

DR BEYERS NAUDE MUNICIPALITY



**2018/19 – 2020/21
ANNUAL BUDGET**

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PART 1 – ANNUAL BUDGET

1.1 MAYOR'S REPORT

On 3 August 2016, the Dr Beyers Naude Municipality was established. This Council was tasked with ensuring that this newly established municipality remains functional, deliver services to the community and provide for social responsibilities to especially the poor.

During my inaugural speech on 18 August 2016 as the Mayor of the Dr. Beyers Naudé Local Municipality, I committed myself, the Councillors and Officials to make this new Municipality the best in the District. Now nearly two years later our commitment still stands firm. Amidst all the challenges we are still facing I want to urge all Councillors and employees to keep up the good work.

We cannot achieve our goal without the support of our communities, stakeholders, government departments, businesses and all other sectors of society. It is therefore of vital importance that we keep on improving on our communications with the various stakeholders.

Currently the Dr Beyers Naudé Local Municipality faces severe financial challenges, infrastructure deficits and services are hampered as a result of the cash flow constraints. The municipality was confronted with an unfunded budget since incorporation in August 2016. Council needs to ensure that the municipality implements procedures to move away from the unfunded budget. This is the only way that the municipality will recover financially and will be able to deliver on its constitutional mandates.

A Financial Recovery Plan was developed to try and balance the budget, reduce debt to sustainable levels, benchmark its revenue and expenditure – to provide for its current contingent liabilities and to build reserves to invest in infrastructure that will promote its development and shared growth.

The revised Integrated Development Plan (IDP) for the period 2017 to 2022 was compiled in conjunction with all communities. The IDP is regarded as “the most important planning tool” of a municipality. It is our five-year plan which sets out the development needs of all wards and is used to determine which projects a municipality funds in a particular year. The IDP and Budget needs to be aligned with one another. This is illustrated through our Service Delivery and Budget Implementation Plan.

The budget for 2018/19 remains unfunded. The municipality requires an investment of R68.2 million to ensure that the budget is funded. Some firm decisions had to be made with regards to the tariff increases to ensure that the municipality moves towards becoming financially sustainable. In reviewing our tariffs it was a concern to see that our tariffs are not in line with the cost of providing the service. Although there is still much to be done to ensure that services are correctly costed, baseline information already indicates huge deficits per service.

For this reason it was decided that tariffs had to increase in excess of the CPI inflation rate as stipulated by National Treasury. The municipality is facing severe challenges with infrastructure, fleet and tools to ensure that services are delivered to our community. The municipality also inherited tariffs which was vastly different for the previous disestablished municipalities. This needs to be addressed as soon as possible. In our first attempt to move towards uniform tariffs for the towns it was decided that:

- All residents in towns not yet on step tariffs for electricity will be moved to step tariffs
- This is only applicable to residential tariffs
- The refuse collection tariff will be made equal in all towns – thus all towns will be moved to the highest of the tariffs currently on the tariff structure.

The budget provides for assistance to the poor and includes the following social package:

- Water – 6 kl free
- Electricity – 50 kwh free
- Refuse – 100% of monthly cost free
- Sanitation – 100% of monthly cost free
- Property Rates- 100% of assessed rates

National Treasury highlighted some critical information on national level:

- The local economy is beginning to recover after a short recession in early 2017 however the improvement is insufficient. Growth has remained stagnant at less than 2 per cent and unemployment remains high at 26.7 per cent. The prerequisites for increased revenue and expanded service delivery are more rapid growth, investment and job creation
- The drought experienced in several provinces poses significant risks to agriculture and tourism for the period ahead, and this may threaten jobs in these sectors. The current water crisis in the Western Cape and other provinces will affect economic growth. While the drought's impact is uncertain much depends on how long it will prevail; the extent to which specific catchment areas are affected; and the success of mitigation measures.
- These economic challenges will continue to exert pressure on municipal revenue generation and collection levels hence a conservative approach is advised for revenue projections. Municipalities affected by the drought should also consider its impact on revenue generation. In addition, municipalities will have to improve their efforts to limit non-priority spending and to implement stringent cost-containment measures
- Consumer Price Inflation (CPI) for the next three years are estimated at 5.3%, 5.4% 5.5%
- Local government direct and indirect transfers accounts for 18.8 per cent of the reductions in transfers
- The 2017 MTBPS announced a new funding mechanism to support recovery plans for municipalities that face a financial crisis, as provided for in section 139(5) of the

Constitution. A new municipal restructuring grant will be introduced to help municipalities in financial crisis to implement reforms to turn themselves around

- The NERSA document proposes a 6.84 per cent guideline increase for municipal electricity tariffs for 2018/19. This is based on a bulk tariff increase for municipalities of 7.32 per cent
- Municipalities are urged to examine the cost structure of providing electricity services and to apply to NERSA for electricity tariff increases that reflect the total cost of providing the service so that they work towards achieving fully cost-reflective tariffs that will help them achieve financial sustainability. Municipalities in arrears with Eskom should ensure that their payment arrangements are effected in their 2018/19 MTREF budget.

The budget was scrutinized and deliberated on by the Executive Committee during their meeting on 23 May 2018. EXCO felt that the proposed budget needed some firm commitments towards moving to a funded budget. The following were recommendations made by EXCO:

- Equalisation monies to be used to recover outstanding debt.
- Report on equalisation as soon as possible to Council
- Placement and relocation to be done with immediate effect
- Moratorium on appointments until placement done.
- Critical positions to be motivated to EXCO
- Identify people to be reskilled
- Continue to engage all stakeholders re R14 million withheld from equitable share
- Obtain loan to purchase water and electricity meters. The additional income to be generated from these meters to be ring-fenced and used to repay loan
- Obtain loan for fleet and ensure strengthened controls immediately
- 6 Months lease to be obtained for fleet whilst loan application in process
- Capacity of our own mechanical workshop should be strengthened immediately
- Councillors to assist and lead the process of indigent applications. Councillors, Ward Committees and officials to work together to ensure that target for registration is reached
- Monthly monitoring and evaluation on the plans to be developed (revenue enhancement and cash turnaround)
- Improve other revenue by looking at:
 - Moveable assets that can be sold
 - Revisit all lease agreements for property leased out
- A delegation to meet with DSRAC and Sarah Baartman to discuss unfunded mandates e.g. libraries and fire
- Restriction of water to be implemented in Eskom areas. Management to investigate the installation of "Smart meters".
- The security contract which was on month to month contract to be formally investigated
- Management to scale down on the number of security officials needed
- Management to investigate the possibility of performing this function in house by looking at possible reskilling of employed personnel

- Zero tolerance on businesses, farmers and government departments that owes the municipality money
- Council acknowledge that paying creditors should be paid within 30 days. EXCO recognise the current cash flow constraints which prohibits us from paying creditors on time, but management should make every effort to try and pay creditors.
- Council should continue campaigning that National or Provincial Treasury should assist with historical debt as result of amalgamation.
- Management to ensure that by-laws are promulgated and implemented. This should be regarded as an additional revenue stream.
- EXCO noted the investigation being done with regards to the ICT situation
- EXCO noted the reduction in repairs and maintenance from draft to final budget. This must be revisited during mid-year assessment and adjusted budget should revenue improve

As can be seen EXCO took the matter of the budget very serious and would like to urge all councillors to be involved in the monitoring of the budget hence forth.

The Council would like to thank all residents, ward committees, sector departments and stakeholder groups who actively participated in the review of the IDP.

We look forward to building on our relationship with all stakeholders and continually improving on the municipality's planning processes so that, together, we can achieve our vision of becoming "A responsive, developmental and unifying Local Government providing quality services to its citizens in a safe, healthy and well-managed environment, with equal opportunities for all."

CLR DEON DE VOS
MAYOR

1.2 COUNCIL RESOLUTIONS

(a) The Mayor recommends that the Council resolves that:

1 The annual budget of the Dr Beyers Naude Municipality for the financial year 2018/19 and the indicative allocations for the projected outer years 2019/20 and 2020/21; and the multi-year and single year capital appropriations be approved for the purpose of complying with section 24 of the Municipal Finance Management Act (MFMA), Act No. 56 of 2003, as set-out in the following tables:

1.1 Consolidated Budget Summary – Schedule A1

1.2 Budgeted Financial Performance (revenue and expenditure by standard classification) – Schedule A2

1.3 Budgeted Financial Performance (revenue and expenditure by municipal vote) – Schedule A3

1.4 Budgeted Financial Performance (revenue by source and expenditure by type) – Schedule A4

1.5 and Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source – Schedule A5

2 The budgeted financial position, budgeted cash flows, cash-backed reserves/accumulated surplus, asset management and basic service delivery targets be noted as set-out in the following tables:

2.1 Budgeted Financial Position – Schedule A6

2.2 Budgeted Cash Flows – Schedule A7

2.3 Cash backed reserves and accumulated surplus reconciliation – Schedule A8

2.4 Asset management – Schedule A9

2.5 Basic service delivery measurement – Schedule A10

3 The service tariffs and property rates be increased as per the tariffs schedule with effect from 1 July 2018

4 The indicative tariffs for 2019/20 and 2020/21 be increased as follows:

	2019/20	2020/21
Property rates	6%	6%
Water	6%	6%
Sanitation	6%	6%
Refuse	6%	6%
Electricity	6%	6%

5 That the detailed capital budget as per Annexure C be approved

6 That the tariffs, fees and charges as reflected on the tariff list, in terms of Section 30 (2) and 93 4) of the Local Government: Municipal Structures Act, Act No: 117 of 1998 (as amended), read with Chapter 4 of the Local Government: Municipal Finance Management Act, Act 56 of 2003, be approved with effect 1 July 2018

7. That the following budget related policies be approved:

- a) Credit control and debt collection
- b) Tariff policy

- c) SCM Infrastructure Procurement
 - d) Asset management policy
 - e) Cash management, banking & investment policy
 - f) Budget policy
 - g) Virement policy
 - h) Funding and reserve policy
 - i) Borrowing policy
 - j) Indigent support policy
8. That the following draft by-laws be approved and be published for public comments
 - (a) Tariff by-law
 - (b) Credit control and debt collection by-law
 9. That council recognise the non-compliance areas of the budget 2018/19:
 - a. A budget deficit of R23million
 - b. An unfunded budget but working towards a funded budget.
 - c. Due to cash-flow problems not being able to pay creditors on terms of 30 days as legally required.
 10. That Council also recognised the difficult environment that the budget is tabled in:-
 - a. A R14 million roll-over not approved
 - b. R57million possible creditors at 30 June 2018
 - c. All labour related issues not yet being resolved and currently the cost of personnel is at approximately 49% of the effective budget income.
 - d. The crucial problems related to the Directorate of Community Services (suspension of the director) and imminent vacancy of Director: Corporate Services
 - e. That it is not currently possible to determine the cost of the core functions of the Municipality
 - f. The budget is tabled against the background of very high non-revenue water 46% and electricity 29% losses.
 11. The Council however applaud the Chief Financial Officer and the Municipal Manager that despite the above tariffs have not been raised above 6% and is merely related to the inflation rate 5.3%
 12. That Council further recognises the decrease of other expenditure (22%) as with the draft budget and efforts to decrease the R41million deficit compared with the draft budget.
 13. That equalisation monies be used to recover outstanding debt from staff members
 14. That a report on equalisation be submitted as soon as possible to Council
 15. That placement and relocation to be done with immediate effect
 16. That a moratorium on appointments be placed until placement is done.
 17. That all critical positions be motivated to EXCO before filling of positions
 18. That management identify people to be reskilled
 19. That there are continued engagement with all stakeholders with regards to the R14 million withheld from equitable share
 20. That management proceed with the process to obtain a loan to purchase water and electricity meters.
 21. That the additional income to be generated from these meters to be ring-fenced and used to repay loan
 22. That management proceed with the process to obtain loan for fleet and ensure strengthened controls with regards to fleet immediately

23. That a 6 months lease be obtained for fleet whilst loan application is in process
24. That the capacity of our own mechanical workshop be strengthened immediately
25. That Councillors assist and lead the process of indigent applications. Councillors, Ward Committees and officials to work together to ensure that target for registration is reached
26. That monthly monitoring and evaluation be implemented on the plans to be developed (revenue enhancement and cash turnaround)
27. That management ensures improved "other revenue" by looking at:
 - Moveable assets that can be sold
 - Revisit all lease agreements for property leased out
28. That a delegation meet with DSRAC and Sarah Baartman to discuss unfunded mandates e.g. libraries and fire
29. That restriction of water be implemented in Eskom areas. Management to investigate the installation of "Smart meters".
30. That the security contract which was on month to month contract be formally investigated
31. That management scale down on the number of security officials needed
32. That management investigate the possibility of performing this function in house by looking at possible reskilling of employed personnel
33. That a zero tolerance approach be taken on businesses, farmers and government departments that owes the municipality money
34. Council acknowledge that creditors should be paid within 30 days. Council recognises the current cash flow constraints which prohibits us from paying creditors on time, but management should make every effort to try and pay creditors.
35. That Council should continue campaigning that National or Provincial Treasury should assist with historical debt as result of amalgamation.
36. That Management ensures that by-laws are promulgated and implemented. This should be regarded as an additional revenue stream.
37. That Council noted the investigation being done with regards to the ICT situation but progress should be reported to EXCO
38. That Council noted the reduction in repairs and maintenance from draft to final budget. This must be revisited during mid-year assessment and adjusted budget should revenue improve
39. It is further proposed that the following timelines be added to the above recommendations:-
 - a) That management put in place before the start of the financial year 2018/19 a plan to address the oversight over municipal assets and especially the monitoring of municipal vehicles
 - b) That management report to EXCO and Council before end June 2018 on how equalisation was done and how monies were paid out.
 - c) That Management ensure that the unions are taken on board in the process of dealing with all outstanding labour related issues as recommended above and table time lines on how this will be done.
 - d) That management ensure that the reports on the progress of revenue enhancement and cash turnaround plans be tabled monthly in EXCO and quarterly reports in Council
 - e) That management ensure that other revenue be enhanced by maximising the income from assets and the income from existing traffic centres and report progress monthly to EXCO.
 - f) That management within three months within the new financial year report back to Council on its action to reduce unfunded mandates and the cost of security services.
 - g) That management implement as soon as possible the recommendations relating to the reduction of non-revenue electricity and water

1.3 EXECUTIVE SUMMARY

The key service delivery priorities, as outlined in the IDP, informed the development of the Budget, including the need to maintain and improve the Municipality's financial sustainability.

