construction	26 000	35 000	39 212		new
Rehabilitation of Devilliers street between Dewet and outspan	3 800	-	-		new
Rehabilitation of Pierre street between Bendo drive and Braam	3 800	-	-		new
Rehabilitation of inkleiberg street between Potgieter and klein munnik stre	3 800	-	-		new
Rehabilitation of Hoog street between Suid and Devenish street	3 800	-	-		new
Rehabilitation of Voortrekker street between Rabe and Hospital street	3 800	-	-		new
Rehabilitation of Bok street between Suid and Rissik street	4 000	1 000	-		new
Rehabilitation of Schoeman street between Excesior and Grobler	-	10 000	4 300		new
Upgrading of Beryl street between Veldspad and Magnesiet	-	10 000	4 000		new
Rehabilitation of Landross Mare street between Market and Veldspaat	-	8 000	4 500		new

Municipal Vote/Capital project  R thousand	2017/18 Medium Term Revenue & Expenditure Framework			Project information	
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
Rehabilitation of Marmer street between Veldspaat and Vermikuliet street	-	8 500	-		new
Rehabilitation of Rabe street between Schoeman and Hoog street	-	8 500	-		new
Rehabilitation of Witklip street between Hospital and Dendron Robots	-	-	10 000		new
Rehabilitation of klein Mandela street between Nikkel and Rajkot street	-	-	8 000		new
Rehabilitation of street in Flora park	-	-	11 000		new
Rehabilitation of streets in Penina Park	-	-	8 200		new
Hand held radios	100	100	100		new
Ceres water Supply projects	2 545	-	-		new
Rammetwana water supply	2 545	-	-		new
Lonsdale water supply project	2 545	-	-		new
Fairlie Water supply Project	2 545	-	-		new
Juno Wtar supply Project	2 545	-	-		new
Mahoai water supply project	2 545	-	-		new
Kordon water supply project	2 545	-	-		new
Sechaba water project	2 545	-	-		new
Acquisition and transfer of land- Aganang	8 000	-	-		new
Aganang RWS	-	23 436	32 509		new

## 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 has employed 3 interns undergoing training in various divisions of the Financial Services Department.
3. Budget and Treasury Office  
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee  
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan  
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2017/18 MTREF in June 2017 directly aligned and informed by the 2017/18 MTREF.
6. Annual Report  
Annual report is 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.
8. Policies  
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010.

## 2.13 Other supporting documents

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

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
<b>R thousand</b>										
<b>REVENUE ITEMS:</b>										
<b>Property rates</b>										
Total Property Rates				401,028	401,028	401,028	401,028	439,072	464,483	478,572
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)				43,248	43,248	43,248	43,248	50,880	53,000	42,400
<b>Net Property Rates</b>				<b>357,780</b>	<b>357,780</b>	<b>357,780</b>	<b>357,780</b>	<b>388,192</b>	<b>411,483</b>	<b>436,172</b>
<b>Service charges - electricity revenue</b>										
Total Service charges - electricity revenue				939,313	939,313	939,313	939,313	1,005,766	1,109,684	1,221,800
less Revenue Foregone (in excess of 50 kwh per indigent household per month)				22,050	22,050	22,050	22,050	8,040	8,844	9,728
less Cost of Free Basis Services (50 kwh per indigent household per month)				-	-	-	-	25,427	31,310	35,589
<b>Net Service charges - electricity revenue</b>				<b>917,263</b>	<b>917,263</b>	<b>917,263</b>	<b>917,263</b>	<b>972,299</b>	<b>1,069,530</b>	<b>1,176,483</b>
<b>Service charges - water revenue</b>										
Total Service charges - water revenue				296,967	296,967	296,967	296,967	350,915	386,008	424,608
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)				12,072	12,072	12,072	12,072	18,765	20,642	22,706
less Cost of Free Basis Services (6 kilolitres per indigent household per month)				-	-	-	-	18,765	20,642	22,706
<b>Net Service charges - water revenue</b>				<b>284,895</b>	<b>284,895</b>	<b>284,895</b>	<b>284,895</b>	<b>313,385</b>	<b>344,724</b>	<b>379,196</b>
<b>Service charges - sanitation revenue</b>										
Total Service charges - sanitation revenue				75,837	75,837	75,837	75,837	123,578	135,936	146,500
less Revenue Foregone (in excess of free sanitation service to indigent households)				14,979	14,979	14,979	14,979	14,541	15,995	17,595
less Cost of Free Basis Services (free sanitation service to indigent households)				-	-	-	-	14,541	15,995	17,595
<b>Net Service charges - sanitation revenue</b>				<b>60,858</b>	<b>60,858</b>	<b>60,858</b>	<b>60,858</b>	<b>94,496</b>	<b>103,946</b>	<b>111,310</b>
<b>Service charges - refuse revenue</b>										
Total refuse removal revenue				76,856	76,856	76,856	76,856	128,479	141,327	155,460
Total landfill revenue										
less Revenue Foregone (in excess of one removal a week to indigent households)				7,268	7,268	7,268	7,268	12,190	13,409	14,750
less Cost of Free Basis Services (removed once a week to indigent households)				-	-	-	-	12,190	13,409	14,750
<b>Net Service charges - refuse revenue</b>				<b>69,588</b>	<b>69,588</b>	<b>69,588</b>	<b>69,588</b>	<b>104,099</b>	<b>114,509</b>	<b>125,960</b>
<b>Other Revenue by source</b>										
Fuel Levy										
Other Revenue				68,840	164,431	164,431	164,431	203,570	137,340	162,580
<b>Total 'Other' Revenue</b>				<b>68,840</b>	<b>164,431</b>	<b>164,431</b>	<b>164,431</b>	<b>203,570</b>	<b>137,340</b>	<b>162,580</b>



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
<b>R thousand</b>										
<b>EXPENDITURE ITEMS:</b>										
<b>Employee related costs</b>										
Basic Salaries and Wages				428,912	410,806	410,806	410,806	474,547	503,020	533,202
Pension and UIF Contributions				83,727	87,310	87,310	87,310	100,925	106,980	113,399
Medical Aid Contributions				17,397	18,686	18,686	18,686	28,143	29,831	31,621
Overtime				37,372	47,762	47,762	47,762	39,679	42,059	44,583
Performance Bonus					-	-	-		-	-
Motor Vehicle Allowance				39,173	42,183	42,183	42,183		-	-
Cellphone Allowance				63	63	63	63	336	356	377
Housing Allowances				4,047	4,161	4,161	4,161	6,880	7,293	7,731
Other benefits and allowances				7,932	9,479	9,479	9,479	93,112	98,699	104,621
Payments in lieu of leave				25,388	25,388	25,388	25,388		-	-
Long service awards				53	53	53	53			
Post-retirement benefit obligations					-	-	-			
<i>sub-total</i>				<b>644,064</b>	<b>645,892</b>	<b>645,892</b>	<b>645,892</b>	<b>743,622</b>	<b>788,239</b>	<b>835,533</b>
Less: Employees costs capitalised to PPE										
<b>Total Employee related costs</b>				<b>644,064</b>	<b>645,892</b>	<b>645,892</b>	<b>645,892</b>	<b>743,622</b>	<b>788,239</b>	<b>835,533</b>
<b>Total Contributions recognised - capital</b>				-	-	-	-	-	-	-
<b>Depreciation &amp; asset impairment</b>										
Depreciation of Property, Plant & Equipment				180,000	657,164	657,164	657,164	500,000	600,000	700,000
Lease amortisation										
Capital asset impairment										
Depreciation resulting from revaluation of PPE					477,164	477,164	477,164	315,000	400,052	488,055
<b>Total Depreciation &amp; asset impairment</b>				<b>180,000</b>	<b>180,000</b>	<b>180,000</b>	<b>180,000</b>	<b>185,000</b>	<b>199,948</b>	<b>211,945</b>
<b>Bulk purchases</b>										
Electricity Bulk Purchases				659,010	659,010	659,010	659,010	661,052	700,716	742,759
Water Bulk Purchases				180,626	180,626	180,626	180,626	193,270	204,866	217,158
<b>Total bulk purchases</b>				<b>839,635</b>	<b>839,635</b>	<b>839,635</b>	<b>839,635</b>	<b>854,322</b>	<b>905,582</b>	<b>959,917</b>
<b>Transfers and grants</b>										
Cash transfers and grants				11,500	15,500	15,500	960	5,720	15,720	15,720
Non-cash transfers and grants				-	-	-	-	-	-	-
<b>Total transfers and grants</b>				<b>11,500</b>	<b>15,500</b>	<b>15,500</b>	<b>960</b>	<b>5,720</b>	<b>15,720</b>	<b>15,720</b>

