



**NTINGA O.R. TAMBO DEVELOPMENT AGENCY SOC LTD**

**2018/2019  
ANNUAL BUDGET**

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## 1. 2018/2019 BUDGET OVERVIEW

- a) Ntinga O.R. Tambo Development Agency SOC LTD is operating as a wholly owned implementing agent of the parent municipality, O.R. Tambo District Municipality (ORTDM). During 2015/2016 financial year the mandate of the Entity was amended. The amended mandate is mainly derived from the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) and Section 84(1)(a)(b)(d)(k)(m)(n)&(p) of Municipal Structures Act, 1998 (Act 117 of 1998).

It is to facilitate, manage and implement Socio-economic Development initiatives with a special focus on:

- Water and Sanitation;
- Service Centres (e.g. Markets, Abattoirs, Agri-parks, Farms, etc.);
- Rural Development (e.g. Tourism, Forestry, Agriculture, etc.);
- Cooperatives and SMMEs; and
- Any other related function in partnership with either public or private sector.

- b) In implementing the above mandate the Entity has developed a strategy anchored on the following four goals:-
- Goal 1: Sustainable Water Services (water supply and sanitation) Systems
  - Goal 2: Enhanced and Enabled Full Value Chains (upstream and downstream) for Agricultural Produce, Markets, Abattoirs and Aquaculture.
  - Goal 3: Diversified Partnerships that Promote Inclusive Socio-economic Development and Growth.
  - Goal 4: Dynamic, Capable and Sustainable State Owned Company.

This budget is aligned to the four goals.

- c) The entity has shifted away from traditional poverty alleviation programmes. Coupled with that, the entity has been restructured to assist the parent municipality in the implementation of water and sanitation function. With effect from 01 July 2017 the Entity has been operating as a State Owned Company. Main programmes planned for implementation during the 2018/2019 financial year are summarized as follows:-

- Water services including maintenance of water schemes, billing in peri-urban areas, revenue collection as well as social facilitation;
  - Trade and investment promotions;
  - Enterprises development;
- d) Ntinga is planning to maximize return on the operations of farms and other enterprises such as the abattoir, Kei Fresh Produce Market and the Dairy farm. To this end the Entity has a strategic goal of enhancing and enabling full value chains using the available enterprises. Some of the functions will be carried out through strategic partnerships. The overarching strategy is to turn the enterprises from loss making into profitable and viable business centres.
- e) The Entity is positioning itself to be one of the key roleplayers in strategic programmes including the following:
- Agri-parks initiative;
  - Umzimvubu Dam construction;
  - N2 toll road roll-out;
  - Industrialisation in the district;
  - Alternative energy programme.
- f) This budget is prepared taking into account that has assumed the full operations of the Adam Kok Farms including recognition of revenue generated.
- g) Compared with the 2017/2018 budget, there is a decline in grant funding from the parent municipality. The Entity expects to generate more revenue from water services. Projected water services revenue includes management and maintenance of water schemes, social facilitation as well as billing of water consumers in rural areas and debt collection.
- h) During 2017/2018 the Entity has utilised accumulated cash reserves for capitalisation purposes. The abattoir and the fresh produce market had been prioritised. A total of R12m has been utilised for this purpose. This capitalisation is

expected to yield positive returns in the medium to long term. For the two prioritized enterprises the return expected on capitalisation is as follows:-

### **Abattoir**

Over the next three years to 2020/2021 abattoir revenue is to increase from R4,5m to an average of R18.0m per annum. This is a total increase of R13.5m. The number of units slaughtered at the abattoir is to increase significantly taking into account that the majority of the units will be coming from the Adam Kok Farms. The number of abattoir customers is set to increase by having amongst others retailers, supermarkets etc.

Operational losses are to decrease gradually. Grant funding required to subsidize operations is estimated to decrease from R1.1m in 2017/2018 up to no funding required in 2018/2019 financial year. Projections are that the abattoir will turn profitable with effect from the 2019/2020 financial year and will therefore no longer require grant funding from that financial year onwards.

### **Kei Fresh Produce Market**

Over the next three years to 2020/2021 fresh produce market revenue is to increase from R4,4m to an average of R7,2m per annum. All equipment is expected to be fully operational by the end of the 2017/2018 financial year. The market will then be in a position to compete with other markets and be in position to attract producers to sell their produce through it. Grant funding required to subsidize operations is estimated to decrease from R3,3m in 2017/2018 financial year to no grant funding required in 2018/2019 financial year. Projections are that the market will turn profitable with effect from the 2018/2019 financial year and will therefore no longer require grant funding from that financial year onwards.

## **2. RESOLUTIONS**

In compliance with Local Government: Municipal Finance Management Act Section 87(4), the Board of Directors approves the 2018/2019 budget of the Entity.

## **3. EXECUTIVE SUMMARY**

The 2018/2019 operational annual budget amounts to R84,1m and capital budget amounts to R0.9m. This gives a total 2018/2019 budget of R85,0m compared to the 2017/2018 financial year budget of R63,0m.