Furthermore, cost containment measures are being implemented to curb costs and to improve operational efficiency.

National Treasury's MFMA Circulars No. 48, 51, 54, 55, 58, 59, 66, 67, 70, 72, 74, 75, 78, 79, 85, 86, 89 and 91 were used to guide the compilation of the 2018/19 Medium Term Revenue and Expenditure Framework (MTREF).

The Municipality faced the following significant challenges during the compilation of the 2018/19 MTREF:

- Maintaining revenue collection rates at the targeted levels;
- Maintaining electricity and water losses at acceptable levels;
- Different tariff structures in the different towns (from disestablished municipalities);
- Fully implementing cost containment measures;
- Allocation of the required budget provision for the rehabilitation and maintenance of infrastructure; and
- Maintaining an acceptable cost coverage ratio;

The following budgeting principles and guidelines directly informed the compilation of the 2018/19 MTREF:

- The priorities and targets, relating to the key strategic focus areas, as outlined in the IDP.
- The level of property rates and tariff increases to take into account the need to address maintenance and infrastructural backlogs.
- The level of property rates and tariff increases to ensure the delivery of municipal services on a financially sustainable basis.
- The need to enhance the municipality's revenue base.
- No loan funding is available to support the Capital Budget, in view of financial affordability considerations.

In view of the aforementioned, the following table represents an overview of the 2018/19 Medium-term Revenue and Expenditure Framework:

Table 1 (Overview of the 2018/19 MTREF)

	Current Year	2018/19 Medium Term Revenue and Expenditure		
	Adjusted Budget 2017/18	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Total Revenue	399 259	342 319	345 412	363 292
Total Expenditure	440 304	366 051	382 392	404 699
Surplus/(Deficit)	(41 044)	(23 732)	(36 980)	(41 377)
Capital Expenditure	72 179	44 884	31 647	30 463

Total operating revenue has decreased by 14.25% or R 56.9 million for the 2018/19 financial year, compared to the 2017/18 Adjustments Budget.

The decrease is a result of the accounting for the Cost of Free Basic Services which was accounted for as an expense in the previous financial year, whilst it should have been a reduction to revenue.

For the two outer years, operational revenue increases by 0.90% and 5.18% respectively.

Total operating expenditure for the 2018/19 financial year amounts to R 366.051 million, resulting in a budgeted deficit of R 23.732 million. Compared to the 2017/18 Adjustments Budget, operational expenditure decreased by 16.86% in the 2018/19 Budget. As mentioned this is due to the accounting treatment for Cost of Free Basic Services which was incorrect in the previous financial year.

For the two outer years, operational expenditure increases by 4.46% and 5.83% respectively. The 2019/20 and 2020/21 budgets reflect operating deficits of R 36.980 million and R 41.377 million respectively.

The major operating expenditure items for 2018/19 are employee related costs (37.32%), bulk electricity purchases (22.50%), depreciation (10.64%) and other expenditure (20.89%).

Funding for the 2018/19 Operating Budget is obtained from various sources, the major sources being service charges such as electricity, water, sanitation and refuse collection (44.63%), property rates (8.64%), grants and subsidies received from National and Provincial Governments (41.49%).

In order to fund the 2018/19 Operating Budget, the following increases in property rates and service charges will be effected with effect from 1 July 2018:

Property rates	-	6%
Water	-	6%
Sanitation	-	6%
Refuse	-	7%
Electricity (average increase in income)	-	7%

Further to this the electricity tariff for residents in all towns will be standardised and converted to block tariffs. The refuse tariff will be standardised and increased to the highest tariff currently on the tariff structure.

The capital budget of R 44.884 million for 2018/19 is R 27.295 million or 37.82% less than the 2017/18 Adjustments Budget. The Capital Budget over the MTREF will be mainly funded from government grants and subsidies, as limited internal funding is available.

The budget provides for assistance to the poor and includes the following social package:

- Water – 6 kl free
- Electricity – 50 kwh free
- Refuse – 100% of monthly cost free
- Sanitation – 100% of monthly cost free
- Property Rates- 100% of assessed rates

All budget related policies have been reviewed and workshopped with Councillors and top management . The policies will also be subjected to public participation.

1.4 OPERATING REVENUE FRAMEWORK

The continued provision and expansion of municipal services, is largely dependent on the Municipality generating sufficient revenues. Efficient and effective revenue management is thus of vital importance in ensuring the ongoing financial sustainability of the Municipality. Furthermore, in accordance with the MFMA, expenditure has to be limited to the realistically anticipated revenues.

The Municipality's revenue management strategy includes the following key components:

- National Treasury's guidelines in this regard;
- Tariff Policies;
- Property Rates Policy;
- Indigent Policy and provision of free basic services;
- The level of property rates and tariff increases must ensure financially sustainable service delivery.
- The level of property rates and tariff increases to take into account the maintenance and replacement of infrastructure, including the expansion of services;
- Determining fully cost reflective tariffs for trading services;
- Electricity bulk tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Efficient revenue management, targeting a 93% annual collection rate for property rates and service charges.

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

Table 2 (Summary of main revenue sources)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source											
Property rates	2	—	—	21 626	43 595	39 445	39 445	39 445	29 579	31 354	33 235
Service charges - electricity revenue	2	—	—	86 523	92 106	97 672	97 672	97 672	101 549	107 642	114 101
Service charges - water revenue	2	—	—	24 280	30 538	29 304	29 304	29 304	25 470	26 998	28 618
Service charges - sanitation revenue	2	—	—	3 116	14 866	15 409	15 409	15 409	10 331	10 919	11 574
Service charges - refuse revenue	2	—	—	3 176	8 889	11 680	11 680	11 680	11 433	12 151	12 860
Service charges - other				867	888	1 015	1 015	1 015	4 013	4 254	4 509
Rental of facilities and equipment				592	1 074	783	783	783	849	900	954
Interest earned - external investments				1 696	1 377	2 339	2 339	2 339	2 015	2 136	2 265
Interest earned - outstanding debtors				5 869	1 867	2 768	2 768	2 768	9 713	10 266	10 914
Dividends received				—	—	—	—	—	—	—	—
Fines, penalties and forfeits				77	100	72	72	72	121	128	136
Licences and permits				4 125	5 972	1 416	1 416	1 416	1 501	1 581	1 686
Agency services				329	334	2 530	2 530	2 530	2 682	2 843	3 013
Transfers and subsidies				101 847	107 439	113 919	113 919	113 919	97 441	100 312	106 717
Other revenue	2	—	—	691	1 284	1 189	1 189	1 189	1 104	1 170	1 240
Gains on disposal of PPE				3 560	6 593	6 593	6 593	6 593	—	—	—
Total Revenue (excluding capital transfers and contributions)		—	—	258 353	316 921	326 134	326 134	326 134	297 802	312 694	331 842

In the 2017/18 financial year, rates and service charges amounted to R194.526 million. This decreases to R182.376 million in 2018/19 and increases to R193.318 million and R 204.917 million in the 2019/20 and 2020/21 financial years, respectively.

The decrease in 2018/19 is due to the Cost of Free Basic services being accounted for as a deduction from revenue instead of an expense as in 2017/18.

The major operating revenue sources for 2018/19 are electricity (34.10%), Operating grants (32.72%) and property rates (9.93%).

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

Table 3 (Operating Transfers and Grant Receipts)

EC101 Dr. Beyers Naude - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		-	-	104 360	99 922	91 669	91 669	90 395	94 038	100 079
Local Government Equitable Share				73 656	77 494	77 494	77 494	83 278	90 038	97 079
Finance Management				5 400	5 520	5 945	5 945	6 085	4 000	3 000
Energy Efficiency and Demand Management					2 339					
EPWP Incentive				2 101	1 383	1 383	1 383	1 032	-	-
					2 339			-	-	-
Demarcation grant				23 143	10 847	6 847	6 847	-	-	-
Provincial Government:		-	-	3 299	5 240	18 512	18 512	3 508	2 523	2 662
Amalgamation						4 000	4 000	-	-	-
Finance Management support						1 085	1 085	-	-	-
Library				2 258		2 258	2 258	2 308	2 523	2 862
Economic development and Environmental Affairs				313	2 554	2 554	2 554	-	-	-
Eskom assistance grant						3 721	3 721	-	-	-
Dept of Public Service & Administration						4 503	4 500	1 106	-	-
Dept of Human Settlements				728		94	94	94	-	-
Special day events - various gov depts					2 686	301	301	-	-	-
District Municipality:		-	-	2 373	150	3 358	3 358	3 242	3 436	3 642
Fire				1 165		1 850	1 850	1 962	2 079	2 204
LED					150	200	200			
Environmental Health				1 208		1 208	1 208	1 280	1 357	1 438
SMME development						100	100			
Other grant providers:		-	-	145	1 045	380	380	297	315	333
SETA				145		280	280	297	315	333
IDC						100	100			
MIG PMU					1 045	0	0			
Total Operating Transfers and Grants	5	-	-	110 176	106 357	113 919	113 919	97 441	100 312	106 717

The Municipality is faced with the significant challenge of providing services with its limited financial resources. Against this background, the Municipality has undertaken the tariff determination process relating to property rates and service charges as follows:

1.4.1 Property Rates

The following provisions in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rateable value (Section 17(h) of the MPRA).
- If the usage of a property changes during a financial year, the rebate applicable will be reduced *pro rata* for the balance of the financial year.
- Indigents receives 100% subsidy on the rates levied for the year.

A property rates increase of 6% is proposed as from 1 July 2018.

The property rates increase is mainly influenced by the following:

- Employee related costs increased by 7%;
- Providing for debt impairment.

The new valuation roll will be compiled during the 2018/19 financial year with implementation date 1 July 2019. It is not foreseen that revenue from this source will grow beyond the recommended price increase for 2018/19.

1.4.2 Sale of Water and Impact of Tariff Increases

In accordance with National Treasury's MFMA Circulars, no. 51, 55, 58, 66, 70, 74, 85, 89 and 91: Municipalities are encouraged to review the level and structure of their water tariffs to ensure:

- Fully cost reflective water tariffs – tariffs should include the costs associated with bulk water purchases, the maintenance and renewal of purification plants, water networks and water reticulation expansion;
- Water tariffs are structured to protect basic levels of service; and
- Water tariffs are designed to encourage efficient and sustainable consumption.

National Treasury has urged municipalities to ensure that water tariffs are fully cost reflective by 2014/15. In this regard a phased-in approach will be undertaken to ensure that tariffs are fully cost reflective over the medium term. Dr Beyers Naude is a municipality which was formed through the amalgamation of 3 former municipalities. As a result of the amalgamation the municipality is also faced with trying to standardise tariffs within the different towns. As the charging of fully cost reflective tariffs would place an undue financial burden on customers, it will not be possible to implement it in the 2018/19 MTREF.

The prevailing drought makes it difficult for some municipalities to improve revenue generation from this service. It is now more important to improve demand management, infrastructure maintenance, loss management, meter reading and tariff setting in respect of water services

Ongoing accurate monitoring and reporting of municipal Non-Revenue Water (NRW) and water loss performance against set targets and baselines has become more critical. The municipality is currently monitoring water losses on a monthly basis, but are faced with a huge number of metres that are faulty. This contributes to the inaccurate billing and collection of water tariffs. Grant funding has been received to begin a study on all faulty metres and areas of water losses. The project started during the 2017/18 financial year and will be completed during the 2018/19 financial year.

A tariff increase of 6% is proposed as from 1 July 2018. The proposed tariff increase is mainly influenced by the following:

- Employee related costs increased by 7%;
- Providing for debt impairment.

The water tariff structure is designed in such a manner that higher levels of water consumption are progressively charged at a higher rate.

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has determined that the Eskom bulk electricity tariff to municipalities would increase by 7.32% as from 1 July 2018. Considering the Eskom tariff increase, the Municipality's consumer tariffs will be increased by 7% on average to offset the additional electricity bulk purchase costs as from 1 July 2018.

The tariff increases are mainly influenced by the following:

- Employee related costs increased by 7%;
- The cost of bulk electricity purchases increased by 7.32%;
- Repairs and maintenance of electricity infrastructure
- Providing for debt impairment.
- Tariff not cost reflective

The population of the municipality is relatively stagnant and minimal growth is expected over the MTREF. It is thus estimated that the revenue will only grow with percentage of price increases. The municipality will convert all residential tariffs in towns which were included during the amalgamation, to step tariffs during the 2018/19. It is anticipated that the impact will be minimal on revenue growth.

The proposed electricity tariff increases, still require approval by NERSA.

1.4.4 Sanitation and Impact of Tariff Increases

In accordance with National Treasury's MFMA Circulars, no. 51, 55, 58, 66, 70, 74, 85, 89 and 91 municipalities are encouraged to review the level and structure of their sanitation tariffs to ensure:

- Fully cost reflective sanitation tariffs – tariffs should include the costs associated with maintenance and renewal of treatment plants, sanitation networks and sanitation infrastructure expansion;
- Sanitation tariffs are structured to protect basic levels of service; and
- Sanitation tariffs are designed to encourage efficient and sustainable consumption.