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
<b>R thousand</b>										
<b>Contracted services</b>										
Smart, prepaid and convectional water meters(REVENUE ENHANCEMENT)								71,000	6,148	5,841
ASSET VERIFICATION				15,000	15,000	15,000	15,000	10,000	8,707	8,574
AUDIT FEES - OUTSOURCED				4,258	4,258	4,258	4,258	4,137	2,000	2,000
COMMISSION FEES				10,420	10,420	10,420	10,420	12,849	12,207	12,020
CONSULTATION FEES				28,533	28,533	28,533	28,533	18,330	17,413	17,148
FEES - EASYPAY SYSTEM				1,570	1,570	1,570	1,570	1,439	1,367	1,346
GUARD SERVICES : RENTAL				35,000	35,000	35,000	35,000	40,800	38,760	36,821
METER READING SERVICES				6,236	6,236	6,236	6,236	4,582	4,353	4,287
RESEARCH AND DEVELOPMENT				45,181	45,181	45,181	45,181	43,259	26,143	82,927
SWIMMING SUPERVISION				600	600	600	600			
TERMINATION OF SERVICES				2,491	2,491	2,491	2,491	4,582	4,353	4,287
VALUATION ROLL				1,060	1,060	1,060	1,060	1,375	1,306	13,538
VALUATIONS - INTERIM				636	636	636	636	583	554	545
BUSSINES & FINANCIAL PLANNING				5,000	5,000	5,000	5,000	8,500	1,360	1,025
MARKETING & COMMUNICATIONS				10,270	10,270	10,270	10,270	5,400	1,400	1,200
PROJECT MANAGEMENT				10,000	10,000	10,000	10,000	16,500	14,100	14,736
TRANSITION ADVISORY				11,500	11,500	11,500	11,500	56,300	2,500	1,500
TRANSITION OPERATIONS				5,500	5,500	5,500	5,500	5,000	5,000	12,900
					22,319	22,319	22,319			
FEES - COMMISSION								8,000	17,600	16,720
MM SPECIAL PROGRAMME								10,000	40,000	50,000
MM SPECIAL PROGRAMME -Electricity Artisan and Retrofit of 250MV streetlight with LED								1,500	-	-
								6,000	5,000	5,000
<b>Total contracted services</b>				<b>193,255</b>	<b>215,574</b>	<b>215,574</b>	<b>215,574</b>	<b>330,136</b>	<b>210,271</b>	<b>292,416</b>
<b>Other Expenditure By Type</b>										
Collection costs										
Contributions to 'other' provisions										
Consultant fees										
Audit fees				7,200	7,200	7,200	7,200	10,340	10,960	11,618
General expenses				125,898	138,222	138,222	138,222	149,014	142,837	154,318
ADMINISTRATION CHARGES				2	2	2	2	2	2	2
ADVERTISEMENTS				2,800	2,800	2,800	2,800	2,232	2,366	2,508
AUDIT COMMITTEE FEES				694	694	694	694	772	819	868
AWARENESS CAMPAIGNS				231	231	231	231	225	239	253
BANK CHARGES				4,000	4,000	4,000	4,000	3,520	3,731	3,955
CELL PHONES				6,000	6,000	6,000	6,000	6,612	7,009	7,429
CHILDREN & COMMUNITY PROGRAMS				2,497	2,497	2,497	2,497	2,199	2,331	2,471
CONFERENCES/CONGRESS				989	989	989	989	708	750	795
DATA - COMMUNICATION				3,318	3,318	3,318	3,318	5,080	5,385	5,708
DEPARTMENTAL CHARGES				12,008	12,008	12,008	12,008	10,567	11,201	11,873
DISCIPLINARY COMMITTEE				3,139	3,139	3,139	3,139	2,938	3,115	3,302
FLEET MANAGEMENT				5,250	5,250	5,250	5,250	4,620	4,897	5,191
FREE BASIC SERVICES				10,000	10,000	10,000	10,000	20,834	22,084	23,409
LEGAL EXPENSES				19,571	19,571	19,571	19,571	9,420	9,985	10,584
POINT DUTY				4,400	4,400	4,400	4,400	5,192	5,504	5,834
RURAL HOUSEHOLD ELECTRIFICATIO				25,000	25,000	25,000	25,000	18,000	40,000	40,000
RURAL HOUSEHOLD SANITATION				40,000	40,000	40,000	40,000	44,000	44,000	40,000
REBATE - ASSESSMENT RATES				50,880	50,880	50,880	50,880	55,968	59,326	62,886
TRAINING				11,318	11,318	11,318	11,318	9,881	10,473	11,102
WARD COMMITTEE MEETINGS				6,316	6,316	6,316	6,316	5,558	5,892	6,245
FUEL AND OIL				21,200	21,200	21,200	21,200	22,472	23,820	25,250
SPECIAL EVENTS				18,855	18,855	18,855	18,855	15,184	16,095	17,061
<b>Total 'Other' Expenditure</b>				<b>381,567</b>	<b>393,890</b>	<b>393,890</b>	<b>393,890</b>	<b>405,339</b>	<b>432,822</b>	<b>452,662</b>
<b>Repairs and Maintenance</b>										
Employee related costs										
Other materials				203,209	246,103	246,103	246,103	204,967	212,261	223,706
Contracted Services										
Other Expenditure										
<b>Total Repairs and Maintenance Expenditure</b>				<b>203,209</b>	<b>246,103</b>	<b>246,103</b>	<b>246,103</b>	<b>204,967</b>	<b>212,261</b>	<b>223,706</b>

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

Description	Ref	Vote 1 - COUNCIL	Vote 2 - Office of the Municipal Manger	Vote 3 - Strategic Planning Monitoring	Vote 4 - Engineering Services	Vote 5 - Community Services	Vote 6 - Community Development	Vote 7 - Corporate and Shared Services	Vote 8 - Planning and Economic	Vote 9 - Budget and Treasury	Vote 10 - Transport Operations	Total
<b>R thousand</b>	1											
<b>Revenue By Source</b>												
Property rates										388,192		388,192
Service charges - electricity revenue					972,299							972,299
Service charges - water revenue					313,385							313,385
Service charges - sanitation revenue					94,496							94,496
Service charges - refuse revenue						104,099						104,099
Service charges - other												-
Rental of facilities and equipment						1,827	8,104		25,522			35,454
Interest earned - external investments										44,944		44,944
Interest earned - outstanding debtors										66,742		66,742
Dividends received												-
Fines, penalties and forfeits					129	23,750	121					24,000
Licences and permits						13,341			583	123		14,046
Agency services						21,124						21,124
Other revenue					411	13,567	2,716	5,033	10,694	171,146		203,567
Transfers and subsidies										968,911		968,911
Gains on disposal of PPE									35,000	6,000		41,000
<b>Total Revenue (excluding capital transfers and contributions)</b>					<b>1,380,720</b>	<b>177,708</b>	<b>10,941</b>	<b>5,033</b>	<b>71,800</b>	<b>1,646,058</b>	<b>-</b>	<b>3,292,259</b>
<b>Expenditure By Type</b>												
Employee related costs		71,912	18,438	23,284	153,095	219,345	64,590	67,135	48,305	66,532	10,985	743,622
Remuneration of councillors		38,152										38,152
Debt impairment		55,000										55,000
Depreciation & asset impairment		243	1,153	1,868	73,155	5,265	76,666	4,846	20,689	826	289	185,000
Finance charges										80,000		80,000
Bulk purchases					854,322							854,322
Other materials			162	370	118,977	39,056	27,612	18,501	259	21	9	204,967
Contracted services			40,012		8,692	40,814	308		229	158,381	81,700	330,136
Transfers and subsidies		5,720										5,720
Other expenditure		31,662	7,585	7,734	103,697	32,887	37,864	84,565	7,170	89,191	2,984	405,339
Loss on disposal of PPE												
<b>Total Expenditure</b>		<b>202,689</b>	<b>67,350</b>	<b>33,256</b>	<b>1,311,939</b>	<b>337,368</b>	<b>207,040</b>	<b>175,048</b>	<b>76,651</b>	<b>394,951</b>	<b>95,967</b>	<b>2,902,258</b>
<b>Surplus/(Deficit)</b>		<b>(202,689)</b>	<b>(67,350)</b>	<b>(33,256)</b>	<b>68,781</b>	<b>(159,660)</b>	<b>(196,099)</b>	<b>(170,015)</b>	<b>(4,851)</b>	<b>1,251,108</b>	<b>(95,967)</b>	<b>390,001</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)										650,958		650,958
Transfers and subsidies - capital (in-kind - all)												
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(202,689)</b>	<b>(67,350)</b>	<b>(33,256)</b>	<b>68,781</b>	<b>(159,660)</b>	<b>(196,099)</b>	<b>(170,015)</b>	<b>(4,851)</b>	<b>1,902,066</b>	<b>(95,967)</b>	<b>1,040,959</b>