Grant funding from the parent municipality for 2017/2018 financial year was R37,5m including Vat. For the 2018/2019 financial year, grant funding is R31,1m including Vat. For the 2019/2020 financial year it is R32,7m including Vat and for the 2020/2021 financial year the grant funding is R34,4 including Vat.

Year to year budget increase is estimated to be approximately 10%. Invested funds will reduce through spending mainly on capital expenditure.

There is a 7% estimated increase in salaries and wages budget in the 2018/2019 budget. Budget provision has been made for filling of new vacant positions with special focus on water services.

Funds that are not readily required for operational requirements are invested in call deposits in line with the investment policy.

The entity does not have long term borrowings.

Net assets position is expected to be sound into the foreseeable future with assets exceeding liabilities.

## **4. SUPPORTING DOCUMENTATION**

### **4.1 Overview of annual budget process**

There is an agreement in place between the entity and the parent municipality. This agreement is based on the mandate given to the Entity. As part of the integrated development plan of the parent municipality activities to be carried out by the entity are outlined. In addition to this, the Board of Directors develops and adopts a strategy of implementing the mandate. All of these are then used to inform budget proposals. Heads of departments prepare departmental budgets for submission to Chief Financial Officer for checking alignment with the strategy as well as consolidation.

The consolidated draft budget is then considered by the sub-committee of the board before it is discussed by the board of directors. Upon approval by the Board of Directors the budget is submitted to the parent municipality.

Where there are changes that are proposed by the parent municipality they are taken into account before the consolidated budget is tabled in Council before the end of March of each year. The consolidated budget is then taken for public consultation by the parent municipality. Views of the community and key stakeholders are then considered by the Board of Directors before the final budget is adopted by the Board of Directors.

### **4.2 Overview of alignment of annual budget with service delivery agreement**

Ntinga is a wholly owned municipal entity of O.R. Tambo District Municipality. The parent municipality appoints the Board of Directors. As a means of oversight the parent municipality is represented in meetings of Board of Directors. Financial reports of the entity are submitted to the parent municipality monthly. Furthermore, quarterly performance reports and financial reports are subject of discussions by Council of the parent municipality. The entity is also subjected to Municipal Public Accounts Committee processes.

### **4.3 Overview of budget related policies**

Listed below are Ntinga's budgeted related policies. They are accessible from our records management office. They are also posted on our website [www.ntinga.org.za](http://www.ntinga.org.za) under Acts and policies.

- Asset management policy
- Credit control policy
- Fleet management policy
- Investment policy
- Leave policy
- Performance management policy
- Budget policy

These policies are subject of reviewal annually.

### **4.4 Overview of budget assumptions**

The budget proposals are based on the following assumptions:-

- a) Medium Term Expenditure Framework (MTEF) Guide was used to inform some of the budget proposals. Primarily the budgeted grant amounts for 2018/2019 and 2019/2020 are based on its MTEF budget.
- b) Operations under a state owned company form commenced in full with effect from 01 July 2017;
- c) The Entity has taken the full responsibility for operations at Kei Fresh Produce Market with effect from 01 July 2017;
- d) Improved returns on investments made on projects such as the abattoir and the fresh produce market are expected in the 2018/2019 financial year. These projects are forecast to be self sustainable in the 2018/2019 financial year;
- e) Revenue from Adam Kok farms is recognised by the Entity.
- f) Year to year price increase is estimated to be approximately 10%. This is informed by the struggling economic outlook e.g. increase in VAT rate which is going to have adverse impact in food prices etc. Drought as well is expected to have adverse effect on future prices.



- g) The Entity is attending to operational challenges in service centers such as the farms, fresh produce market and the abattoir. There is a strategy that links operations of various service centers thereby maximizing return on investment.
- h) The Entity has budgeted for depreciation in value of assets.
- i) There will be new appointments of staff particularly in water services

#### **4.5 Overview of budget funding**

Bulk of the budget is funded from grant funding from the Parent Municipality.

Own revenue in the form of sales at the dairy, the fresh produce market and the abattoir is expected to improve.

### **5. LEGISLATION COMPLIANCE STATUS**

Ntinga is fully implementing all legislation that is applicable to it. There are no delays in implementation and there is no application for such.

### **6. OTHER SUPPORTING DOCUMENTS**

#### **Additional information on expenditure**

- a) Estimates of year to year budgets are based on the costing of projects and programmes. In an event that budgets require annual increases, we used an average percentage of 10%.
- b) Accommodation and travel budget will be utilized for all employees within the institution. This is mainly based on travelling to be done by staff when performing their duties as well as training requirements and workshops that will be attended to skill and capacitate employees. With now operations under the state owned company form, expenditure on training of staff is expected to increase.
- c) Board and committees fees budget is set aside for board and committee meetings. It is expected that the Board and its Committees will hold the minimum of four

meetings each during the year. The number of board members is expected to increase. The budget includes all board related expenses.

- d) R2.4m has been budgeted for audit fees for Auditor General to perform their statutory work.