National Treasury has urged municipalities to ensure that sanitation tariffs are fully cost reflective by 2014/15. In this regard a phased-in approach will be undertaken to ensure that tariffs are fully cost reflective over the medium term. Dr Beyers Naude is a municipality which was formed through the amalgamation of 3 former municipalities. As a result of the amalgamation the municipality is also faced with trying to standardise tariffs within the different towns. As the charging of fully cost reflective tariffs would place an undue financial burden on customers, it will not be possible to implement it in the 2018/19 MTREF. The tariff policy of the municipality makes provision to phase in the standardised tariffs over a period of 3 years

A tariff increase of 6% will be implemented as from 1 July 2018. The tariff increase is mainly influenced by the following:

- Employee related costs increased by 7%;
- Providing for debt impairment.

1.4.5 Refuse Collection and Impact of Tariff Increases

National Treasury has urged municipalities to ensure that refuse tariffs are fully cost reflective by 2015. The tariffs should take into account the need to maintain a cash-backed reserve to cover the future costs of the rehabilitation of landfill sites. In this regard a phased-in approach will be undertaken to ensure that tariffs are fully cost reflective over the medium term. As the charging of fully cost reflective tariffs would place an undue financial burden on customers, it will not be possible to implement it in the 2018/19 MTREF. The municipality will however standardise this tariff during the 2018/19 financial year in all towns within the jurisdiction of the municipality except Rietbron. The tariff will be increased to the highest tariff on the current tariff structure.

The revenue generated from refuse collection is not sufficient to ensure proper service delivery. The municipality is facing challenges with regards to infrastructure, fleet and tools.

A tariff increase of 7% for refuse collection will be implemented as from 1 July 2018 up and above the increase needed to standardise the service.

The proposed tariff increase is mainly influenced by the following:

- Employee related costs increased by 7%;
- Providing for debt impairment
- Provision for landfill sites
- Tariff not cost reflective

1.5 OPERATING EXPENDITURE FRAMEWORK

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

- The funding of the budget over the medium-term is informed by the requirements of Section 18 and 19 of the MFMA;
- A balanced budget approach by limiting operating expenditure to the operating revenue;

The following table is a high level summary of the 2018/19 budget and MTREF (classified per main type of operating expenditure):

Table 4 (Summary of operating expenditure by standard classification item)

Description R thousand	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Expenditure By Type											
Employee related costs	2	-	-	100 826	126 434	127 372	127 372	127 372	138 818	144 906	153 601
Remuneration of councillors				7 377	9 195	9 324	9 324	9 324	9 884	10 477	11 105
Debt impairment	3			32 833	8 860	14 860	14 860	14 860	3 500	3 710	3 710
Depreciation & asset impairment	2	-	-	65 157	71 165	65 165	65 165	65 165	35 453	37 580	39 710
Finance charges					328	5 298	5 298	5 298	5 576	5 936	6 384
Bulk purchases	2	-	-	69 019	61 837	82 000	82 000	82 000	82 368	87 310	92 549
Other materials	8										
Contracted services		-	-	3 417	3 583	11 610	11 610	11 610	15 941	15 725	16 569
Transfers and subsidies		-	-	14	67	187	187	187	239	254	269
Other expenditure	4, 5	-	-	87 296	116 447	124 450	124 450	124 450	76 473	76 464	80 326
Loss on disposal of PPE				152	37	37	37	37	-	-	-
Total Expenditure		-	-	366 091	397 934	440 304	440 304	440 304	366 051	382 392	404 669

The total operating expenditure decreased by R 74.253 million (16.86%) from R 440,304 million in 2017/18 to R 366.051 million in 2018/19. Below is a discussion of the main expenditure components.

Employee related costs

The 2018/19 budget provides for a general increase of 7%. The salary and wage negotiations is still ongoing but a facilitator's proposal was received. In terms of the proposal a salary increase of 7% with effect of 1 July 2018 is proposed with an additional 0.5% to employees earning R9 000 per month or less with effect 1 January 2019.

The municipality recently finalised the equalisation of salaries process. In terms of the process employees of the former grade 1 municipalities (Baviaans and Ikwezi) were moved to a grade 3 municipality salary scales. All staff are now on task grades in terms of the SALGBC (South African Local Government Bargaining Council) approved salary scales.

The equalisation had an effect of an additional R4 million per annum on the salary bill.\

The total budget provision of R 136.618 million represents an increase of 7.26% over the 2017/18 Adjustments budget and is based on actual expenditure in the 2017/18 financial year.

Council has also approved the absorption of all month to month contract workers who were employed at time of amalgamation. Appointment date is 1 March 2018.

Employee related costs in the 2018/19 Budget, represent 37.32% of the total operating expenditure

Remuneration of Councillors

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 preparing the budget. As the budget provides for a 6% increase, Councillors' remuneration should be limited to the budget allocated for this purpose.

Debt Impairment

The provision for debt impairment was determined based on a targeted annual collection rate of 93%. Based on the disclaimer audit opinion received for 2017/18 and the challenges experienced with preparation of annual financial statements after amalgamation, especially with regards to the take on balances, Council adopted a merger approach document.

This document provides for the take on of trade debtors at net book value and as a result thereof a huge write off of debt will happen before the end of 2017/18 financial year. This has an effect on the provision for debt impairment and as such it is anticipated the debt impairment will decrease from R14.8 million to R3.5 million.

While this expenditure represents a non-cash flow item, it is taken into account in determining the total costs associated with the rendering of municipal services and the realistically anticipated revenues.

Depreciation and Asset Impairment

The merger approach document will also have an effect on the depreciation calculations. Property Plant and Equipment will be restated to net book value at date of amalgamation. This will become the new cost price of PPE and as such have a huge influence on the depreciation calculation and accumulated depreciation. It is anticipated that depreciation will decrease from R65.1 million to R35.4 million in 2018/19.

Finance Charges

Finance charges consist primarily of the repayment of interest on outstanding trade creditors. The municipality is currently facing severe cash flow problems and is unable to pay creditors within the 30 days as required by legislation.

Bulk Electricity Purchases

The bulk purchases of electricity increased by R 368 thousand (0.4%), from R 82 million in 2017/18 to R82.368 million in 2018/19. An error was discovered during the 2017/18 financial year which indicated that bulk electricity was overstated with R5 million.

NERSA has approved a 7.32% increase in the Eskom bulk tariff for the 2018/19 financial year. The 2018/19 budget accordingly allows for a 7.32% increase for bulk electricity purchases from Eskom.

Repairs and Maintenance

Repairs and maintenance for 2018/19 amounts to R11.585 million and equates to 4.8% of the total operating expenditure.

Contracted Services

In the 2018/19 financial year, the budget provision amounts to R 15.941 million and equates to 4.35% of the total operating expenditure.

Transfers and Subsidies

In the 2018/19 financial year, the budget provision amounts to R 239 thousand and includes transfers to the local tourism organisations and SPCA.

Other Expenditure

Other expenditure comprises of various line items relating to the daily operations of the municipality.

The expenditure decreased by R 74.252 million or 16.86% for 2018/19 and equates to 20.89% of the total operating expenditure.

The graph below reflects the main expenditure components included in other expenditure:

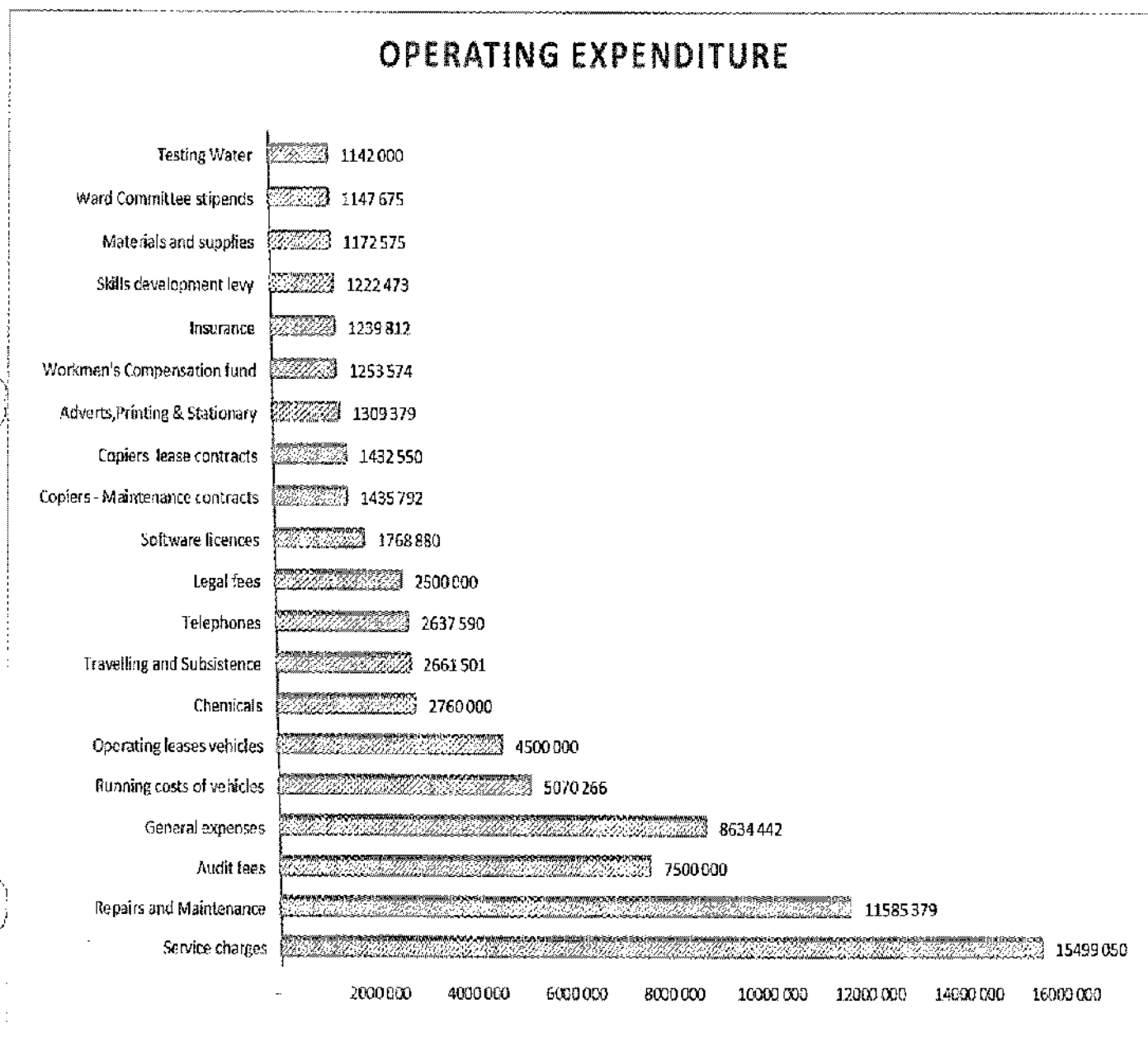


Figure 1 Main expenditure categories included in other expenditure for the 2018/19 financial year

The graph below reflects the main expenditure components included in general expenditure:

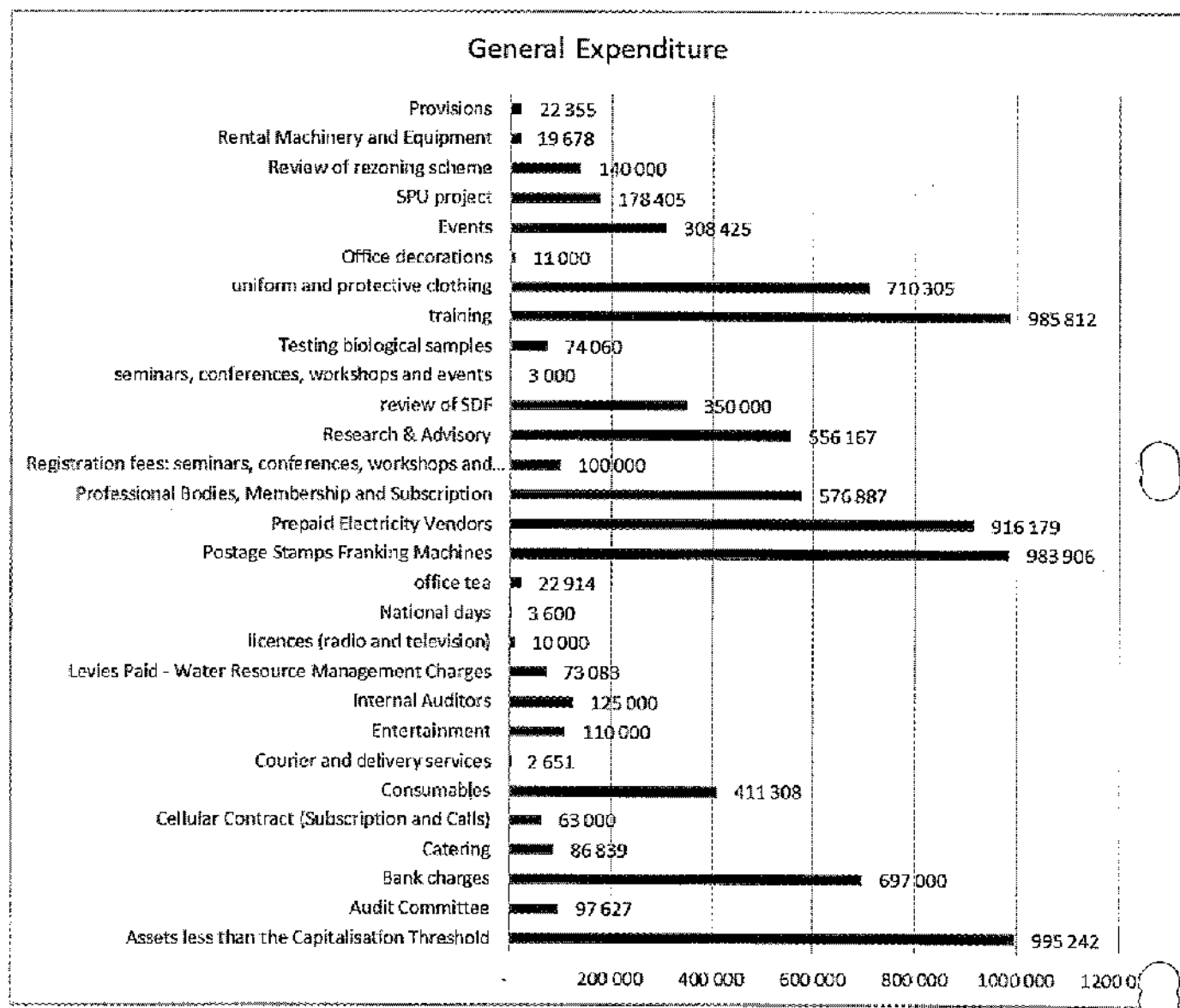


Figure 2 Main expenditure categories included in general expenditure for the 2018/19 financial year

1.5.1 Priority relating to repairs and maintenance

The repairs and maintenance expenditure in the 2018/19 financial year, increased by R 1,824 million or 18.68%, compared to the 2017/18 Adjustments Budget.