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

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
<b>R thousand</b>										
<b>ASSETS</b>										
<b>Call investment deposits</b>										
Call deposits				-	-	-	-			
Other current investments				-	70,000	70,000	70,000	99,000	104,000	110,000
<b>Total Call investment deposits</b>	-	-	-	-	<b>70,000</b>	<b>70,000</b>	<b>70,000</b>	<b>99,000</b>	<b>104,000</b>	<b>110,000</b>
<b>Consumer debtors</b>										
Consumer debtors				634,957	634,957	634,957	634,957	673,055	713,438	713,438
<i>Less: Provision for debt impairment</i>				(270,759)	(270,759)	(270,759)	(270,759)	(320,759)	(370,759)	(370,759)
<b>Total Consumer debtors</b>	-	-	-	<b>364,198</b>	<b>364,198</b>	<b>364,198</b>	<b>364,198</b>	<b>352,296</b>	<b>342,679</b>	<b>342,679</b>
<b>Debt impairment provision</b>										
Balance at the beginning of the year				220,759	220,759	220,759	220,759	220,759	270,759	320,759
Contributions to the provision				50,000	50,000	50,000	50,000	55,000	57,000	62,000
Bad debts written off										
<b>Balance at end of year</b>	-	-	-	<b>270,759</b>	<b>270,759</b>	<b>270,759</b>	<b>270,759</b>	<b>275,759</b>	<b>327,759</b>	<b>382,759</b>
<b>Property, plant and equipment (PPE)</b>										
PPE at cost/valuation (ex cl. finance leases)				10,555,341	19,304,933	19,304,933	19,304,933	20,228,885	20,688,590	20,688,590
Leases recognised as PPE				-	-	-	-	-	-	-
<i>Less: Accumulated depreciation</i>				1,041,286	9,733,999	9,733,999	9,733,999	9,937,351	10,142,703	10,142,703
<b>Total Property, plant and equipment (PPE)</b>	-	-	-	<b>9,514,054</b>	<b>9,570,934</b>	<b>9,570,934</b>	<b>9,570,934</b>	<b>10,291,534</b>	<b>10,545,887</b>	<b>10,545,887</b>
<b>LIABILITIES</b>										
<b>Current liabilities - Borrowing</b>										
Short term loans (other than bank overdraft)				2,499	2,499	2,499	2,499	2,499	2,499	2,499
Current portion of long-term liabilities				100,000	100,000	100,000	100,000	120,000	110,450	52,082
<b>Total Current liabilities - Borrowing</b>	-	-	-	<b>102,499</b>	<b>102,499</b>	<b>102,499</b>	<b>102,499</b>	<b>122,499</b>	<b>112,949</b>	<b>54,581</b>
<b>Trade and other payables</b>										
Trade and other creditors				350,000	350,000	350,000	350,000	350,000	400,000	450,000
Unspent conditional transfers				54,823	54,823	54,823	54,823	54,823	46,198	52,585
VAT										
<b>Total Trade and other payables</b>	-	-	-	<b>404,823</b>	<b>404,823</b>	<b>404,823</b>	<b>404,823</b>	<b>404,823</b>	<b>446,198</b>	<b>502,585</b>
<b>Non current liabilities - Borrowing</b>										
Borrowing				300,622	300,622	300,622	300,622	448,013	383,349	389,635
Finance leases (including PPP asset element)				55,000	55,000	55,000	55,000	70,000	75,000	80,000
<b>Total Non current liabilities - Borrowing</b>	-	-	-	<b>355,622</b>	<b>355,622</b>	<b>355,622</b>	<b>355,622</b>	<b>518,013</b>	<b>458,349</b>	<b>469,635</b>
<b>Provisions - non-current</b>										
Retirement benefits				241,611	190,870	190,870	190,870	190,870	246,121	286,121
<i>List other major provision items</i>										
Refuse landfill site rehabilitation										
Other										
<b>Total Provisions - non-current</b>	-	-	-	<b>241,611</b>	<b>190,870</b>	<b>190,870</b>	<b>190,870</b>	<b>190,870</b>	<b>246,121</b>	<b>286,121</b>
<b>CHANGES IN NET ASSETS</b>										
<b>Accumulated Surplus/(Deficit)</b>										
Accumulated Surplus/(Deficit) - opening balance				5,334,251	5,483,827	5,483,827	5,469,286	6,080,312	6,266,966	5,924,998
GRAP adjustments										
Restated balance	-	-	-	5,334,251	5,483,827	5,483,827	5,469,286	6,080,312	6,266,966	5,924,998
Surplus/(Deficit)	-	-	-	861,795	854,022	854,022	868,562	1,040,959	1,209,933	1,645,611
Appropriations to Reserves										
Transfers from Reserves										
Depreciation offsets										
Other adjustments										
<b>Accumulated Surplus/(Deficit)</b>	-	-	-	<b>6,196,046</b>	<b>6,337,848</b>	<b>6,337,848</b>	<b>6,337,848</b>	<b>7,121,271</b>	<b>7,476,899</b>	<b>7,570,609</b>
<b>Reserves</b>										
Housing Development Fund										
Other reserves										
Revaluation				3,394,132	3,408,519	3,408,519	3,408,519	3,408,519	3,408,519	3,408,519
<b>Total Reserves</b>	-	-	-	<b>3,394,132</b>	<b>3,408,519</b>	<b>3,408,519</b>	<b>3,408,519</b>	<b>3,408,519</b>	<b>3,408,519</b>	<b>3,408,519</b>
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	-	-	-	<b>9,590,178</b>	<b>9,746,367</b>	<b>9,746,367</b>	<b>9,746,367</b>	<b>10,529,790</b>	<b>10,885,418</b>	<b>10,979,128</b>

**MBRR - DETAILED CAPITAL BUDGET PER MUNICIPAL VOTE**

**Multi Year Capital Budget Program 2017/18**

<b>MULTI YEAR BUDGET</b>				
<b>Description</b>	<b>Funding</b>	<b>2017/2018</b>	<b>2018/2019</b>	<b>2019/20</b>
<b>Clusters - SPME</b>				
Thusong Service Centre (TSC) -Mankweng	CRR	500 000	5 000 000	6 000 000
Mobile service sites	CRR	500 000	2 100 000	
Renovation of existing Cluster offices	CRR	400 000	500 000	1 800 000
Cluster offices Construction at Seshego	CRR	-	-	2 000 000
Upgrading of existing Cluster offices	CRR	-	-	1 500 000
Construction of mobile service sites (Molefjje & Mankweng)	CRR	-	-	7 000 000
Construction of Municipal Depots in all Clusters	CRR	-	-	3 000 000
<b>Total Clusters</b>		<b>1 400 000</b>	<b>7 600 000</b>	<b>21 300 000</b>
<b>Fleet Management</b>				
Acquisition of Fleet	CRR	35 000 000	-	-
<b>Total Fleet Management</b>		<b>35 000 000</b>	<b>-</b>	<b>-</b>
<b>Facility Management Community Development</b>				
Civic Centre refurbishment	CRR	15 000 000	5 000 000	4 500 000
Renovation of municipal wide offices	CRR	2 000 000	2 000 000	2 000 000
Aganang Furniture and Office Equipment	CRR	500 000	500 000	500 000
Upgrading of Offices Stadium- Phase 2 (Control Centre)	PTISG	5 000 000	-	-
Workers Residence( barracks )	CRR	2 000 000	-	-
Refurbishment of City Library and Auditorium	CRR	1 400 000	2 350 000	500 000
Upgrading of Seshego Library	CRR	750 000	1 250 000	700 000
Furniture and Equipment Molepo library	CRR	-	1 000 000	-
Modular Library Dikgale	CRR	500 000	1 000 000	-
Modular Library Bloodriver /Perskebult	CRR	-	300 000	1 300 000
Refurbishment of BakoneMalapa museum	CRR	800 000	-	-
New Exhibition Irish House	CRR	-	800 000	800 000
Construction of waiting area(Traffic)	CRR	1 000 000	-	-
Construction of Mankweng Traffic and Licensing Testing Centre	CRR	4 500 000	6 000 000	10 000 000
Civic Centre Aircon Upgrade	CRR	800 000	1 500 000	-
Civic Centre Toilet	CRR	450 000	-	-
Civic Centre Lift	CRR	2 100 000	-	-
Old Peter Mokaba Stadium Generator	CRR	1 500 000	-	-
Upgrading of New Council Chamber(Roof)	CRR	1 500 000	-	-
Refurbishment of Municipal Public toilets	CRR	250 000	600 000	750 000
Renovation for the dilapidated AIDS Centre	CRR	750 000	750 000	750 000
Construction of Mankweng Water and Sanitation Centre	CRR	-	3 000 000	6 000 000
		<b>40 800 000</b>	<b>26 050 000</b>	<b>27 800 000</b>

MULTI YEAR BUDGET				
Description	Funding	2017/2018	2018/2019	2019/20
<b>Control Centre Services - Community Services</b>				
Security Fencing	CRR	1 500 000	1 700 000	2 000 000
CCTV Camera Maintenance	CRR			
Hand held radios	CRR	100 000	100 000	100 000
		<b>1 600 000</b>	<b>1 800 000</b>	<b>2 100 000</b>
<b>Roads &amp; Stormwater - Engineering</b>				
Tarring of Arterial road in SDA1 (Lithuli and Madiba park)	MIG	4 048 265	10 000 000	13 149 000
Tarring Ntsime to Sefateng	MIG	4 048 265	10 000 000	10 000 000
Upgrading Semanya to Matekereng	MIG	4 048 265	10 000 000	12 000 000
Tarring of internal streets in Toronto	MIG	4 048 265	10 000 000	10 000 000
Tarring Sebayeng village (ring road)	MIG	4 048 265	10 000 000	11 000 000
Tarring Chebeng to Makweya	MIG	4 048 265	9 000 000	10 000 000
Upgrading Internal Street in Seshego Zone 8	MIG	4 048 265	10 000 000	15 000 000
Upgrading of Ramongoana bus and Taxi roads	MIG	4 048 265	10 000 000	10 000 000
Upgrading of Ntshitshane Road	MIG	4 048 265	10 000 000	9 000 000
Upgrading of internal streets linked with Excelsior Street in Mankweng unit A	MIG	4 048 265	10 000 000	10 000 000
Upgrading of Arterial road in Ga Rampheri	MIG	4 048 265	10 000 000	10 000 000
Tarring of internal streets in municipal development in Bendor	CRR	11 500 000	6 500 000	2 000 000
Upgrading of access roads to Maja Moshate (Molepo Chuene Maja cluster)	MIG	4 048 265	10 000 000	15 000 000
Rehabilitation of streets in Seshego	CRR	4 000 000	7 000 000	8 000 000
Rehabilitation of streets in the CBD	CRR	3 500 000	6 000 000	8 000 000
Construction of stormwater system in municipal area	CRR	2 500 000	6 000 000	6 000 000
Upgrading of internal streets in Seshego Zone 1	CRR	5 300 000	6 300 000	7 000 000
Upgrading of internal streets in Seshego Zone 2	CRR	5 300 000	6 300 000	7 000 000
Upgrading of internal streets in Seshego Zone 3	CRR	5 300 000	6 300 000	7 000 000
Upgrading of internal streets in Seshego Zone 4	CRR	5 300 000	6 300 000	7 000 000
Upgrading of internal streets in Seshego Zone 5	CRR	5 300 000	6 300 000	7 000 000
Tarring of internal Streets in Mankweng	CRR	3 000 000	5 000 000	5 000 000
Upgrading of street in De wet between Munnik/R81 and R71	CRR	4 000 000	-	-
Rehabilitation of Magazyn street between Suid and Hospital	CRR	4 000 000	-	-
Rehabilitation of street in Thabo Mbeki between N1 traffic circle and Schoeman street	CRR	4 000 000	1 000 000	-
Rehabilitation of plain street between suid and hospital	CRR	4 000 000	1 500 000	-
Rehabilitation of burger street	CRR	4 000 000	1 000 000	-
Rehabilitation of florapark (Erusmas street between De wet and Maeroela)	CRR	2 500 000	-	-
Rehabilitation of Devilliers street between Dewet and outspan	CRR	3 800 000	-	-
Rehabilitation of Pierre street between Bendo drive and Braam	CRR	3 800 000	-	-
Rehabilitation of inkleinberg street between Potgieter and klein munnik street	CRR	3 800 000	-	-
Rehabilitation of Hoog street between Suid and Devenish street	CRR	3 800 000	-	-