In relation to the total operating expenditure, repairs and maintenance constitutes 4% for the 2018/19 financial year and 4.88% for the 2019/20 and 4.96% for the 2020/21 financial years, respectively.

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

Table 5 (Repairs and maintenance per asset class)

Description	Ref	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Adjusted Budget	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Repairs and maintenance expenditure by Asset Class/Sub-class					
Infrastructure		7 366	9 573	10 148	10 757
Roads Infrastructure		1 483	1 755	1 860	1 972
Roads		1 483	1 000	1 060	1 124
Road Furniture			268	285	302
Capital Spares			486	516	546
Storm water Infrastructure		503	247	262	277
Storm water Conveyance		503	247	262	277
Electrical Infrastructure		879	2 943	3 119	3 306
HV Substations			95	100	106
HV Transmission Conductors		808			
MV Substations		71			
MV Networks			553	586	621
LV Networks			1 199	1 271	1 347
Capital Spares			1 096	1 162	1 232
Water Supply Infrastructure		2 911	2 699	2 861	3 033
Reservoirs		259	170	180	191
Water Treatment Works		2 652	2 530	2 681	2 842
Sanitation Infrastructure		1 315	1 330	1 410	1 495
Reticulation		839	733	777	824
Waste Water Treatment Works		476	597	633	671
Solid Waste Infrastructure		274	600	636	674
Waste Transfer Stations		274	600	636	674
Community Assets		727	910	964	1 022
Community Facilities		312	460	487	516
Halls		14	130	138	146
Clinics/Care Centres		104			
Fire/Ambulance Stations		45	46	48	51
Testing Stations		–	110	117	124
Libraries		43	42	45	47
Cemeteries/Crematoria		–	5	5	6
Police		61			

Public Ablution Facilities		–	100	106	112
Airports		45	27	29	30
Sport and Recreation Facilities		415	450	477	506
Outdoor Facilities		415	450	477	506
Other assets		470	570	604	640
Operational Buildings		470	570	604	640
Municipal Offices		470	525	557	590
Workshops			45	47	50
Computer Equipment		933	239	254	269
Computer Equipment		933	239	254	269
Furniture and Office Equipment		2	2	2	2
Furniture and Office Equipment		2	2	2	2
Machinery and Equipment		246	291	309	327
Machinery and Equipment		246	291	309	327
Transport Assets		17	–	–	–
Transport Assets		17			
Total Repairs and Maintenance Expenditure	1	9 761	11 585	12 280	13 017

For the 2018/19 financial year an amount of R 9.573 million (82.6%) of total repairs and maintenance, will be spent on infrastructure assets.

A total of R1.4 million of repairs and maintenance budget will be ring fenced for Ward projects – R100 000 per Ward. The Ward projects will have set criteria which will be developed and Ward Councillors will be responsible for identifying and monitoring of the projects that will be launched from these funds

1.5.2 Free Basic Services: Indigent Support

The indigent support assists indigent households that have limited financial ability to pay for municipal services. In order to qualify for free services the households are required to register in terms of the Municipality's Indigent Policy, whilst the monthly household income may not exceed two state pensions. Detail relating to free services, cost of free basic services, as well as basic service delivery measurement is contained in Table A10 (Basic Service Delivery Measurement).

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

1.6 CAPITAL EXPENDITURE

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

Table 6 (2018/19 Medium-term capital budget per vote)

R thousand	Adjusted Budget	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<u>Single-year expenditure to be appropriated</u>				
Vote 1 - EXECUTIVE & COUNCIL	2 302	-	-	-
Vote 2 - CORPORATE SERVICES - ADMINISTRATION	69	-	-	-
Vote 3 - CORPORATE SERVICES - COMMUNITY SERVICES	9 660	-	-	-
Vote 4 - CORPORATE SERVICES - PROTECTION	1 150	-	-	-
Vote 5 - FINANCIAL SERVICES	550	-	-	-
Vote 6 - TECHNICAL SERVICES - ENGINEERING	47 271	-	-	-
Vote 7 - TECHNICAL SERVICES - ELECTRICAL	11 187	-	-	-
Vote 8 - COUNCIL	-	-	-	-
Vote 9 - OFFICE OF THE MUNICIPAL MANAGER	-	50	-	-
Vote 10 - FINANCIAL SERVICES	-	-	-	-
Vote 11 - CORPORATE SERVICES	-	-	-	-
Vote 12 - INFRASTRUCTURE SERVICES	-	38 884	29 160	30 463
Vote 13 - COMMUNITY SERVICES	-	5 950	2 486	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-
Capital single-year expenditure sub-total	72 179	44 884	31 647	30 463
Total Capital Expenditure - Vote	72 179	44 884	31 647	30 463

Of the total amount of R 44.884 million for 2018/19, an amount of R 38.884 million has been budgeted for the development of infrastructure, which represents 86.63% of the total capital budget. In the outer years this amount totals R 29.160 million (92.14%) and R 30.463 (100%) respectively for each of the financial years.

CAPITAL PROJECTS							
FUNCTION	PROJECT DESCRIPTION	NEW/UPGRADE OR ADDITIONS/ REHABILITATION OR REFURBISHMENT	SOURCE OF FUNDING	WARD No.	2018/19	2019/20	2020/2021
Sports Grounds and Stadiums	Paving of parking area. Refurbishment of reservoir. Change rooms with ablution facilities. Construction of guard house. Blocking sewer problem	Upgrade	MIG	Ward 5	R 2 486 103	R 2 486 103	
Solid Waste Removal	Construction of berm and cells	Upgrade	MIG	Ward 12, 13	R 2 964 000		
Water Distribution	EIA, equipping of boreholes and construction of balancing reservoirs, installations of pipelines	Upgrade	MIG	Ward 1, Aberdeen	R 4 207 849	R 6 424 334	R 892 500
Roads	Roads and storm water drainage	Upgrade	MIG	Ward 10, 11	R 2 727 675	R 2 146 400	R 0.00
Water Distribution	Investigations into new resources for Bulk water, EIA's, installation and equipment of boreholes	Upgrade	MIG	Ward 8,9,13	R -	R 4 050 141	R 5 500 000
Roads	Roads and storm water drainage	Upgrade	MIG	Ward 10, 11	R -	R 2 314 200	
Storm Water Management	Roads and storm water drainage	Rehabilitation	MIG	Ward 5, 6	R 444 511		
Roads	Roads and storm water drainage	Rehabilitation	MIG	Ward 5, 6	R 3 799 112	R 2 040 422	
Water Distribution	Construction of steel reservoir, 315mm bulk rising main, pipelines and borehole stations	new	RBIG	Ward 2,3,4,5,6,7,14	R 5 000 000	R 3 500 000	R 2 000 000
Roads	Roads and storm water drainage	Upgrade	MIG	Ward 12, 13	R 2 624 400		R 14 079 913
Water Distribution	Refurbish boreholes in Jansenville well field. Refurbish weir and channel. Construct new raw bulk water mains from dam to WTW. New WTW in Klipplaar and pumping main to Jansenville	Upgrade	RBIG	Ward 10, 11	R 5 000 000	R 2 000 000	R 1 500 000

	Reservoirs						
Project Management Unit	Acquisition of new computers - PMU	New	MIG	All	R 12 000		
Project Management Unit	Acquisition of new office furniture - PMU	NEW	MIG	ALL	R 5 600		
Electricity	Acquisition of new plate compactors	New	INTERNAL	All	R 30 000		
Electricity	Upgrade stores building	Upgrade	INTERNAL	ALL	R 60 000		
Waste water management	Acquisition of new lab instruments- waste water management	new	INTERNAL	all	R 120 000		
Electricity	Upgrading of MV/LV Infrastructure at Kroonvale	Upgrade	DOE	All	R 4 500 000		
Electricity	Upgrading of MV Switchgear in Main intake substation and upgrading of NMD	Upgrade	DOE	All		R 6 400 000	R 6 400 000
Electricity	Purchase new tools (4 x small generators; 5 x drilling machines; 5 x chain saws; 3 x ladders; 4 x volt test)	new	INTERNAL	all	R 132 350	R 75 000	R 90 500
Electricity	Upgrade overload powerlines	Upgrade	INTERNAL	7 & 8	R 470 400		
communications	New digital camera - communication	new	INTERNAL	all	R 7 000		
communications	2G Digital voice recorder	New	INTERNAL	all	R 1 600		
internal audit	Overhead projector	New	FMG	All	R 3 500		
internal audit	Office furniture	New	FMG	All	R 22 000		
internal audit	Hot appliances	New	FMG	All	R 500		
internal audit	Air conditioners	New	FMG	All	R 15 000		
waste management	Skips	New	INTERNAL	all	R 250 000		
waste management	Small Plant: Weed eaters, chain saw, hedge cutters, blowers, grinders, drills, welding machines, etc	new	INTERNAL	All	R 250 000		
Water Distribution	Willowmore Bulk Water Supply: Additional Resources and development of new boreholes and pipelines	new	OTP	All	R 9 750 000	R 210 000	
					R 44 883 600	R 31 646 600	R 30 463 000

1.7 ANNUAL BUDGET TABLES

The ten main budget tables, as required in terms of the Municipal Budget and Reporting Regulations, are included in this section. These tables set out the Municipality's 2018/19 Budget and MTREF to be considered for approval by Council.

EC101 Dr. Bayers Naude - Table A1 Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Financial Performance										
Property rates	-	-	21 626	43 595	39 445	39 445	39 445	29 578	31 354	33 235
Service charges	-	-	117 962	147 286	155 081	155 081	155 081	152 798	161 964	171 882
Investment revenue	-	-	1 696	1 377	2 339	2 339	2 339	2 015	2 136	2 265
Transfers recognised - operational	-	-	101 947	107 439	113 919	113 919	113 919	97 441	100 312	103 717
Other own revenue	-	-	15 222	17 224	15 349	15 349	15 349	15 970	16 928	17 944
Total Revenue (excluding capital transfers and contributions)	-	-	258 353	318 821	325 134	326 134	326 134	297 802	312 094	331 942
Employee costs	-	-	100 823	126 434	127 372	127 372	127 372	136 618	144 906	153 631
Remuneration of councillors	-	-	7 377	9 195	9 324	9 324	9 324	9 884	10 477	11 105
Depreciation & asset impairment	-	-	65 157	71 185	85 185	85 185	85 185	35 453	37 580	39 835
Finance charges	-	-	-	328	5 298	5 298	5 298	5 576	5 588	6 384
Materials and bulk purchases	-	-	68 019	61 837	82 039	82 000	82 000	82 368	87 310	92 549
Transfers and grants	-	-	14	67	187	187	187	239	254	269
Other expenditure	-	-	123 699	128 903	150 957	150 957	150 957	95 814	95 898	100 927
Total Expenditure	-	-	368 091	397 934	440 304	440 304	440 304	366 051	382 392	404 688
Surplus/(Deficit)	-	-	(107 737)	(81 012)	(114 169)	(114 169)	(114 169)	(68 249)	(69 698)	(72 627)
Transfers and subsidies - capital (monetary alloc	-	-	66 235	64 760	73 125	73 125	73 125	44 517	32 718	31 450
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	-	(41 498)	(16 252)	(41 044)	(41 044)	(41 044)	(23 732)	(36 980)	(41 377)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	-	-	(41 498)	(16 252)	(41 044)	(41 044)	(41 044)	(23 732)	(36 980)	(41 377)
Capital expenditure & funds sources										
Capital expenditure	-	-	62 396	64 760	72 179	72 179	72 179	44 884	31 647	30 463
Transfers recognised - capital	-	-	62 396	64 460	71 513	71 513	71 513	43 582	31 572	30 373
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	300	666	666	666	1 321	75	91
Total sources of capital funds	-	-	62 396	64 760	72 179	72 179	72 179	44 884	31 647	30 463
Financial position										
Total current assets	-	-	75 347	71 665	46 651	46 651	46 651	62 027	59 435	75 379
Total non current assets	-	-	1 188 515	1 258 321	1 187 109	1 187 109	1 187 109	1 195 183	1 193 255	1 183 883
Total current liabilities	-	-	150 384	79 646	121 283	121 283	121 283	102 463	141 455	177 405
Total non current liabilities	-	-	58 797	55 556	58 797	58 797	58 797	62 410	64 410	66 410
Community wealth/Equity	-	-	1 055 680	1 194 784	1 055 680	1 055 680	1 055 680	1 096 333	1 055 825	1 015 447
Cash flows										
Net cash from (used) operating	-	-	94 137	(22 808)	33 004	33 004	33 004	27 774	32 138	31 273
Net cash from (used) investing	-	-	(58 809)	(58 167)	(65 586)	(65 586)	(65 586)	(31 817)	(31 547)	(30 463)
Net cash from (used) financing	-	-	-	2 138	75	75	75	100	-	-
Cash/cash equivalents at the year end	-	-	35 271	(73 290)	5 764	5 764	5 764	1 822	2 313	3 123
Cash backing/surplus reconciliation										
Cash and investments available	-	-	28 271	5 297	7 931	7 931	7 931	5 520	6 011	6 821
Application of cash and investments	-	-	113 562	6 325	75 544	75 644	75 644	43 297	71 795	102 393
Balance - surplus (shortfall)	-	-	(75 291)	(727)	(57 713)	(67 713)	(67 713)	(37 777)	(65 784)	(95 572)
Asset management										
Asset register summary (WDM)	-	-	1 188 515	1 258 321	1 197 252	1 201 537		1 187 109	1 196 540	1 190 607
Depreciation	-	-	65 157	71 185	85 185	85 185		35 453	37 580	39 835
Renewal of Existing Assets	-	-	-	-	-	-		4 244	2 040	-
Repairs and Maintenance	-	-	4 566	17 854	9 761	9 761		11 585	12 280	13 017
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	21 778	21 778	23 084	24 469
Revenue cost of free services provided	-	-	-	-	-	-	5 133	5 133	5 441	5 767
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	0	0	0	0
Energy:	-	-	0	-	-	-	-	-	-	-
Refuse:	-	-	3	3	3	-	3	3	3	3