MULTI YEAR BUDGET				
Description	Funding	2017/2018	2018/2019	2019/20
Rehabilitation of Voortrekker street between Rabe and Hospital street	CRR	3 800 000	-	-
Rehabilitation of Bok street between Suid and Rissik street	CRR	4 000 000	1 000 000	-
Rehabilitation of Schoeman street between Excesior and Grobler	CRR	-	10 000 000	4 300 000
Upgrading of Beryl street between Veldspad and Magnesiet	CRR	-	10 000 000	4 000 000
Rehabilitation of Landross Mare street between Market and Veldspaat	CRR	-	8 000 000	4 500 000
Rehabilitation of Marmer street between Veldspaat and Vermikuliet street	CRR	-	8 500 000	-
Rehabilitation of Rabe street between Schoeman and Hoog street	CRR	-	8 500 000	-
Rehabilitation of Witklip street between Hospital and Dendron Robots	CRR	-	-	10 000 000
Rehabilitation of klein Mandela street between Nikkel and Raikot street	CRR	-	-	8 000 000
Rehabilitation of street in Flora park	CRR	-	-	11 000 000
Rehabilitation of streets in Penina Park	CRR	-	-	8 200 000
Traffic Lights and Signs	CRR	2 500 000	3 000 000	5 000 000
Installation of road signage	CRR	880 025	968 000	1 200 000
Storm water construction	NDPG	26 000 000	35 000 000	39 212 000
Upgrading Makanye Road	MIG	4 048 265	10 000 000	10 000 000
Mohlonong to Kalkspruit upgrading of road from gravel to tar	MIG	4 048 265	8 000 000	-
Lonsdale to Percy clinic via Flora upgrading of road from gravel to tar	MIG	4 048 265	10 000 000	10 000 000
		<b>186 604 000</b>	<b>297 468 000</b>	<b>314 561 000</b>
<b>Water Supply and reticulation - Engineering</b>				
Olifantspoort RWS (Mmotong wa Perekisi)	MIG	16 000 000	-	-
Olifantspoort RWS (Mmotong wa Perekisi)	WSIG	-	23 000 000	21 000 000
Mothapo RWS	MIG	10 000 000	9 000 000	12 000 000
Moletjie East RWS	MIG	16 000 000	-	-
Moletjie East RWS	WSIG	-	20 000 000	25 000 000
Moletjie North RWS	MIG	8 000 000	5 000 000	10 000 000
Sebayeng/Dikgale RWS	MIG	14 999 880	-	-
Sebayeng/Dikgale RWS	WSIG	-	17 000 000	25 000 000
Moletjie South RWS	MIG	10 000 000	10 000 000	15 000 000
Houtriver RWS phase 10	MIG	12 000 000	-	-
Houtriver RWS phase 10	WSIG	-	20 000 000	10 000 000
Chuene Maja RWS phase 9	MIG	10 000 000	12 000 000	13 000 000
Molepo RWS phase 10	MIG	10 000 000	10 000 000	10 000 000
Laastehoop RWS phase 10	MIG	10 000 000	6 000 000	8 000 000
Mankweng RWS phase 10	MIG	8 000 000	-	-
Mankweng RWS phase 10	WSIG	-	15 000 000	9 000 000
Boyne RWS phase 10	MIG	4 000 000	6 000 000	10 000 000
Segwasi RWS	MIG	7 000 000	6 000 000	8 000 000

MULTI YEAR BUDGET				
Description	Funding	2017/2018	2018/2019	2019/20
Badimong RWS phase 10	MIG	11,337,120	9,000,000	10,000,000
Extension 78 water reticulation	CRR	8,000,000	9,000,000	6,000,000
Upgrading of laboratory	CRR	500,000	500,000	1,000,000
Extension 78 sewer reticulation	CRR	10,000,000	12,000,000	8,000,000
Upgrading of sewer line EXT44	CRR	5,000,000	-	-
New Township development	CRR	11,000,000	3,750,100	5,000,000
Roodeport Reservoir Construction	CRR	1,000,288	50,000,000	80,000,000
Ceres water Supply projects	MIG	2,544,571	-	-
Rammetwana water supply	MIG	2,544,571	-	-
Lonsdale water supply project	MIG	2,544,571	-	-
Fairlie Water supply Project	MIG	2,544,571	-	-
Juno War supply Project	MIG	2,544,571	-	-
Mahoai water supply project	MIG	2,544,571	-	-
Kordon water supply project	MIG	2,544,571	-	-
Sechaba water project	MIG	2,544,713	-	-
Aganang RWS	WSIG	-	-	20,000,000
Aganang RWS	MIG	-	23,435,900	32,509,000
Replacement of AC Pipes	RBIG	67,644,000	77,796,000	136,180,000
Replacement AC Pipes	Loan	134,000,000	-	-
Raise dam wall Dap Naude	RBIG	5,000,000	20,000,000	-
Upgrade of Seshego Water works	CRR	1,000,000	15,000,000	15,000,000
Upgrade of Mashashane Water works	MIG	1,000,000	10,000,000	15,000,000
Upgrading of pipeline from Dap to Menz	RBIG	5,000,000	75,441,000	100,000,000
		<b>416,838,000</b>	<b>464,923,000</b>	<b>604,689,000</b>
<b>Sewer Reticulation - Engineering</b>				
Regional waste Water treatment plant	RBIG/PPP	132,032,000	113,687,000	410,000,000
<b>Total Sewer Reticulation - Engineering</b>		<b>132,032,000</b>	<b>113,687,000</b>	<b>410,000,000</b>
<b>Energy Services - Engineering</b>				
Illumination of public areas (street lights) in Rabe, Hans van Rensburg	CRR	1,000,000	2,200,000	2,000,000
Illumination of public areas ( High Mast lights)	CRR	4,000,000	4,500,000	5,000,000
Replacement of oil RMU with SF6/ Vacuum	CRR	1,750,000	2,000,000	2,500,000
SCADA on RTU	CRR	2,000,000	2,500,000	3,000,000
Replacement of overhead lines by underground cables CBD	CRR	-	1,800,000	10,000,000
Replacement of Fiber glass enclosures	CRR	3,000,000	5,750,000	5,000,000
Planning and design New Bakone to IOTA 66KV double circuit GOAT line	CRR	10,000,000	20,000,000	20,000,000
Build 66KV/Bakone substation	CRR	10,000,000	10,000,000	10,000,000
Electrification Of Urban Households	CRR	20,000,000	10,000,000	5,000,000
Installation of fourth 185mm <sup>2</sup> 11KV cable from Beta to Voortrekker substation	CRR	7,500,000	-	-



MULTI YEAR BUDGET				
Description	Funding	2017/2018	2018/2019	2019/20
Design and Construct permanent distribution substation at Thornhill	CRR	3 000 000	16 000 000	2 000 000
Increase NMD from Eskom at Alpha 11KV Distribution substation	CRR	750 000	750 000	-
Power factor corrections	CRR	100 000	300 000	-
Plant and Equipment	CRR	750 000	1 000 000	500 000
Installation of 3x 185 mm <sup>2</sup> cables from Sterpark to Iota sub	CRR	-	16 000 000	-
Installation of 1 x 185 mm <sup>2</sup> cable from Delta to Bendor sub	CRR	-	2 500 000	-
Increase license area assets	CRR	-	10 000 000	40 000 000
Retrofit 66kV Relays at Gamma, Alpha & Sigma Substations	CRR	-	4 000 000	3 000 000
Replace 66kV Bus Bars & Breakers at Gamma Substation	CRR	2 700 000	2 800 000	-
Replacement of Fences at Gamma, Sigma, Alpha, Beta, Sterpark & Florapark Substations	CRR	1 000 000	1 000 000	1 000 000
Upgrade Gamma Substation and install additional 20MVA transformer	CRR	800 000	14 000 000	10 000 000
Design and Construction of New Pietersburg 11kv substation	CRR	800 000	5 000 000	20 000 000
Install 95mmX 11KV at Legae la Batho	CRR	6 000 000	-	-
Install additional 95MMX11KV cable to complete a ring in Debron to Koppiestfontein	CRR	3 000 000	20 000 000	16 000 000
Upgrading of Electrical network in Seshego Zone 3 & 8	CRR	6 000 000	8 000 000	8 000 000
<b>Total Energy Services</b>		<b>84 050 000</b>	<b>160 100 000</b>	<b>163 000 000</b>
<b>Disaster and Fire - Community Services</b>				
Acquisition of fire Equipment	CRR	1 000 000	1 000 000	1 000 000
6 foto pumps	CRR	-	-	250 000
10 Large bore hoses with stoltz coupling	CRR	-	350 000	350 000
150X 80 Fire hoses with instantaneous couplings	CRR	-	300 000	300 000
Miscellaneous equipment and gear	CRR	-	500 000	550 000
3 Heavy hydraulic equipment	CRR	-	-	2 000 000
4 portable pump	CRR	-	-	850 000
16 x Multipurpose branches	CRR	200 000	300 000	300 000
<b>Total Disaster and Fire</b>		<b>1 200 000</b>	<b>2 450 000</b>	<b>5 600 000</b>
<b>Traffic &amp; Licencing - Community Services</b>				
Purchase alcohol testers	CRR	156 000	200 000	-
Purchase of note counting equipment	CRR	200 000	-	-
Upgrading of logistics offices	CRR	500 000	1 000 000	-
Upgrading of city vehicle pound	CRR	1 245 000	-	-
Upgrading- Traffic Auditorium, parade room and Training Facility	CRR	1 500 000	600 000	-
Upgrading of vehicle weighbridge	CRR	700 000	-	-
Procure blue lights and siren systems	CRR	160 000	-	-
Installation of industrial air conditioners at licenses	CRR	1 000 000	-	-
Upgrading city license facility	CRR	1 000 000	-	-
Upgrading of city vehicle test station	CRR	-	500 000	600 000
Procurement of AARTO equipments	CRR	50 000	50 000	50 000
Procurement of office cleaning equipments	CRR	70 000	80 000	100 000
<b>Total Traffic and Licencing</b>		<b>6 581 000</b>	<b>2 430 000</b>	<b>750 000</b>