EC101 Dr. Beyers Naude • Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		—	—	134 777	153 844	149 548	149 548	67 478	69 413	72 649
Executive and council		—	—	24 856	14 940	12 755	12 755	5 600	5 055	6 529
Finance and administration		—	—	109 921	136 903	136 793	136 793	61 879	63 358	66 121
Internal audit		—	—	—	—	—	—	—	—	—
<i>Community and public safety</i>		—	—	10 296	11 058	5 831	5 831	18 511	19 664	18 397
Community and social services		—	—	2 554	334	2 370	2 370	12 670	13 721	14 733
Sport and recreation		—	—	71	175	69	69	2 498	2 498	13
Public safety		—	—	5 732	10 535	2 387	2 087	1 986	2 084	2 209
Housing		—	—	731	14	97	97	98	4	4
Health		—	—	1 208	—	1 208	1 208	1 280	1 357	1 438
<i>Economic and environmental services</i>		—	—	25 084	599	41 182	41 182	15 839	12 568	20 373
Planning and development		—	—	175	189	37 069	37 069	2 384	1 484	1 436
Road transport		—	—	25 709	470	4 093	4 093	13 475	11 084	18 938
Environmental protection		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		—	—	153 545	215 851	202 185	202 185	239 905	243 147	251 135
Energy sources		—	—	89 037	106 934	113 013	113 013	119 090	128 124	135 479
Water management		—	—	38 318	62 543	59 520	59 520	69 328	63 502	60 479
Waste water management		—	—	23 013	35 841	15 417	15 417	25 034	28 400	28 263
Waste management		—	—	3 176	11 533	14 237	14 237	26 423	25 121	26 864
<i>Other</i>	4	—	—	91	330	533	533	585	620	657
Total Revenue - Functional	2	—	—	324 592	381 682	399 289	399 259	342 319	345 412	363 292
Expenditure - Functional										
<i>Governance and administration</i>		—	—	120 694	127 780	153 832	153 832	103 407	105 423	111 299
Executive and council		—	—	28 212	36 173	45 416	45 416	21 080	21 723	22 597
Finance and administration		—	—	92 482	91 518	108 318	108 318	80 644	82 140	86 649
Internal audit		—	—	—	99	99	99	1 693	1 559	1 653
<i>Community and public safety</i>		—	—	26 809	34 193	27 904	27 904	29 481	31 079	32 927
Community and social services		—	—	3 665	4 817	4 625	4 625	6 294	6 670	7 068
Sport and recreation		—	—	13 429	15 597	15 700	15 700	16 384	17 356	18 368
Public safety		—	—	7 030	9 498	3 537	3 537	3 690	4 116	4 364
Housing		—	—	377	11	94	94	1 335	1 317	1 396
Health		—	—	2 307	4 282	3 948	3 948	1 555	1 618	1 712
<i>Economic and environmental services</i>		—	—	20 649	44 682	45 441	45 441	43 062	45 672	48 333
Planning and development		—	—	2 590	6 572	20 086	20 086	12 263	13 045	13 767
Road transport		—	—	18 059	38 110	25 354	25 354	30 799	32 627	34 566
Environmental protection		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		—	—	195 886	189 138	210 529	210 529	187 320	197 254	208 118
Energy sources		—	—	93 702	88 269	110 568	110 568	135 513	111 808	118 118
Water management		—	—	47 410	43 131	48 514	48 514	44 178	45 579	48 210
Waste water management		—	—	42 173	41 170	30 781	30 781	21 939	23 239	24 620
Waste management		—	—	12 601	16 585	20 665	20 665	15 691	16 627	17 620
<i>Other</i>	4	—	—	2 053	2 143	2 599	2 599	2 800	2 965	3 139
Total Expenditure - Functional	3	—	—	366 091	397 934	440 304	440 304	366 051	382 392	404 689
Surplus/(Deficit) for the year		—	—	(41 498)	(16 252)	(41 044)	(41 044)	(23 732)	(36 980)	(41 377)

EC101 Dr. Beyers Naude - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
Revenue by Vote										
Vote 1 - EXECUTIVE & COUNCIL	1	-	-	25 030	15 129	12 975	12 975	-	-	-
Vote 2 - CORPORATE SERVICES - ADMINISTRATIVE		-	-	2 797	661	3 100	3 100	-	-	-
Vote 3 - CORPORATE SERVICES - COMMUNITY SERVICES		-	-	5 484	12 282	16 378	16 378	-	-	-
Vote 4 - CORPORATE SERVICES - PROTECTION		-	-	5 732	10 535	5 874	5 874	-	-	-
Vote 5 - FINANCIAL SERVICES		-	-	109 471	138 347	136 063	136 063	-	-	-
Vote 6 - TECHNICAL SERVICES - ENGINEERING		-	-	87 041	98 795	111 856	111 856	-	-	-
Vote 7 - TECHNICAL SERVICES - ELECTRICAL		-	-	89 037	105 934	113 013	113 013	-	-	-
Vote 8 - COUNCIL		-	-	-	-	-	-	-	-	-
Vote 9 - OFFICE OF THE MUNICIPAL MANAGER		-	-	-	-	-	-	20	21	22
Vote 10 - FINANCIAL SERVICES		-	-	-	-	-	-	60 808	62 223	64 917
Vote 11 - CORPORATE SERVICES		-	-	-	-	-	-	16 681	18 015	19 407
Vote 12 - INFRASTRUCTURE SERVICES		-	-	-	-	-	-	225 012	226 027	239 883
Vote 13 - COMMUNITY SERVICES		-	-	-	-	-	-	39 798	39 126	39 062
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	-	-	324 682	381 682	399 259	399 259	342 319	345 412	363 292
Expenditure by Vote to be appropriated										
Vote 1 - EXECUTIVE & COUNCIL	1	-	-	32 256	44 179	51 133	51 133	-	-	-
Vote 2 - CORPORATE SERVICES - ADMINISTRATIVE		-	-	19 485	26 370	22 388	22 388	-	-	-
Vote 3 - CORPORATE SERVICES - COMMUNITY SERVICES		-	-	33 029	38 271	42 860	42 860	-	-	-
Vote 4 - CORPORATE SERVICES - PROTECTION		-	-	7 030	9 488	8 410	8 410	-	-	-
Vote 5 - FINANCIAL SERVICES		-	-	75 947	68 955	88 260	88 260	-	-	-
Vote 6 - TECHNICAL SERVICES - ENGINEERING		-	-	107 643	122 411	116 665	116 665	-	-	-
Vote 7 - TECHNICAL SERVICES - ELECTRICAL		-	-	93 702	88 250	110 568	110 568	-	-	-
Vote 8 - COUNCIL		-	-	-	-	-	-	-	-	-
Vote 9 - OFFICE OF THE MUNICIPAL MANAGER		-	-	-	-	-	-	10 932	11 104	11 782
Vote 10 - FINANCIAL SERVICES		-	-	-	-	-	-	55 055	55 291	58 211
Vote 11 - CORPORATE SERVICES		-	-	-	-	-	-	43 358	45 315	47 985
Vote 12 - INFRASTRUCTURE SERVICES		-	-	-	-	-	-	205 521	216 586	229 397
Vote 13 - COMMUNITY SERVICES		-	-	-	-	-	-	51 186	54 065	57 313
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	-	-	368 091	397 934	440 304	440 304	366 051	382 392	404 669
Surplus/(Deficit) for the year	2	-	-	(41 498)	(16 252)	(41 044)	(41 044)	(23 732)	(36 980)	(41 377)

EC101 Dr. Beyers Naude - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description		Ref	2014/15			2015/16			2016/17			Current Year 2017/18				2018/19 Medium Term Revenue &		
R thousand		1	Audited	Audited	Audited	Original	Adjusted	Full Year	Pre-audit	Budget Year	Budget Year	Budget Year						
Revenue By Source																		
Property rates		2	-	-	21 626	43 595	39 445	39 445	39 445	29 579	31 354	33 236						
Service charges - electricity revenue		2	-	-	86 523	92 106	97 672	97 672	97 672	101 549	107 642	114 101						
Service charges - water revenue		2	-	-	24 280	30 538	29 304	29 304	29 304	25 470	26 998	28 618						
Service charges - sanitation revenue		2	-	-	3 116	14 866	15 409	15 409	15 409	10 301	10 919	11 574						
Service charges - refuse revenue		2	-	-	3 178	8 689	11 680	11 680	11 580	11 463	12 151	12 880						
Service charges - other					867	888	1 015	1 015	1 015	4 013	4 254	4 509						
Rental of facilities and equipment					592	1 074	783	783	783	849	900	954						
Interest earned - external investments					1 896	1 377	2 339	2 339	2 339	2 015	2 136	2 265						
Interest earned - outstanding debtors					5 859	1 867	2 768	2 768	2 768	9 713	10 296	10 914						
Dividends received					-	-	-	-	-									
Fines, penalties and forfeits					77	100	72	72	72	121	128	136						
Licences and permits					4 125	5 972	1 416	1 416	1 416	1 501	1 591	1 686						
Agency services					329	334	2 530	2 530	2 530	2 882	2 843	3 013						
Transfers and subsidies					101 847	107 439	113 919	113 919	113 919	97 441	100 312	106 717						
Other revenue		2	-	-	691	1 284	1 189	1 189	1 189	1 104	1 170	1 240						
Gains on disposal of PPE					3 550	6 593	6 593	6 593	6 593	-	-	-						
Total Revenue (excluding capital)				-	-	258 353	316 921	326 134	326 134	326 134	297 802	312 694	331 842					
Expenditure By Type																		
Employee related costs		2	-	-	100 828	126 434	127 372	127 372	127 372	136 618	144 906	153 601						
Remuneration of councillors					7 377	9 195	9 324	9 324	9 324	9 884	10 477	11 105						
Debt impairment		3			32 833	8 860	14 860	14 860	14 860	3 500	3 710	3 933						
Depreciation & asset impairment		2	-	-	85 157	71 185	65 165	65 165	65 165	35 453	37 580	39 835						
Finance charges						328	5 298	5 298	5 298	5 576	5 966	6 384						
Bulk purchases		2	-	-	69 019	61 837	82 000	82 000	82 000	82 368	87 310	92 549						
Other materials		8																
Contracted services			-	-	3 417	3 563	11 610	11 610	11 610	15 941	15 725	16 689						
Transfers and subsidies			-	-	14	67	187	187	187	239	254	269						
Other expenditure		4, 5	-	-	87 296	116 447	124 450	124 450	124 450	76 473	76 464	80 326						
Loss on disposal of PPE					152	37	37	37	37	-	-	-						
Total Expenditure				-	-	366 091	397 934	440 304	440 304	440 304	368 051	382 392	404 669					
Surplus/(Deficit)																		
			-	-	(107 737)	(81 012)	(114 169)	(114 169)	(114 169)	(88 249)	(69 698)	(72 827)						
Transfers and subsidies - capital					66 239	64 760	73 125	73 125	73 125	44 517	32 718	31 450						
Transfers and subsidies - capital		6	-	-	-	-	-	-	-	-	-	-						
Transfers and subsidies - capital (in-kind - all)																		
Surplus/(Deficit) after capital transfers				-	-	(41 498)	(16 252)	(41 044)	(41 044)	(41 044)	(23 732)	(36 980)	(41 377)					
Taxation																		
Surplus/(Deficit) after taxation				-	-	(41 498)	(16 252)	(41 044)	(41 044)	(41 044)	(23 732)	(36 980)	(41 377)					
Attributable to minorities																		
Surplus/(Deficit) attributable to				-	-	(41 498)	(16 252)	(41 044)	(41 044)	(41 044)	(23 732)	(36 980)	(41 377)					
Share of surplus/ (deficit) of associate		7																
Surplus/(Deficit) for the year				-	-	(41 498)	(16 252)	(41 044)	(41 044)	(41 044)	(23 732)	(36 980)	(41 377)					

EC101 Dr. Beyers Naudé - Table A6 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES - ADMINISTRATIVE		-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - CORPORATE SERVICES - PROTECTION		-	-	-	-	-	-	-	-	-	-
Vote 5 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - TECHNICAL SERVICES - ENGINEERING		-	-	-	-	-	-	-	-	-	-
Vote 7 - TECHNICAL SERVICES - ELECTRICAL		-	-	-	-	-	-	-	-	-	-
Vote 8 - COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 9 - OFFICE OF THE MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
Vote 10 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 11 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 12 - INFRASTRUCTURE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 13 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE & COUNCIL		-	-	118	-	2 332	2 302	2 332	-	-	-
Vote 2 - CORPORATE SERVICES - ADMINISTRATIVE		-	-	238	-	69	69	69	-	-	-
Vote 3 - CORPORATE SERVICES - COMMUNITY SERVICES		-	-	1 636	-	9 650	9 650	9 650	-	-	-
Vote 4 - CORPORATE SERVICES - PROTECTION		-	-	-	4 094	1 150	1 150	1 150	-	-	-
Vote 5 - FINANCIAL SERVICES		-	-	324	1 510	550	550	550	-	-	-
Vote 6 - TECHNICAL SERVICES - ENGINEERING		-	-	57 360	51 957	47 271	47 271	47 271	-	-	-
Vote 7 - TECHNICAL SERVICES - ELECTRICAL		-	-	2 719	7 300	11 187	11 187	11 187	-	-	-
Vote 8 - COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 9 - OFFICE OF THE MUNICIPAL MANAGER		-	-	-	-	-	-	-	50	-	-
Vote 10 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 11 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 12 - INFRASTRUCTURE SERVICES		-	-	-	-	-	-	-	38 884	29 160	30 463
Vote 13 - COMMUNITY SERVICES		-	-	-	-	-	-	-	5 950	2 486	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	62 395	64 760	72 179	72 179	72 179	44 884	31 647	30 463
Total Capital Expenditure - Vote		-	-	62 395	64 760	72 179	72 179	72 179	44 884	31 647	30 463
Capital Expenditure - Functional											
Governance and administration		-	-	658	1 510	2 426	2 426	2 426	50	-	-
Executive and council		-	-	98	-	1 630	1 630	1 630	-	-	-
Finance and administration		-	-	324	1 510	550	550	550	9	-	-
Internal audit		-	-	238	-	246	246	246	41	-	-
Community and public safety		-	-	158	4 094	3 065	3 065	3 065	2 486	2 486	-
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	158	-	1 915	1 915	1 915	2 486	2 486	-
Public safety		-	-	-	4 094	1 150	1 150	1 150	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	9 261	2 320	7 083	7 083	7 083	9 169	6 501	14 080
Planning and development		-	-	22	-	426	426	426	16	-	-
Road transport		-	-	9 239	2 320	6 656	6 656	6 656	9 151	6 501	14 080
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	-	53 320	56 836	59 537	59 537	59 537	33 179	22 659	16 383
Energy sources		-	-	2 719	7 300	11 187	11 187	11 187	5 103	6 475	6 491
Water management		-	-	2 354	43 306	31 285	31 285	31 285	24 048	16 184	9 893
Waste water management		-	-	46 758	6 231	9 329	9 329	9 329	565	-	-
Waste management		-	-	1 479	-	7 736	7 736	7 736	3 464	-	-
Other		-	-	-	-	69	69	69	-	-	-
Total Capital Expenditure - Functional	3	-	-	62 395	64 760	72 179	72 179	72 179	44 884	31 647	30 463
Funded by:											
National Government		-	-	62 395	64 460	69 363	69 363	69 363	33 812	31 362	30 373
Provincial Government		-	-	-	-	-	-	-	9 750	210	-
District Municipality		-	-	-	-	2 150	2 150	2 150	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	-	-	62 395	64 460	71 513	71 513	71 513	43 562	31 572	30 373
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	300	666	666	666	1 321	75	91
Total Capital Funding	7	-	-	62 395	64 760	72 179	72 179	72 179	44 884	31 647	30 463

EC101 Dr. Beyers Naude - Table A6 Budgeted Financial Position

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
ASSETS											
Current assets											
Cash				5 617	5 880	5 880	6 880	6 880	1 022	2 313	3 123
Call investment deposits	1	-	-	32 664	-	1 050	1 050	1 050	1 050	1 050	1 050
Consumer debtors	1	-	-	19 518	34 789	22 388	22 388	22 388	35 154	48 658	63 031
Other debtors				12 136	26 804	12 833	12 833	12 833	17 167	10 563	1 426
Current portion of long-term receivables				-	-	-	-	-	-	-	-
Inventory	2			6 421	3 212	5 500	5 500	5 500	6 834	6 460	6 750
Total current assets		-	-	76 347	71 665	46 651	46 651	46 651	62 627	69 435	75 379
Non current assets											
Long-term receivables											
Investments									2 648	2 648	2 648
Investment property				67 783	92 819	67 783	67 783	67 783	67 783	67 783	67 783
Investment in Associate											
Property, plant and equipment	3	-	-	1 107 026	1 161 816	1 105 620	1 105 620	1 105 620	1 115 061	1 109 117	1 099 741
Agricultural					-	-	-	-			
Biological					701	-	-	-			
Intangible				253	139	253	253	253	253	253	253
Other non-current assets				13 453	2 845	13 453	13 453	13 453	13 453	13 453	13 453
Total non current assets		-	-	1 188 515	1 258 321	1 187 109	1 187 109	1 187 109	1 199 188	1 193 235	1 183 883
TOTAL ASSETS		-	-	1 264 861	1 329 985	1 233 760	1 233 760	1 233 760	1 261 215	1 262 689	1 259 262
LIABILITIES											
Current liabilities											
Bank overdraft	1				1 583	-	-	-			
Borrowing	4	-	-	-	828	-	-	-	-	-	-
Consumer deposits				2 885	3 683	2 960	2 960	2 960	3 079	3 179	3 279
Trade and other payables	4	-	-	145 447	87 027	109 746	109 746	109 746	90 279	128 166	164 016
Provisions				2 052	6 525	6 577	6 577	6 577	9 110	10 110	10 110
Total current liabilities		-	-	158 384	79 646	121 283	121 283	121 283	102 468	141 455	177 405
Non current liabilities											
Borrowing		-	-	-	10 709	-	-	-	-	-	-
Provisions		-	-	58 797	44 847	58 797	58 797	58 797	62 410	64 410	66 410
Total non current liabilities		-	-	58 797	55 556	58 797	58 797	58 797	62 410	64 410	66 410
TOTAL LIABILITIES		-	-	209 181	135 201	180 080	180 080	180 080	164 877	205 865	243 815
NET ASSETS	5	-	-	1 055 680	1 194 784	1 053 680	1 053 680	1 053 680	1 096 338	1 056 825	1 015 447
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)				1 045 171	1 181 980	1 045 171	1 045 171	1 045 171	1 083 296	1 046 316	1 094 938
Reserves	4	-	-	10 509	12 804	10 509	10 509	10 509	13 042	10 509	10 509
TOTAL COMMUNITY WEALTH/EQUITY	5	-	-	1 055 680	1 194 784	1 053 680	1 053 680	1 053 680	1 096 338	1 056 825	1 015 447

EC101 Dr. Beyers Naude - Table A7 Budgeted Cash Flows

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates				21 626	43 595	37 473	37 473	37 473	27 509	31 117	32 984
Service charges				122 179	147 286	149 956	149 956	149 956	142 101	157 266	166 702
Other revenue				5 736	8 765	5 989	5 989	5 989	6 253	6 552	6 945
Government - operating	1			75 886	107 439	113 919	113 919	113 919	87 441	100 326	106 744
Government - capital	1			76 353	64 760	73 125	73 125	73 125	44 517	32 718	31 450
Interest				7 556	3 243	2 339	2 339	2 339	11 049	12 432	13 178
Dividends				-	-	-	-	-	-	-	-
Payments											
Suppliers and employees				(213 723)	(397 501)	(344 312)	(344 312)	(344 312)	(295 284)	(302 528)	(320 581)
Finance charges				(1 492)	(328)	(5 298)	(5 298)	(5 298)	(5 576)	(5 534)	(5 928)
Transfers and Grants	1			(14)	(67)	(187)	(187)	(187)	(239)	(211)	(224)
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	-	94 167	(22 808)	33 004	33 004	33 004	27 774	32 138	31 273
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE				3 590	6 593	6 593	6 593	6 593	-	-	-
Decrease (increase) in non-current debtors				-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables				-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments				-	-	-	-	-	-	-	-
Payments											
Capital assets				(62 398)	(64 760)	(72 179)	(72 179)	(72 179)	(31 817)	(31 647)	(30 463)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	(58 808)	(58 167)	(65 586)	(65 586)	(65 586)	(31 817)	(31 647)	(30 463)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans				-	-	-	-	-	-	-	-
Borrowing long term/refinancing				-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits				-	2 138	75	75	75	100	-	-
Payments											
Repayment of borrowing				-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	2 138	75	75	75	100	-	-
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2	-	-	35 301	(78 637)	(32 507)	(32 507)	(32 507)	(3 943)	491	810
Cash/cash equivalents at the year end:	2	-	-	2 970	557	38 271	38 271	38 271	5 764	1 822	2 313
Cash/cash equivalents at the year end:	2	-	-	38 271	(78 280)	5 764	5 764	5 764	1 822	2 313	3 123

EC101 Dr. Beyers Naude - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	-	-	38 271	(78 280)	5 764	5 764	5 764	1 822	2 313	3 123
Other current investments > 90 days		-	-	-	83 577	2 166	2 166	2 166	1 350	1 050	1 050
Non current assets - Investments	1	-	-	-	-	-	-	-	2 648	2 648	2 648
Cash and investments available:		-	-	38 271	5 297	7 931	7 931	7 931	5 520	6 011	6 821
Application of cash and investments											
Unspent conditional transfers		-	-	35 700	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	-	-	77 862	6 025	75 644	75 644	75 644	43 297	71 795	102 663
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		-	-	113 562	6 025	75 644	75 644	75 644	43 297	71 795	102 663
Surplus(shortfall)		-	-	(75 291)	(727)	(67 713)	(67 713)	(67 713)	(37 777)	(65 784)	(95 842)

EC101 Dr. Beyers Naude - Table A9 Asset Management

Description		Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CAPITAL EXPENDITURE											
Total New Assets		1	-	-	62 396	64 760	6 954	6 954	15 600	3 785	2 091
Roads Infrastructure			-	-	31 606	320	-	-	-	-	-
Storm water Infrastructure			-	-	-	2 000	-	-	-	-	-
Electrical Infrastructure			-	-	2 620	7 300	336	336	-	-	-
Water Supply Infrastructure			-	-	2 384	43 306	-	-	14 750	3 710	2 000
Sanitation Infrastructure			-	-	23 367	6 231	-	-	-	-	-
Solid Waste Infrastructure			-	-	1 479	-	426	426	250	-	-
Rail Infrastructure			-	-	-	-	-	-	-	-	-
Coastal Infrastructure			-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure			-	-	-	-	-	-	-	-	-
Infrastructure			-	-	61 436	59 157	762	762	15 000	3 710	2 000
Community Facilities			-	-	-	4 094	-	-	-	-	-
Sport and Recreation Facilities			-	-	158	-	1 547	1 547	-	-	-
Community Assets			-	-	158	4 094	1 547	1 547	-	-	-
Heritage Assets			-	-	-	-	-	-	-	-	-
Revenue Generating			-	-	-	-	-	-	-	-	-
Non-revenue Generating			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Operational Buildings			-	-	150	-	-	-	-	-	-
Housing			-	-	-	-	-	-	-	-	-
Other Assets			-	-	150	-	-	-	-	-	-
Biological or Cultivated Assets			-	-	-	-	-	-	-	-	-
Servitudes			-	-	-	-	-	-	-	-	-
Licences and Rights			-	-	49	-	360	360	-	-	-
Intangible Assets			-	-	49	-	360	360	-	-	-
Computer Equipment			-	-	238	620	1 661	1 661	24	-	-
Furniture and Office Equipment			-	-	343	200	301	301	43	-	-
Machinery and Equipment			-	-	22	290	223	223	532	75	91
Transport Assets			-	-	-	400	2 100	2 100	-	-	-
Libraries			-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals			-	-	-	-	-	-	-	-	-

Total Capital Expenditure	4									
Roads Infrastructure	-	-	31 606	520	-	-	6 424	4 355	14 080	
Storm water Infrastructure	-	-	-	2 000	-	-	3 172	2 146	-	
Electrical Infrastructure	-	-	2 620	7 300	336	336	4 970	8 400	6 400	
Water Supply Infrastructure	-	-	2 364	43 306	-	-	23 958	16 164	9 893	
Sanitation Infrastructure	-	-	23 367	6 231	-	-	-	-	-	
Solid Waste Infrastructure	-	-	1 479	-	426	426	3 214	-	-	
Rail Infrastructure	-	-	-	-	-	-	-	-	-	
Coastal Infrastructure	-	-	-	-	-	-	-	-	-	
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-	
Infrastructure	-	-	61 436	59 157	782	782	41 738	29 085	30 373	
Community Facilities	-	-	-	4 084	-	-	-	-	-	
Sport and Recreation Facilities	-	-	153	-	1 547	1 547	2 486	2 486	-	
Community Assets	-	-	788	4 084	1 547	1 547	2 486	2 486	-	
Heritage Assets	-	-	-	-	-	-	-	-	-	
Revenue Generating	-	-	-	-	-	-	-	-	-	
Non-revenue Generating	-	-	-	-	-	-	-	-	-	
Investment properties	-	-	-	-	-	-	-	-	-	
Operational Buildings	-	-	150	-	-	-	60	-	-	
Housing	-	-	-	-	-	-	-	-	-	
Other Assets	-	-	150	-	-	-	60	-	-	
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-	
Servitudes	-	-	-	-	-	-	-	-	-	
Licences and Rights	-	-	49	-	360	360	-	-	-	
Intangible Assets	-	-	49	-	360	360	-	-	-	
Computer Equipment	-	-	238	520	1 661	1 661	24	-	-	
Furniture and Office Equipment	-	-	343	200	301	301	43	-	-	
Machinery and Equipment	-	-	22	290	223	223	532	75	91	
Transport Assets	-	-	-	400	2 100	2 100	-	-	-	
Libraries	-	-	-	-	-	-	-	-	-	
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-	
TOTAL CAPITAL EXPENDITURE - Asset class	-	-	62 396	64 760	6 954	6 954	44 884	31 647	30 463	
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Roads Infrastructure	-	-	31 606	239 561	211 206	211 206	208 445	208 928	213 604	
Storm water Infrastructure	-	-	-	2 946	2 946	2 946	1 268	8 415	8 415	
Electrical Infrastructure	-	-	2 620	127 713	130 543	130 543	128 803	129 389	133 867	
Water Supply Infrastructure	-	-	2 364	312 578	312 460	312 460	309 464	303 179	293 605	
Sanitation Infrastructure	-	-	55 525	162 207	149 384	149 384	145 728	147 332	144 430	
Solid Waste Infrastructure	-	-	320 404	29 235	34 251	34 251	31 071	34 593	33 026	
Rail Infrastructure	-	-	-	-	-	-	-	-	-	
Coastal Infrastructure	-	-	-	-	-	-	-	-	-	
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-	
Infrastructure	-	-	912 520	871 347	840 761	840 761	825 769	831 897	826 847	
Community Facilities	-	-	10 911	151 485	132 934	132 934	132 800	128 859	129 924	
Sport and Recreation Facilities	-	-	-	1 615	1 615	1 615	3 951	8 278	8 110	
Community Assets	-	-	10 911	151 485	134 549	134 549	136 751	136 936	138 034	
Heritage Assets	-	-	13 453	-	13 453	13 453	13 453	13 453	13 453	
Revenue Generating	-	-	67 783	92 819	67 783	67 783	67 783	67 783	67 783	
Non-revenue Generating	-	-	-	-	-	-	-	-	-	
Investment properties	-	-	67 783	92 819	67 783	67 783	67 783	67 783	67 783	
Operational Buildings	-	-	166 489	141 829	140 093	140 093	136 488	138 723	136 852	
Housing	-	-	-	-	-	-	-	-	-	
Other Assets	-	-	166 489	141 829	140 093	140 093	136 488	138 723	136 852	
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-	
Servitudes	-	-	-	701	-	-	-	-	-	
Licences and Rights	-	-	253	139	613	613	1 293	1 293	1 293	
Intangible Assets	-	-	253	841	613	613	1 293	1 293	1 293	
Computer Equipment	-	-	17 108	-	-	1 661	1 506	2 316	2 114	
Furniture and Office Equipment	-	-	-	-	-	301	225	1 098	1 098	
Machinery and Equipment	-	-	-	-	-	223	755	1 830	1 921	
Transport Assets	-	-	-	-	-	2 100	1 086	1 210	1 210	
Libraries	-	-	-	-	-	-	-	-	-	
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-	
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	-	-	1 188 315	1 258 321	1 197 252	1 201 537	1 187 109	1 196 340	1 190 607