<b>MULTI YEAR BUDGET</b>				
	<b>Funding</b>	<b>2017/2018</b>	<b>2018/2019</b>	<b>2019/20</b>
<b>Description</b>				
<b>Environmental Management - Community Services</b>				
Grass cutting equipment's	CRR	950 000	750 000	800 000
Development of a Botanical garden(Protected area Ster park)	CRR	600 000	1 000 000	1 800 000
Development of a park at Ext 44 and 76	CRR	2 000 000	750 000	800 000
Upgrading of Tom Naude Park	CRR	900 000	750 000	800 000
Zone 4 Park Expansion Phase 2	CRR	900 000	750 000	800 000
Upgrading of Security at Game Reserve	CRR	3 150 000	2 750 000	3 000 000
Upgrading of Environmental Education Centre	CRR	900 000	750 000	1 000 000
<b>Total Environment Management</b>		<b>9 400 000</b>	<b>7 500 000</b>	<b>9 000 000</b>
<b>Waste Management - Community Services</b>				
30 m3 skip containers	CRR	600 000	600 000	600 000
Extension of landfill site(weltevrede)	CRR	850 000	3 000 000	-
Extension of offices(Ladanna)	CRR	350 000	400 000	500 000
Rural transfer station ( Sengatane)	MIG	500 000	1 000 000	-
Rural transfer station (Dikgale)	MIG	4 000 000	3 200 000	2 000 000
Rural transfer Station(Makotopong)	MIG	-	3 000 000	2 000 000
770 L Refuse Containers	CRR	-	600 000	600 000
240 litre bins	CRR	-	800 000	1 000 000
6 & 9 M3 Skip containers	CRR	-	600 000	600 000
Ladanna transfer station	CRR	250 137	-	-
Aganang construction of Landfill site	MIG	10 000 863	-	-
<b>Total Waste Management</b>		<b>16 551 000</b>	<b>13 200 000</b>	<b>7 300 000</b>
<b>Sport &amp; Recreation - Community Development</b>				
Upgrading of Ga- Manamela Sport Complex	MIG	6 000 000	-	-
Construction of an RDP Combo Sport Complex at Molepo Area- 2	MIG	12 000 000	3 000 000	-
Construction of Mankweng Sport facility-2	MIG	15 000 000	20 000 000	-
Sport stadium in Ga-Maja	MIG	8 803 450	15 000 000	4 000 000
EXT 44/77 Sports and Recreation Facility	MIG	3 445 000	12 940 000	10 000 000
Grass Cutting equipment	CRR	500 000	499 900	1 000 000
Swimming- Plant & Equipment municipal wide	CRR	500 550	-	-
Upgrading of Mankweng Stadium-roadworks	MIG	-	-	6 000 000
Tibane Upgrading of Stadium	MIG	3 500 000	1 318 100	10 000 000
Mahlonong Upgrading of Stadium	MIG	500 000	-	9 000 000
<b>Total Sport and Recreation</b>		<b>50 249 000</b>	<b>52 758 000</b>	<b>40 000 000</b>

MULTI YEAR BUDGET				
Description	Funding	2017/2018	2018/2019	2019/20
<b>Cultural Services - Community Development</b>				
Collection development - Books	CRR	800,000	1,000,000	1,200,000
<b>Total - Cultural Services - Community Development</b>		<b>800,000</b>	<b>1,000,000</b>	<b>1,200,000</b>
<b>Information Services - Corporate and Shared Services</b>				
Provision of Laptops, PCs and Peripheral Devices	CRR	2,000,000	2,000,000	2,000,000
Upgrading of New Council Chamber (ICT Components)	CRR	3,000,000	-	-
Implementation of ICT Strategy	CRR	750,000	750,000	800,000
Network Upgrade	CRR	3,000,000	4,500,000	3,500,000
<b>Total Information Services</b>		<b>8,750,000</b>	<b>7,250,000</b>	<b>6,300,000</b>
<b>City Planning - Planning and Economic Development</b>				
Township establishment-Farm Volgestruisfontein 667 LS	CRR	1,000,000	1,000,000	1,000,000
Township establishment- Nirvana/	CRR	-	11,500,000	-
Acquisition and transfer of land- Aganang	CRR	8,000,000	-	-
Acquisition of land	CRR	-	-	3,000,000
Township establishment-Portion 74 and 75 of Ivy Dale Agricultural Holdings	CRR	1,000,000	1,000,000	500,000
Rural settlement development	CRR			
<b>Total City Planning</b>		<b>10,000,000</b>	<b>13,500,000</b>	<b>4,500,000</b>
<b>Transport Operations(IPRTS)- Transport and Services</b>				
Implementation of IRPTS Infrastructure	PTISG	48,610,000	28,636,000	27,737,000
Acquisition of Bus Fleet	PTISG	27,000,000	-	-
ITS Equipment	PTISG	41,502,000	-	-
Acquisition of Bus Fleet	PTISG PLEDGE	105,000,000	-	-
<b>Total Transport Operations</b>		<b>222,112,000</b>	<b>28,636,000</b>	<b>27,737,000</b>
<b>Supply Chain Management - Budget and Treasury Services</b>				
Upgrading of stores	CRR	6,151,000	2,000,000	2,000,000
		<b>6,151,000</b>	<b>2,000,000</b>	<b>2,000,000</b>
<b>TOTAL EXPENDITURE NEW PROJECTS</b>		<b>1,230,118,000</b>	<b>1,202,352,000</b>	<b>1,647,837,000</b>
Municipal Infrastructure Grant (MIG)	MIG	293,167,000	312,894,000	341,658,000
Regional Bulk Infrastructure Grant	RBIG	209,676,000	286,924,000	646,180,000
Neighbourhood Dev Partnership Grant	NDPG	26,000,000	35,000,000	39,212,000
Water Services Infrastructure	WSIT	-	95,000,000	110,000,000
Public Transport Infrastructure System Grant (PTIG)	PTISG	122,112,000	28,636,000	27,737,000
<b>Total DoRA Allocations</b>		<b>650,955,000</b>	<b>758,454,000</b>	<b>1,164,787,000</b>
<b>Borrowings</b>	LOAN	134,000,000	-	-
<b>Bridging/ Pledging</b>	PTISG PLEDGE	105,000,000	-	-
<b>Own Funds</b>	CRR	340,163,000	443,898,000	483,050,000
<b>TOTAL NEW PROJECTS</b>		<b>1,230,118,000</b>	<b>1,202,352,000</b>	<b>1,647,837,000</b>

### **PART 3. ANNUAL BUDGET AND SERVICE DELIVERY AGREEMENT - POLOKWANE HOUSING ASSOCIATION (PHA) FOR THE PERIOD 2017/2018 TO 2019/2020**

Despite global and national economic challenges, the PHA's financial history indicates that the entity has managed to survive year on year. As the municipal entity the PHA is mandated to develop and manage Integrated Human Settlements, Social and Non Social Housing Rental Housing Units within the jurisdiction of Polokwane Municipality.

As a Municipal Entity entrusted with managing rental housing units, PHA is required to comply with Municipal Finance Management Act, Act 56 of 2003, the Municipal System Act, Act 32 of 2000, the Companies Act, Act 71 of 2008, the Housing Code, the Social Housing Act of 2008, and all other relevant legislation applicable to the municipal entity

The PHA's mandate includes, amongst others, the responsibility for administrative processes, accounting and financial management, tenant liaison, policy and guideline formation, capital raising, agency role and other functions that Polokwane Municipality may require in applying the principles of rental housing in Polokwane. The mandate has been extended to include participating in the non-social housing rental space, i.e. gap market and profit making rental housing. During Bosberaad the resolution was taken that Polokwane BTO must be mandated to capitalize PHA with an intention making it a viable business entity in the medium to long-term hence the programs have been initiated both on alternative funding mechanism and indirect capital contribution method for ring-fenced programs being introduced as a support to the entity in order for PHA to be financially viable.

The financial plan for 2017/18 reflects that, with the projected allocation of all rental units of 697 units, the entity will be generating R12million for the year. The 2017/18 budget process was prepared following a similar approach used in previous years. The budget takes into account the current market conditions, such as inflation, historical trend analysis, as well as the proposed Polokwane Municipality budget guidelines. The combined budgeted operating deficit is projected at R4million for the year, this deficit is mainly due to non-cash items: Asset impairment of R5million and Debt impairment of R 2 million.

The 2017/18 budget includes a R5million operational grant which would assist the entity in making certain that the entity's cash flow remains positive and that the entity is able to fund its operations. For 2018/19 and 2019/20 the operational budget is R15million. For two outer years the operational budget is split between R2million to fund operations R13million will go towards equity in assisting the development of Ga-Rena Phase Two social housing which will be 492

units. Polokwane Municipality will also continue to offer indirect financial assistance to PHA during project preparatory process and indirect capital contribution for Ga-Rena Phase 2.

Due to the nature of our business and Funding of new projects being hard to secure, PHA is embarking on Public Private Partnerships. For the period between 2017 and 2020 financial year the entity is projecting to develop 750 Gap market units and 5000 student accommodation beds. These projects are to be developed using the Built Operate and Transfer model (BOT). Under this model the entity is putting forth as its own equity contribution land as investment. After 30 years the private sector partners will transfer the facility to the entity. In the meantime, the private sector partners will be paying the entity royalties monthly. These new developments will lessen PHA's dependency on the municipality. The PHA's existence is informed by the SMART pillar which forms one of the Municipality's SMART Pillars. i.e. SMART Economy. Etc. in attainment of vision 2030 smart city.

For 2017/18 employment costs are to increase in line with agreement as per South African Local Government Bargaining Council)

### 3.1 Service Delivery Agreement between the City and the PHA

#### Service Delivery Agreement

Period of Agreement	No period stipulated but subject to annual reviews in terms of Section 93A of the systems Act
Service Provided	Rentals of Units
Expiry date of SDA	N/A
Monetary value	1 000. Of R1 shares worth R1000
Ownership and control	Shareholding as at 30 April 2017  Polokwane Municipality 100%

Mandate	Develop and Manage Integrated Human Settlements
Funding over medium term	R5 Million 2017/18  R15 Million 2018/19  R15 Million 2019/20
Summary of SDA	Sets out the obligation of PHA to Polokwane Municipality in respect of compliance and performance  Issues
Past performance and future objectives	Has fairly met targets in the past. PHA is confident that it will maintain high level of rental occupation and rental collection.  PHA hopes to meet future housing demands

Table D1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and 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
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-
Investment revenue	-	-	-	-	-	-	-	-	-
Transfers recognised - operational	6 700	6 500	16 700	11 500	15 020	15 020	5 000	15 000	15 000
Other own revenue	14 498	10 604	12 381	12 577	12 333	12 333	12 541	12 973	15 850
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>21 198</b>	<b>17 104</b>	<b>29 081</b>	<b>24 077</b>	<b>27 353</b>	<b>27 353</b>	<b>17 541</b>	<b>27 973</b>	<b>30 850</b>
Employee costs	4 422	4 917	6 700	6 440	5 980	5 980	6 313	6 688	7 086
Remuneration of Board Members	1 097	1 224	1 358	1 888	1 910	1 910	2 150	2 258	2 371
Depreciation & asset impairment	11 640	4 026	4 514	2 000	4 500	4 500	2 000	2 100	2 205
Finance charges	4 328	4 726	1 779	10 000	560	560	-	-	-
Materials and bulk purchases	-	-	-	-	-	-	-	-	-
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	2 485	7 240	7 731	10 700	12 120	12 120	11 310	11 551	12 623
<b>Total Expenditure</b>	<b>23 973</b>	<b>22 134</b>	<b>22 082</b>	<b>31 028</b>	<b>25 070</b>	<b>25 070</b>	<b>21 773</b>	<b>22 597</b>	<b>24 284</b>
<b>Surplus/(Deficit)</b>	<b>(2 775)</b>	<b>(5 030)</b>	<b>6 999</b>	<b>(6 951)</b>	<b>2 283</b>	<b>2 283</b>	<b>(4 232)</b>	<b>5 376</b>	<b>6 566</b>
Transfers recognised - capital	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(2 775)</b>	<b>(5 030)</b>	<b>6 999</b>	<b>(6 951)</b>	<b>2 283</b>	<b>2 283</b>	<b>(4 232)</b>	<b>5 376</b>	<b>6 566</b>
Taxation	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>(2 775)</b>	<b>(5 030)</b>	<b>6 999</b>	<b>(6 951)</b>	<b>2 283</b>	<b>2 283</b>	<b>(4 232)</b>	<b>5 376</b>	<b>6 566</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>330</b>	<b>11</b>	<b>11</b>	<b>330</b>	<b>-</b>	<b>-</b>
Transfers recognised - capital	-	-	-	-	-	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	330	11	11	330	-	-
<b>Total sources of capital funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>330</b>	<b>11</b>	<b>11</b>	<b>330</b>	<b>-</b>	<b>-</b>
<b>Financial position</b>									
Total current assets	5 164	4 838	5 780	5 900	5 900	5 900	6 785	6 891	7 141
Total non current assets	149 228	145 849	108 598	103 593	102 093	102 093	98 578	93 303	87 776
Total current liabilities	7 875	8 393	13 109	2 541	2 541	2 541	2 535	2 525	2 540
Total non current liabilities	55 199	44 705	56	120	120	120	95	80	60
Community wealth/Equity	91 318	97 588	101 212	106 832	105 332	105 332	102 733	97 589	92 317
<b>Cash flows</b>									
Net cash from (used) operating	3 588	5 501	12 049	2 058	11 739	11 739	5 925	14 656	14 970
Net cash from (used) investing	(33)	(1 866)	27 715	276	595	595	15	(12 655)	(13 000)
Net cash from (used) financing	(4 388)	(3 468)	(39 170)	(2 546)	(12 546)	(12 546)	(3 520)	(1 621)	(1 470)
<b>Cash/cash equivalents at the year end</b>	<b>1 271</b>	<b>1 439</b>	<b>2 032</b>	<b>1 820</b>	<b>1 820</b>	<b>1 820</b>	<b>4 240</b>	<b>4 620</b>	<b>5 120</b>

Table D2 Budgeted Financial Performance (revenue and expenditure)

Description	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and 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
<b>R thousands</b>									
<b>Revenue by Source</b>									
Property rates									
Property rates - penalties & collection charges									
Service charges - electricity revenue									
Service charges - water revenue									
Service charges - sanitation revenue									
Service charges - refuse revenue									
Service charges - other									
Rental of facilities and equipment	10 455	10 450	10 416	12 518	12 308	12 308	12 518	12 950	15 827
Interest earned - external investments									
Interest earned - outstanding debtors									
Dividends received									
Fines									
Licences and permits									
Agency services									
Transfers recognised - operational	6 700	6 500	16 700	11 500	15 020	15 020	5 000	15 000	15 000
Other revenue	4 043	153	1 966	59	25	25	22	22	23
Gains on disposal of PPE									
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>21 198</b>	<b>17 104</b>	<b>29 081</b>	<b>24 077</b>	<b>27 353</b>	<b>27 353</b>	<b>17 541</b>	<b>27 973</b>	<b>30 850</b>
<b>Expenditure By Type</b>									
Employee related costs	4 422	4 917	6 700	6 440	5 980	5 980	6 313	6 688	7 086
Remuneration of Directors	1 097	1 224	1 358	1 888	1 910	1 910	2 150	2 258	2 371
Debt impairment	6 500	4 026	4 514	2 000	4 500	4 500	2 000	2 100	2 205
Depreciation & asset impairment	5 141	5 245	5 331	5 000	6 500	6 500	5 000	5 250	5 513
Finance charges	4 328	4 726	1 779	10 000	560	560	-	-	-
Bulk purchases									
Other materials									
Contracted services									
Transfers and grants									
Other expenditure	2 485	1 995	2 399	5 700	5 620	5 620	6 310	6 301	7 110
Loss on disposal of PPE									
<b>Total Expenditure</b>	<b>23 973</b>	<b>22 134</b>	<b>22 082</b>	<b>31 028</b>	<b>25 070</b>	<b>25 070</b>	<b>21 773</b>	<b>22 597</b>	<b>24 284</b>
<b>Surplus/(Deficit)</b>	<b>(2 775)</b>	<b>(5 030)</b>	<b>6 999</b>	<b>(6 951)</b>	<b>2 283</b>	<b>2 283</b>	<b>(4 232)</b>	<b>5 376</b>	<b>6 566</b>
Transfers recognised - capital									
Contributions recognised - capital									
Contributed assets									
<b>contributions</b>	<b>(2 775)</b>	<b>(5 030)</b>	<b>6 999</b>	<b>(6 951)</b>	<b>2 283</b>	<b>2 283</b>	<b>(4 232)</b>	<b>5 376</b>	<b>6 566</b>
Taxation									
<b>Surplus/ (Deficit) for the year</b>	<b>(2 775)</b>	<b>(5 030)</b>	<b>6 999</b>	<b>(6 951)</b>	<b>2 283</b>	<b>2 283</b>	<b>(4 232)</b>	<b>5 376</b>	<b>6 566</b>



Table D3 Capital Budget by vote and funding

Vote Description	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and 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
<b>R thousands</b>									
<b>Capital expenditure by Asset Class/Sub-class</b>									
<b>Heritage assets</b>	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Other assets</b>	-	-	-	330	11	11	330	-	-
General vehicles	-	-	-	-	-	-	270	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-
Computers - hardware/equipment	-	-	-	30	11	11	30	-	-
Furniture and other office equipment	-	-	-	30	-	-	30	-	-
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Civic Land and Buildings	-	-	-	-	-	-	-	-	-
Other Buildings	-	-	-	-	-	-	-	-	-
Other Land	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	-	-	-	270	-	-	-	-	-
<b>Total capital expenditure on assets</b>	-	-	-	330	11	11	330	-	-
<b>Specialised vehicles</b>	-	-	-	-	-	-	-	-	-
Refuse	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-
<b>Funded by:</b>									
National Government	-	-	-	-	-	-	-	-	-
Provincial Government	-	-	-	-	-	-	-	-	-
Parent Municipality	-	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	-	-	-	-	-	-	-	-	-
<b>Public contributions &amp; donations</b>	-	-	-	-	-	-	-	-	-
<b>Borrowing</b>	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>	-	-	-	330	11	11	330	-	-
<b>Total Capital Funding</b>	-	-	-	330	11	11	330	-	-