EXPENDITURE OTHER ITEMS										
<u>Depreciation</u>	7	-	-	65 157	71 165	65 165	65 165	35 453	37 580	39 835
<u>Repairs and Maintenance by Asset Class</u>	3	-	-	4 506	17 854	9 761	9 761	11 585	12 280	13 017
<i>Roads Infrastructure</i>		-	-	321	3 817	1 483	1 483	1 755	1 860	1 972
<i>Storm water Infrastructure</i>		-	-	45	503	503	503	247	262	277
<i>Electrical Infrastructure</i>		-	-	209	892	879	879	2 943	3 119	3 306
<i>Water Supply Infrastructure</i>		-	-	404	2 746	2 911	2 911	2 699	2 661	3 033
<i>Sanitation Infrastructure</i>		-	-	526	1 601	1 315	1 315	1 333	1 410	1 495
<i>Solid Waste Infrastructure</i>		-	-	-	1 227	274	274	600	636	674
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	1 506	10 786	7 366	7 366	9 573	10 148	10 757
<i>Community Facilities</i>		-	-	28	673	312	312	430	487	516
<i>Sport and Recreation Facilities</i>		-	-	2	765	415	415	450	477	506
Community Assets		-	-	28	1 438	727	727	910	964	1 022
Heritage Assets		-	-	-	-	-	-	-	-	-
<i>Revenue Generating</i>		-	-	-	-	-	-	-	-	-
<i>Non-revenue Generating</i>		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
<i>Operational Buildings</i>		-	-	94	470	470	470	570	604	640
<i>Housing</i>		-	-	-	-	-	-	-	-	-
Other Assets		-	-	94	470	470	470	570	604	640
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
<i>Servitudes</i>		-	-	-	-	-	-	-	-	-
<i>Licences and Rights</i>		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
<i>Computer Equipment</i>		-	-	1 027	3 186	933	933	239	254	269
<i>Furniture and Office Equipment</i>		-	-	228	2	2	2	2	2	2
<i>Machinery and Equipment</i>		-	-	1 624	1 973	246	246	291	309	327
<i>Transport Assets</i>		-	-	-	-	17	17	-	-	-
<i>Libraries</i>		-	-	-	-	-	-	-	-	-
<i>Zoo's, Marine and Non-biological Animals</i>		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		-	-	69 663	89 018	74 925	74 925	47 038	49 880	52 852
<i>Renewal and upgrading of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	65.2%	68.0%	93.1%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	82.6%	74.1%	71.2%
<i>R&M as a % of PPE</i>		0.0%	0.0%	0.4%	1.5%	0.9%	0.9%	1.0%	1.1%	1.2%
<i>Renewal and upgrading and R&M as a % of PPE</i>		0.0%	0.0%	0.0%	1.0%	1.0%	1.0%	3.0%	3.0%	3.0%

EC101 Dr. Beyers Naude - Table A10 Basic service delivery measurement

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Household service targets										
Water:										
Piped water inside dwelling	1	-	-	17 324	17 324	17 324	-	18 928	18 928	18 928
Piped water inside yard (but not in dwelling)	2	-	-	1 053	1 053	1 053	-	-	-	-
Using public tap (at least min.service level)	3	-	-	411	411	411	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>				18 788	18 788	18 788	-	18 928	18 928	18 928
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply	4	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>				-	-	-	-	-	-	-
Total number of households	5	-	-	18 788	18 788	18 788	-	18 928	18 928	18 928
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	14 044	14 044	14 044	-	19 717	19 717	19 717
Flush toilet (with septic tank)		-	-	746	746	746	-	-	-	-
Chemical toilet		-	-	3	3	3	-	11	-	-
Pit toilet (ventilated)		-	-	292	292	292	-	274	274	274
Other toilet provisions (> min.service level)		-	-	297	297	297	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>				15 382	15 382	15 382	-	20 002	20 002	20 002
Bucket toilet		-	-	-	-	-	-	410	410	410
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>				-	-	-	-	-	-	-
Total number of households	5	-	-	15 382	15 382	15 382	-	20 412	20 412	20 412
Energy:										
Electricity (at least min.service level)		-	-	1 243	1 243	1 243	-	1 204	1 204	1 204
Electricity - prepaid (< min.service level)		-	-	6 143	6 143	6 143	-	6 143	6 143	6 143
<i>Minimum Service Level and Above sub-total</i>				7 386	7 386	7 386	-	7 347	7 347	7 347
Electricity (< min.service level)		-	-	77	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>				77	-	-	-	-	-	-
Total number of households	5	-	-	7 463	7 463	7 463	-	7 347	7 347	7 347
Refuse:										
Removed at least once a week		-	-	2 235	2 235	2 235	-	2 235	2 235	2 235
<i>Minimum Service Level and Above sub-total</i>				2 235	2 235	2 235	-	2 235	2 235	2 235
Removed less frequently than once a week		-	-	523	523	523	-	523	523	523
Using communal refuse dump		-	-	865	865	865	-	865	865	865
Using own refuse dump		-	-	523	523	523	-	523	523	523
Other rubbish disposal		-	-	720	720	720	-	720	720	720
No rubbish disposal		-	-	124	124	124	-	124	124	124
<i>Below Minimum Service Level sub-total</i>				2 755	2 755	2 755	-	2 755	2 755	2 755
Total number of households	5	-	-	4 990	4 990	4 990	-	4 990	4 990	4 990
Households receiving Free Basic Service										
Water (6 kilolitre per household per month)	7	-	-	8 038	7 550	7 690	-	7 692	7 692	7 692
Sanitation (free minimum level service)		-	-	6 376	6 580	6 580	-	6 610	6 610	6 610
Electricity/other energy (50kwh per household per month)		-	-	3 469	3 456	3 456	-	3 493	3 493	3 493
Refuse (removed at least once a week)		-	-	6 510	6 705	6 705	-	6 732	6 732	6 732
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitre per indigent household per month)		-	-	-	-	-	-	6 568	6 326	6 706
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	6 032	6 394	6 778
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	3 009	3 200	3 392
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	6 759	7 164	7 593
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided								21 758	23 084	24 469
Highest level of free service provided per household										
Property rates (R value threshold)		-	-	-	-	-	-	-	-	-
Water (kilolitre per household per month)		-	-	6	6	6	5	6	6	6
Sanitation (kilolitre per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	84	89	89	89	95	103	105
Electricity (kwh per household per month)		-	-	50	50	50	50	50	50	50
Refuse (average free per week)		-	-	54	57	57	57	63	69	69
Revenue cost of subsidised services provided (R'000)	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		-	-	-	-	-	-	5 133	5 441	5 787
Water (in excess of 6 kilolitre per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided	5	-	-	-	-	-	-	5 133	5 441	5 787

PART 2 – SUPPORTING DOCUMENTATION

2.1 OVERVIEW OF ANNUAL BUDGET PROCESS

The Budget process started in September 2017 after the approval of a timetable to guide the preparation of the 2018/19 to 2020/21 Operating and Capital Budgets.

The timetable provides broad timeframes for the IDP and Budget preparation process. It allows for consultation with stakeholders, such as the elected public representatives, employees of the Municipality, Civil Society, State departments, business and labour, during April/May 2018. The main aim of the timetable was to ensure that an IDP and a balanced Budget are tabled in May 2018. The IDP and Budget will be tabled for by the Mayor for consideration and approval at a Council meeting scheduled for 29 May 2018. After this meeting, it will be submitted to National and Provincial Treasury.

The budget consultation process took the form of a series of public meetings in the various wards under the direction and leadership of the Mayor. The inputs of the aforementioned consultations have been taken into account.

The Service Delivery and Budget Implementation Plan is the mechanism that ensures that the IDP and the Budget is aligned.

The draft budget was considered by the Budget Steering Committee under the direction of the Mayor. The Budget Steering Committee consist of the Mayor, the Chairperson of the Budget and Treasury Standing Committee, the Municipal Manager and senior officials. The primary aims of the Committee are to ensure that:

- The budget compilation process complies with legislation;
- There is proper alignment between the service delivery priorities as set out in the Municipality's IDP and the Budget, taking into account the need to maintain the financial sustainability of the Municipality;
- The Municipality's revenue and tariff determination strategies generate sufficient cash resources to deliver services; and
- The various spending priorities of the different municipal directorates are properly evaluated and prioritised in the allocation of resources.

The budget was further also considered by EXCO on 24 May 2018.

2.1.1 IDP & Budget Timetable 2018/19 to 2020/21

The preparation of the 2018/19 to 2020/22 IDP and Budget were guided by the following schedule of key deadlines as approved by Council on 10 August 2017.

Activity	Date
IDP/Budget Schedule approved by Council	10 August 2017
Tabling of draft IDP and Budget in Council	27 March 2018
Public Participation	04 April to 30 April 2018
Final adoption of IDP and Budget by Council	29 May 2018

2.2 ALIGNMENT OF ANNUAL BUDGET WITH INTEGRATED DEVELOPMENT PLAN

The Integrated Development Plan (IDP) determines and prioritises the needs of the community.

The review of the IDP, in accordance with the Municipal Systems Act, was guided and informed by the following principles:

- Achievement of the five strategic priorities of the municipality.
- Focusing on service delivery backlogs and the maintenance of infrastructure.
- Addressing community priorities (needs) as identified in the IDP.

The review of the IDP focused on establishing measurable performance indicators and targets. These targets informed the preparation of the multi-year budget, as well as the Service Delivery and Budget Implementation Plan (SDBIP).

The 2018/19 to 2020/21 Operating and Capital Budgets were prepared in accordance with the IDP.