Table D4 Budgeted Financial Position

Description	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and 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
<b>R thousands</b>									
<b>ASSETS</b>									
<b>Current assets</b>									
Cash	1 272	1 439	2 032	1 820	1 820	1 820	4 240	4 620	5 120
Call investment deposits									
Consumer debtors	3 851	3 319	3 673	4 020	4 020	4 020	2 500	2 250	2 000
Other debtors	41	80	74	60	60	60	45	21	21
Current portion of long-term receivables									
Inventory									
<b>Total current assets</b>	<b>5 164</b>	<b>4 838</b>	<b>5 780</b>	<b>5 900</b>	<b>5 900</b>	<b>5 900</b>	<b>6 785</b>	<b>6 891</b>	<b>7 141</b>
<b>Non current assets</b>									
Long-term receivables									
Investments	26 340	27 972	-	-	-	-	-	-	-
Investment property									
Investment in Associate									
Property, plant and equipment	122 866	117 792	108 468	103 468	101 968	101 968	98 463	93 213	87 701
Agricultural									
Biological									
Intangible	22	84	129	125	125	125	115	90	75
Other non-current assets									
<b>Total non current assets</b>	<b>149 228</b>	<b>145 849</b>	<b>108 598</b>	<b>103 593</b>	<b>102 093</b>	<b>102 093</b>	<b>98 578</b>	<b>93 303</b>	<b>87 776</b>
<b>TOTAL ASSETS</b>	<b>154 392</b>	<b>150 687</b>	<b>114 378</b>	<b>109 493</b>	<b>107 993</b>	<b>107 993</b>	<b>105 363</b>	<b>100 194</b>	<b>94 917</b>
<b>LIABILITIES</b>									
<b>Current liabilities</b>									
Bank overdraft									
Borrowing	4 965	4 965	10 551	-	-	-	-	-	-
Consumer deposits									
Trade and other payables	2 555	3 006	1 979	2 120	2 120	2 120	2 205	2 210	2 250
Provisions	356	422	580	421	421	421	330	315	290
<b>Total current liabilities</b>	<b>7 875</b>	<b>8 393</b>	<b>13 109</b>	<b>2 541</b>	<b>2 541</b>	<b>2 541</b>	<b>2 535</b>	<b>2 525</b>	<b>2 540</b>
<b>Non current liabilities</b>									
Borrowing	55 199	44 705	56	120	120	120	95	80	60
Provisions									
<b>Total non current liabilities</b>	<b>55 199</b>	<b>44 705</b>	<b>56</b>	<b>120</b>	<b>120</b>	<b>120</b>	<b>95</b>	<b>80</b>	<b>60</b>
<b>TOTAL LIABILITIES</b>	<b>63 074</b>	<b>53 098</b>	<b>13 166</b>	<b>2 661</b>	<b>2 661</b>	<b>2 661</b>	<b>2 630</b>	<b>2 605</b>	<b>2 600</b>
<b>NET ASSETS</b>	<b>91 318</b>	<b>97 588</b>	<b>101 212</b>	<b>106 832</b>	<b>105 332</b>	<b>105 332</b>	<b>102 733</b>	<b>97 589</b>	<b>92 317</b>
<b>COMMUNITY WEALTH/EQUITY</b>									
Accumulated Surplus/(Deficit)	11 747	18 589	25 587	18 636	27 870	27 870	(6 255)	(13 597)	(19 765)
Reserves	79 571	78 998	75 624	88 195	77 461	77 461	108 987	111 185	112 081
Share capital	1	1	1	1	1	1	1	1	1
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>91 318</b>	<b>97 588</b>	<b>101 212</b>	<b>106 832</b>	<b>105 332</b>	<b>105 332</b>	<b>102 733</b>	<b>97 589</b>	<b>92 317</b>

Table D5 Budgeted Cash Flow

Description	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and 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
<b>R thousands</b>									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Property rates, penalties & collection charges	8 032	7 119	7 522	10 134	9 816	9 816	10 424	10 905	12 519
Service charges									
Other revenue									
Government - operating	6 700	6 500	16 700	6 700	16 700	16 700	5 000	15 000	15 000
Government - capital									
Interest	1 327	1 633		1	0	0	1	1	1
Dividends									
<b>Payments</b>									
Suppliers and employees	(10 138)	(7 618)	(5 441)	(12 577)	(12 577)	(12 577)	(9 500)	(11 250)	(12 550)
Finance charges	(2 332)	(2 132)	(6 732)	(2 200)	(2 200)	(2 200)	-	-	-
Dividends paid									
Transfers and Grants									
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>3 588</b>	<b>5 501</b>	<b>12 049</b>	<b>2 058</b>	<b>11 739</b>	<b>11 739</b>	<b>5 925</b>	<b>14 656</b>	<b>14 970</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE									
Decrease (Increase) in non-current debtors									
Decrease (increase) other non-current receivables								(13 000)	(13 000)
Decrease (increase) in non-current investments	(33)	(1 866)	27 715	606	606	606	345	345	-
<b>Payments</b>									
Capital assets				(330)	(11)	(11)	(330)	-	
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(33)</b>	<b>(1 866)</b>	<b>27 715</b>	<b>276</b>	<b>595</b>	<b>595</b>	<b>15</b>	<b>(12 655)</b>	<b>(13 000)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short term loans									
Borrowing long term/refinancing	(4 388)	(3 468)	(39 170)	(2 546)	(12 546)	(12 546)	(3 520)	(1 621)	(1 470)
Increase (decrease) in consumer deposits									
<b>Payments</b>									
Repayment of borrowing									
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(4 388)</b>	<b>(3 468)</b>	<b>(39 170)</b>	<b>(2 546)</b>	<b>(12 546)</b>	<b>(12 546)</b>	<b>(3 520)</b>	<b>(1 621)</b>	<b>(1 470)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(833)</b>	<b>168</b>	<b>593</b>	<b>(212)</b>	<b>(212)</b>	<b>(212)</b>	<b>2 420</b>	<b>380</b>	<b>500</b>
Cash/cash equivalents at the year begin:	2 104	1 271	1 439	2 032	2 032	2 032	1 820	4 240	4 620
Cash/cash equivalents at the year end:	1 271	1 439	2 032	1 820	1 820	1 820	4 240	4 620	5 120

Supporting Table SD2 Financial and non-financial indicators

Description of indicator	Basis of calculation	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and 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
<b><u>Borrowing Management</u></b>										
Borrowing to Asset Ratio	Total Long-term Borrowing/ Total Assets	35,8%	29,7%	0,0%	0,1%	0,1%	0,1%	0,1%	0,1%	0,1%
Capital Charges to Operating Expenditure	Finance charges & Depreciation / Operating Expenditure	45%	40%	29%	39%	20%	20%	9%	9%	9%
Borrowed funding of capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0,0%	0,0%	0,0%	-771,5%	-114054,5%	-114054,5%	-1066,7%	0,0%	0,0%
<b><u>Safety of Capital</u></b>										
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision / Funds & Reserves	68,7%	54,0%	12,4%	2,1%	2,1%	2,1%	2,2%	2,3%	2,5%
Gearing	Long Term Borrowing / Funds & Reserves	60%	46%	0%	0%	0%	0%	0%	0%	0%
<b><u>Liquidity</u></b>										
Current Ratio	Current assets / current liabilities	0,66	0,58	0,44	2,32	2,32	2,32	2,68	2,73	2,81
Current Ratio adjusted for debtors	Current assets/current liabilities less debtors > 90 days	0,66	0,58	0,44	2,32	2,32	2,32	2,68	2,73	2,81
Liquidity Ratio	Monetary Assets / Current Liabilities	0,16	0,17	0,16	0,72	0,72	0,72	1,67	1,83	2,02
<b><u>Revenue Management</u></b>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts / Last 12 Mths Billing		55%	67%	61%	81%	80%	80%	83%	84%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	18%	20%	13%	17%	15%	15%	15%	8%	7%
Longstanding Debtors Reduction Due To Recovery	Debtors > 12 Mths Recovered / Total Debtors > 12 Months Old	45%	50%	55%	65%	65%	65%	70%	75%	80%
<b><u>Creditors Management</u></b>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))	100%	100%	100%	100%	100%	100%	100%	100%	100%
Employee costs	Employee costs/Total Revenue - capital revenue	20,9%	28,8%	23,0%	27%	22%	22%	36%	24%	23%
Repairs & Maintenance	R&M/Total Revenue - capital revenue	0,0%	0,0%	0,0%	0%	0%	0%	0%	0%	0%
Interest & Depreciation	I&D/Total Revenue - capital revenue	51,1%	51,2%	21,6%	50%	18%	18%	11%	8%	7%
<b><u>Financial viability indicators</u></b>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	6,8	1,6	5,6	5,7	5,6	-	-	-	-
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0%	0,0%	0,0%	0%	0%	0%	0%	0%	0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	12%	0,1	0,2	0,1	0,1	0,1	0,4	0,4	0,4

### Supporting Table SD4 Board member allowances and staff benefits

Summary of Employee and Board Member remuneration	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and 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
	A	B	C	D	E	F	G	H	I
<b>R thousands</b>									
<b>Remuneration</b>									
<b>Board Members of Entities</b>									
Basic Salaries and Wages									
Pension and UIF Contributions									
Medical Aid Contributions									
Overtime									
Performance Bonus									
Motor Vehicle Allowance									
Cellphone Allowance									
Housing Allowances									
Other benefits and allowances									
Board Fees	1 097	1 224	1 358	1 888	1 910	1 910	2 150	2 258	2 371
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
<b>Sub Total - Board Members of Entities</b>	<b>1 097</b>	<b>1 224</b>	<b>1 358</b>	<b>1 888</b>	<b>1 910</b>	<b>1 910</b>	<b>2 150</b>	<b>2 258</b>	<b>2 371</b>
<b>% increase</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,0%</b>
<b>Senior Managers of Entities</b>									
Basic Salaries and Wages	799	914	989	1 048	1 048	1 048	1 132	1 212	1 296
Pension and UIF Contributions									
Medical Aid Contributions									
Overtime									
Performance Bonus									
Motor Vehicle Allowance									
Cellphone Allowance									
Housing Allowances									
Other benefits and allowances									
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
<b>Sub Total - Senior Managers of Entities</b>	<b>799</b>	<b>914</b>	<b>989</b>	<b>1 048</b>	<b>1 048</b>	<b>1 048</b>	<b>1 132</b>	<b>1 212</b>	<b>1 296</b>
<b>% increase</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,0%</b>
<b>Other Staff of Entities</b>									
Basic Salaries and Wages	2 367	3 572	4 094	4 275	3 839	3 839	3 670	3 879	4 099
Pension and UIF Contributions	158	186	352	275	275	275	487	517	548
Medical Aid Contributions	191	154	230	375	375	375	493	523	554
Overtime		-	-	40	40	40	40	42	45
Performance Bonus									
Motor Vehicle Allowance							60	60	60
Cellphone Allowance									
Housing Allowances	90	90	108	108	108	108	108	114	121
Other benefits and allowances	817		928	318	295	295	322	341	363
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
<b>Sub Total - Other Staff of Entities</b>	<b>3 623</b>	<b>4 002</b>	<b>5 711</b>	<b>5 391</b>	<b>4 931</b>	<b>4 931</b>	<b>5 180</b>	<b>5 476</b>	<b>5 790</b>
<b>% increase</b>		<b>0</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>5,7%</b>
<b>Total Municipal Entities remuneration</b>	<b>5 519</b>	<b>6 141</b>	<b>8 058</b>	<b>8 328</b>	<b>7 890</b>	<b>7 890</b>	<b>8 463</b>	<b>8 945</b>	<b>9 457</b>

Supporting Table SD5 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2015/16			Current Year 2016/17			Budget Year 2017/18		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus Other Councillors)										
Board Members of municipal entities	3									
<b>Municipal entity employees</b>	4									
CEO and Senior Managers	2	1		1	1		1			1
Other Managers	6	3	1	2	3	1	2	3	1	2
Professionals		1	1	-	1	1	-	1	1	-
<i>Finance</i>		1	1		1	1		1	1	
Clerks (Clerical and administrative)		7	6	1	7	6	1	7	6	1
Service and sales workers		11	11		11	11		11	11	
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
<b>Total Personnel Numbers</b>		<b>23</b>	<b>19</b>	<b>4</b>	<b>23</b>	<b>19</b>	<b>4</b>	<b>23</b>	<b>19</b>	<b>4</b>
<b>% increase</b>			(17,4%)	(78,9%)	475,0%	375,0%	-	475,0%	(17,4%)	(78,9%)
<b>Total entity employees headcount</b>	5									
Finance personnel headcount	7	3	2	1	3	2	1	3	2	1
Human Resources personnel headcount	7	1		1	1		1	1		1

Supporting Table SD6 Budgeted monthly cash and revenue/expenditure

Description	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework			
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
<b>R thousands</b>																
<b>Revenue By Source</b>																
Rental of facilities and equipment	1 043	1 043	1 043	1 043	1 043	1 043	1 043	1 043	1 043	1 043	1 043	1 043	12 518	12 950	15 827	
Transfers recognised - operational	5 000												5 000	15 000	15 000	
Other revenue	4	5	5	5	5	5	5	5	5	5	5	(30)	22	22	23	
Gains on disposal of PPE																
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>6 047</b>	<b>1 048</b>	<b>1 048</b>	<b>1 048</b>	<b>1 048</b>	<b>1 048</b>	<b>1 048</b>	<b>1 048</b>	<b>1 048</b>	<b>1 048</b>	<b>1 048</b>	<b>1 013</b>	<b>17 541</b>	<b>27 973</b>	<b>30 850</b>	
<b>Expenditure By Type</b>																
Employee related costs	772	522	522	522	522	522	522	522	522	522	522	326	6 313	6 688	7 086	
Remuneration of Board Members		450				450			450			350	2 150	2 258	2 371	
Debt impairment												2 000	2 000	2 100	2 205	
Depreciation & asset impairment												5 000	5 000	5 250	5 513	
Finance charges	-										7 000	(7 000)	-	-	-	
Other expenditure	250	475	550	475	500	475	500	475	520	475	475	1 140	6 310	6 301	7 110	
Loss on disposal of PPE												-	-	-	-	
<b>Total Expenditure</b>	<b>1 022</b>	<b>1 446</b>	<b>1 072</b>	<b>996</b>	<b>1 472</b>	<b>996</b>	<b>1 022</b>	<b>1 446</b>	<b>1 042</b>	<b>1 446</b>	<b>7 996</b>	<b>1 817</b>	<b>21 773</b>	<b>22 597</b>	<b>24 284</b>	
<b>Capital expenditure</b>																
Capital assets						30			15	15		270	330	-	-	
<b>Total capital expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>15</b>	<b>-</b>	<b>270</b>	<b>330</b>	<b>-</b>	<b>-</b>	
<b>Cash flow</b>																
Ratepayers and other	917	917	917	917	917	917	917	917	917	917	917	341	10 424	10 905	12 519	
Grants	5 000						-					-	5 000	15 000	15 000	
Interest												1	1	1	1	
Suppliers, employees and other	(791)	(791)	(791)	(791)	(791)	(791)	(791)	(791)	(791)	(791)	(791)	(799)	(9 500)	(11 250)	(12 550)	
Finance charges	(9 000)											9 000	-	-	-	
Dividends paid												-	-	-	-	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>(3 874)</b>	<b>126</b>	<b>126</b>	<b>126</b>	<b>126</b>	<b>126</b>	<b>126</b>	<b>126</b>	<b>126</b>	<b>126</b>	<b>126</b>	<b>8 542</b>	<b>5 925</b>	<b>14 656</b>	<b>14 970</b>	
Decrease (increase) other non-current receivables												-	-	(13 000)	(13 000)	
Decrease (increase) in non-current investments						345						-	345	345	-	
Capital assets				(270)			(30)			(30)		-	(330)	-	-	
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(270)</b>	<b>-</b>	<b>345</b>	<b>(30)</b>	<b>-</b>	<b>-</b>	<b>(30)</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>(12 655)</b>	<b>(13 000)</b>	
Borrowing long term/refinancing/short term	(293)	(293)	(293)	(293)	(293)	(293)	(293)	(293)	(293)	(293)	(293)	(293)	(3 520)	(1 621)	(1 470)	
Repayment of borrowing												-	-	-	-	
Increase in consumer deposits												-	-	-	-	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(293)</b>	<b>(293)</b>	<b>(293)</b>	<b>(293)</b>	<b>(293)</b>	<b>(293)</b>	<b>(293)</b>	<b>(293)</b>	<b>(293)</b>	<b>(293)</b>	<b>(293)</b>	<b>(293)</b>	<b>(3 520)</b>	<b>(1 621)</b>	<b>(1 470)</b>	
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(4 168)</b>	<b>(168)</b>	<b>(168)</b>	<b>(438)</b>	<b>(168)</b>	<b>177</b>	<b>(198)</b>	<b>(168)</b>	<b>(168)</b>	<b>(198)</b>	<b>(168)</b>	<b>8 249</b>	<b>2 420</b>	<b>380</b>	<b>500</b>	

Supporting Table SD7a Capital expenditure on new assets by asset class

Description R thousand	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and 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
<b>Other assets</b>	-	-	-	330	11	11	330	-	-
General vehicles							270		
Specialised vehicles									
Plant & equipment									
Computers - hardware/equipment				30	11	11	30	-	
Furniture and other office equipment				30	-	-	30	-	
Abattoirs									
Markets									
Civic Land and Buildings									
Other Buildings									
Other Land									
Surplus Assets - (Investment or Inventory)									
Other				270	-	-			
<b>Agricultural assets</b>	-	-	-	-	-	-	-	-	-
Total									
<b>Biological assets</b>	-	-	-	-	-	-	-	-	-
Total									
<b>Intangibles</b>	-	-	-	-	-	-	-	-	-
Computers - software & programming									
Total Other									
<b>Total capital expenditure on new assets</b>	-	-	-	330	11	11	330	-	-
<b>Specialised vehicles</b>	-	-	-	-	-	-	-	-	-
Refuse									
Fire									
Conservancy									
Ambulances									
<b>Funded by:</b>									
National Government									
Provincial Government									
Parent Municipality									
District Municipality									
<b>Transfers recognised - capital</b>	-	-	-	-	-	-	-	-	-
<b>Public contributions &amp; donations</b>									
<b>Borrowing</b>									
Internally generated funds				330	11	11	330		
<b>Total Capital Funding</b>	-	-	-	330	11	11	330	-	-



Supporting Table SD9 Detailed capital budget

Municipal Vote/Capital project	Program/Project description	Total Project Estimate	2016/17		Medium Term Revenue and Expenditure Framework		
			Audited Outcome	Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousands</b>							
<i>Furniture and Fittings</i>	PHA		30	30	15		
<i>Access control</i>	PHA		270	270			
<b>Bakkie</b>	PHA				300		
<i>Computer costs</i>	PHA		30	30	15		
<b>Total Capital expenditure</b>		-	330	330	330		

Please note that the table above is not in R'000. Figures had to reflect in full as the rounding in most fields was zero (0).

## Municipal manager's quality certificate



### Office of the Municipal Manager

I, D H Makobe Municipal Manager of Polokwane Municipality, hereby certify that the 2017/18- 2019/20 Annual Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

PRINT NAME \_\_\_\_\_

MUNICIPAL MANAGER OF POLOKWANE MUNICIPALITY (LIM354)

SIGNATURE \_\_\_\_\_

DATE \_\_\_\_\_