The key strategic focus areas of the IDP are as follows:

- Municipal transformation and development
- Service delivery and infrastructure development
- Local economic development
- Financial sustainability and viability
- Good governance and public participation

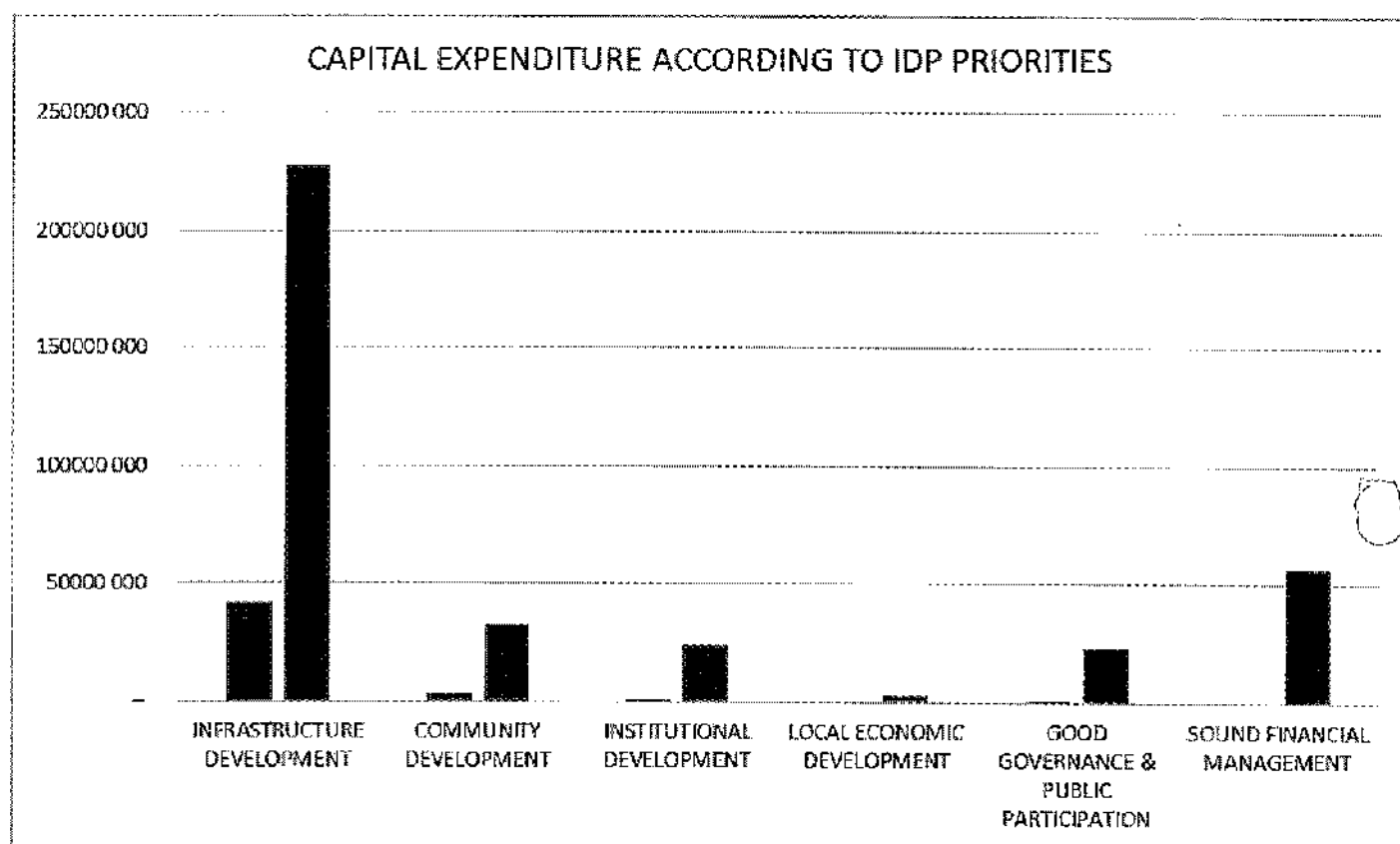
The budget consultation process took the form of a series of meetings held throughout the municipal area with the elected public representatives, employees of the Municipality, Civil Society, business, labour, National and Provincial Governments on how the budget addresses the IDP priorities and objectives. The feedback flowing from these meetings will be referred to the relevant Directorates for their attention.

Below is a table, which illustrates the link between the Budget and the IDP.

BUDGET ALLOCATION ACCORDING TO IDP PRIORITIES

	INFRASTRUCTURE DEVELOPMENT	COMMUNITY DEVELOPMENT	INSTITUTIONAL DEVELOPMENT	LOCAL ECONOMIC DEVELOPMENT	BACK TO BASICS		TOTAL
					GOOD GOVERNANCE & PUBLIC PARTICIPATION	SOUND FINANCIAL MANAGEMENT	
CAPITAL EXPENDITURE	41 830	2 986	18		50		44 884
OPERATIONAL EXPENDITURE	227 714	32 261	24 081	2 669	22 764	56 562	381 081

BUDGET ALLOCATION ACCORDING TO IDP PRIORITIES



2.3 OVERVIEW OF BUDGET RELATED POLICIES

The MFMA and the Budget and Reporting Regulations require budget related policies to be reviewed, and where applicable, be updated on an annual basis.

All budget related policies have been reviewed and/or developed. Policies have been workshopped extensively with Council and Top Management and will further be workshopped with all relevant stakeholders.

The following policies are now in place:

- | | |
|--|--|
| • Credit control and debt collection | - reviewed |
| • Tariff policy | - newly developed |
| • Supply Chain policy | - reviewed |
| • SCM Infrastructure Procurement | - newly developed |
| • Asset management policy | - reviewed |
| • Subsistence and Travel policy | - reviewed |
| • Cash management, banking & investment policy | - newly developed |
| • Budget policy | - reviewed |
| • Virement policy | - reviewed |
| • Funding and reserve policy | - newly developed |
| • Borrowing policy | - newly developed |
| • Rates policy | - Old policies of former LM's still in place |
| • Indigent support policy | - Reviewed |

The following by-laws were developed and will be promulgated once all legislative processes have been concluded:

- Tariff by-law
- Credit control and debt collection by-law

The MFMA delegations has also been developed

2.4 OVERVIEW OF BUDGET ASSUMPTIONS

The municipal fiscal environment is influenced by a variety of macro-economic control measures. National Treasury provides guidelines on the ceiling of year-on-year increases in the total Operating Budget, whilst the National Electricity Regulator of South Africa (NERSA) regulates bulk electricity tariff increases. The Municipality's employee related costs are also influenced by collective agreements concluded in the South African Local Government Bargaining Council. Various government departments also affect municipal service delivery through the level of grants and subsidies.

The following principles and guidelines directly informed the compilation of the Budget:

- The priorities and targets, relating to the key strategic focus areas, as outlined in the IDP.
- The need to enhance the municipality's revenue base.
- The level of property rates and tariff increases to take into account the need to address maintenance and infrastructural backlogs, including the expansion of services.
- The level of property rates and tariff increases to ensure the delivery of services on a financially sustainable basis.
- Raising of loan funding should be considered to address critical needs.

- No growth in revenue sources has been provided for in view of current consumption trends in municipal services.
- No growth in property rates income has been provided for. The municipality is currently in process of appointing a Valuer to complete the new valuation roll which will become effective July 2019.

The Municipality faced the following significant challenges in preparing the 2018/19 – 2020/21 Budget:

- Fully implementing cost containment measures;
- Maintaining revenue collection rates at the targeted levels;
- Maintaining electricity and water losses at acceptable levels;
- Dealing with an unfunded budget of the past and measures to address this in the future
- Different tariff structures in the different towns
- Creditors inherited from former municipalities which is still placing financial strain on the cash flow
- Allocation of the required budget provision for the rehabilitation and maintenance of infrastructure;
- Maintaining an acceptable cost coverage ratio;

The multi-year budget is therefore underpinned by the following assumptions:

	2018/19	2019/20	2020/21
Income	%	%	%
Tariff Increases for water	6	6	6
Tariff Increases for sanitation	6	6	6
Tariff Increases for refuse	7	6	6
Property rates increase	6	6	6
Electricity tariff increase (on average)	7	7	7
Revenue collection rates	93	93	93
Expenditure increases allowed	5.2	6	6
Salary increase	7	6	6
Increase in bulk purchase of electricity costs	7.32	6	6

2.5 OVERVIEW OF BUDGET FUNDING

2.5.1 Medium-term outlook: operating revenue

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

Table 7 (Breakdown of the operating revenue over the medium-term)

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Financial Performance										
Property rates	-	-	21 626	43 595	39 445	39 445	39 445	29 579	31 354	33 235
Service charges	-	-	117 962	147 266	155 081	155 081	155 081	152 796	161 964	171 682
Investment revenue	-	-	1 666	1 377	2 339	2 339	2 339	2 015	2 136	2 265
Transfers recognised - operational	-	-	101 847	107 439	113 919	113 919	113 919	97 441	100 312	106 717
Other own revenue	-	-	15 222	17 224	15 349	15 349	15 349	15 970	16 928	17 944
Total Revenue (excluding capital transfers and contributions)	-	-	258 353	316 921	326 134	326 134	326 134	297 802	312 694	331 842

2.5.2 Medium-term outlook: capital revenue

The following table provides a breakdown of the funding components of the 2018/19 medium-term capital programme:

Table 8 (Sources of capital revenue over the MTREF)

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue &		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure & funds sources										
Capital expenditure	-	-	62 396	64 760	72 179	72 179	72 179	44 884	31 647	30 463
Transfers recognised - capital	-	-	62 396	64 460	71 513	71 513	71 513	43 582	31 572	30 373
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	300	666	666	666	1 321	75	91
Total sources of capital funds	-	-	62 396	64 760	72 179	72 179	72 179	44 884	31 647	30 463

2.5.3 Medium-term outlook: Borrowing

The municipality should consider raising loans for capital items required from own funds as well as buying vehicles instead of leasing. The leasing of vehicles will cost the municipality more than R4.5 million per year.

2.5.4 Medium-term outlook: Working towards a funded budget

The current budget is unfunded. R37.77 million is needed to fund the current proposed operating budget. The municipality is also still struggling with long outstanding creditors which was transferred to Dr Beyers Naude through amalgamation. Trade creditors at year-end (2017/18) will be approximately R89.68 million.

The municipality will be addressing the following issues to ensure a positive move towards a funded budget:

- Replacing the faulty meters within all areas thus limiting losses and increasing revenue
- Standardising tariffs in all areas
- Calculating cost reflective tariffs and implementation thereof over 3 years
- Embarking on the new valuation roll for Dr Beyers Naude. Currently the valuation rolls of the 3 former municipalities are still being used, with former Ikwezi's roll being older than 6 years
- Continuing to implement cost containment measures

2.6 ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

The municipality will be making the following allocations:

- Tourism - R167 200
- SPCA - R20 000

2.7 COUNCILLORS AND EMPLOYEE BENEFITS

DISCLOSURE OF SALARIES, ALLOWANCES & BENEFITS

The following tables set out the allowances and employee benefits budgeted for the 2017/2018 budget year:

The municipality has twenty seven (27) councillors, consisting of one fulltime Mayor, four EXCO Members also chairpersons of sec. 79 committees and one MPAC chairperson of which the allowances are set out in table below.

Upper Limits - Councillors				
Position	Number	Salary	Allowances	Total Remuneration Package
Executive Mayor	1	843 668	47 064	890 732
Speaker (Full-time)	1	674 935	47 064	721 999
EXCO Members	4	352 999	47 064	1 600 252
Committee Chairpersons	1	342 637	47 064	389 701
Part time councillors	20	266 990	47 064	6 281 080
Total				9 883 764

Disclosure of Salaries, Allowances & Benefits 1. Rand per annum	Salary	Contributions 1.	Allowances	Performance Bonuses	In-kind benefits	Total Package 2.
Senior Managers of the Municipality						
Municipal Manager (MM)	821 607	156 763	441 489		1 891	1 421 750
Chief Finance Officer	1 117 313		43 656		1 891	1 162 860
Director Corporate Services	963 233		197 736		1 891	1 162 860
Director Community Services	963 233		197 736		1 891	1 162 860
Director Infrastructure	728 364	138 972	396 111		1891	1 265 338

2.8 ANNUAL BUDGETS AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS –DIRECTORATES

In terms of section 53 (1)(c)(ii) of the MFMA, the Service Delivery and Budget Implementation Plan (SDBIP) constitutes a detailed plan for implementing the Municipality's delivery of services and its annual budget, which must include the following:

- (a) Monthly projections of
 - Revenue to be collected, by source; and
 - Operational and capital expenditure, by vote.
- (b) Service delivery targets and performance indicators for each quarter.

In accordance with Section 53 of the MFMA, the Mayor is required to approve the SDBIP within 28 days after the approval of the budget. Furthermore, the Mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators, as set out in the SDBIP, are made public within 14 days after the approval of the SDBIP.

The SDBIP gives effect to the IDP and Budget of the Municipality. It includes the service delivery targets and performance indicators for each quarter, which forms the basis for the performance agreements of the Directors. It therefore facilitates oversight over the financial and non-financial performance of the Municipality and allows the Municipal Manager to monitor the performance of the Directors, the Executive Mayor/Council to monitor the performance of the Municipal Manager, and the Community to monitor the performance of the Municipality.

The SDBIP relating to the 2018/19 financial year will be approved by the Mayor during June 2018, following the approval of the Budget.

2.9 LEGISLATION COMPLIANCE STATUS

The following reflects the status of implementation of some of the key MFMA areas:

IDP

A revised 2018/19 IDP has been developed, which will be considered at a Council meeting to be held on 29 June 2018. The IDP includes specific deliverables that forms the basis for the Budget and SDBIP.

Budget

The annual budget document has been developed taking the MFMA and National Treasury (NT) requirements into account. Budgets are being tabled and approved within the required legislated timeframes.

Annual Report

The Annual Report has been developed taking the MFMA and NT requirements into account. The 2016/17 Annual Report was tabled in January 2018.

Oversight Report

The Municipal Public Accounts Committee has considered the 2016/17 Annual report. Its Oversight Report was considered and has been approved at a Council meeting held on 27 March 2018.

In-Year Reporting

The municipality submits the various reports required to the Mayor, Council, and NT on an ongoing basis, in accordance with the MFMA.

Supply Chain Management Policy (SCM)

A Supply Chain Management Policy has been adopted and implemented in accordance with the MFMA and NT requirements.

All the required committee structures are in place. Whilst the municipality is working at making these new processes operate more efficiently and effectively, it is considered that the municipality is currently complying with the MFMA and NT guidelines.

Budget and Treasury

A Budget and Treasury Office has been established in accordance with the MFMA and NT requirements, consisting of a CFO and municipal officials reporting to the CFO.

Audit Committee

An Audit Committee has been established and meets on a quarterly basis.

Internal Audit Function

The Municipality's Internal Audit Function is performed in-house and reports to the Municipal Manager and is operating in accordance with an audit plan.

In relation to the 2018/19 financial year and beyond, the municipality plans to focus on the following high priority areas:

- Working towards an unqualified audit status.

Internship Programme

The Municipality has a total of seven Interns on the Municipal Financial Management Internship programme, as approved by National Treasury.

Municipal Standard Chart of Accounts (mSCOA)

The municipality is still struggling with full compliance. Data strings are uploaded and returned with errors. The municipality is continuously working on reaching full compliance.

2.10 **MUNICIPAL MANAGER'S QUALITY CERTIFICATION**

Quality Certificate

I, EDWARD MARTIN RANKWANA, Municipal Manager of Dr Beyers Naude Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

Print Name : EDWARD MARTIN RANKWANA

MUNICIPAL MANAGER OF DR BEYERS NAUDE MUNICIPALITY (EC101)

Signature : 

Date : 29/5/2018