## **7. QUALITY CERTIFICATION BY CHIEF EXECUTIVE OFFICER**

I, Mxolisi Nkosi, Chief Executive Officer of Ntinga O.R. Tambo Development Agency SOC LTD hereby certify that the 2018/2019 proposed annual budget has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget is consistent with the integrated development plan of the parent municipality, the Entity's strategy and the service delivery agreement with the parent municipality of the entity.

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Mr. M.A. Nkosi

**Chief Executive Officer**

## 8. BUDGET ANNEXURES

### 8.1 Statement of Financial Performance

Description	2014/2015	2015/2016	2016/2017	Current Year Budget 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget year 2018/2019	Budget year 2019/2020	Budget year 2020/2021
<b>Rands</b>									
<b>Revenue by Source</b>									
Abattoir Revenue	847 612	1 894 935	2 607 022	4 560 000	7 199 310	6 046 420	31 941 738	34 509 100	39 472 900
Dairy Farm Revenue	180 543	324 138	255 149	400 000	400 000	287 390	-	-	-
Kei Fresh Produce Market revenue	-	-	-	4 430 000	1 539 000	1 308 438	7 318 958	8 615 680	9 506 934
Interest earned - external investments	1 705 759	2 165 234	3 053 611	2 000 000	2 000 000	2 070 950	2 500 000	2 500 000	2 600 000
Consultancy fees	913 564	685 511	-	-	-	-	16 521 739	8 500 000	9 400 000
Grant Transfers Recognised (ORTDM GRANT)	39 803 125	38 324 034	46 665 607	33 404 203	39 182 364	37 611 988	27 053 509	28 460 292	29 940 227
Donations received	772 255	-	-	508 434	666 834	10 097 413	169 477	-	-
Other revenue	263 783	343 311	816 054	-	162 807	283 749	70 000	50 000	50 000
Adam Kok Farms revenue			272 005	3 240 000	5 435 770	2 916 284	7 900 000	8 690 000	9 559 000
Water Services revenue			3 310 639	10 000 000	10 000 000	1 937 878	17 043 478	20 500 000	25 000 000
Adjustments to biological assets	8 400	5 295	3 800	15 000	15 000	-	50 000	55 000	50 000
Gains on disposal of PPE	316 327	163 336	237 146	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>44 811 368</b>	<b>43 905 794</b>	<b>57 221 033</b>	<b>58 557 637</b>	<b>66 601 085</b>	<b>62 560 509</b>	<b>110 568 899</b>	<b>111 880 072</b>	<b>125 579 062</b>
<b>Expenditure By Type</b>									
Employee related costs	20 495 049	21 872 770	21 645 270	35 794 151	35 129 137	35 129 137	41 560 396	43 803 525	46 869 147
Board of Directors Allowances & re-imbursing costs	293 476	514 159	318 002	800 000	1 356 300	1 059 079	1 250 000	1 375 000	1 512 500

Description	2014/2015	2015/2016	2016/2017	Current Year Budget 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget year 2018/2019	Budget year 2019/2020	Budget year 2020/2021
Board of Directors Travelling, Accommodation & other	260 171	205 240	684 888	600 000	326 133	565 876	510 000	561 000	617 100
Debt impairment	-	61 391	27 875	-	-	-	-	-	-
Depreciation & asset impairment	827 816	1 222 893	740 273	700 000	700 000	1 257 166	1 495 300	1 495 300	1 495 300
Finance charges	56 023	53 130	16 569	35 000	35 000	38 123	60 000	66 000	72 600
Repairs and Maintenance	210 018	142 886	113 324	300 000	245 000	177 064	240 000	264 000	285 120
Fresh Produce Market Operations	3 325 656	5 400 000	5 939 781	2 875 260	2 891 860	2 891 860	3 771 836	4 025 955	4 376 887
Abattoir Operations	1 138 511	2 184 830	3 008 047	4 133 662	6 266 296	7 725 881	27 407 729	29 369 708	33 426 706
Dairy Farm Operations	572 747	672 423	720 638	800 000	798 522	644 421	-	-	-
Adam Kok Farms Operations	5 713 943	5 313 181	7 936 689	1 271 201	2 455 328	2 455 328	5 738 500	6 374 850	5 940 785
Water Services	699 926	233 922	2 582 553	3 500 000	1 571 000	1 571 000	2 240 000	3 950 000	5 490 000
Special Projects (Transfers and Grants)	2 865 458	1 708 886	1 248 391	979 655	1 636 054	445 362	15 690 319	7 990 000	8 836 000
Operating Expenditure	4 484 218	5 075 960	5 066 117	6 710 600	7 631 402	6 810 817	9 214 000	9 564 000	10 348 804
Adjustments to Biological Assets	189 200	78 900	139 550	45 000	45 000	210 000	100 000	55 000	59 400
<b>Total Expenditure</b>	<b>41 132 212</b>	<b>44 740 571</b>	<b>50 187 968</b>	<b>58 544 529</b>	<b>61 087 032</b>	<b>60 981 114</b>	<b>109 278 079</b>	<b>108 894 338</b>	<b>119 330 349</b>
<b>Surplus/ (Deficit) for the year</b>	<b>3 679 156</b>	<b>-834 777</b>	<b>7 033 065</b>	<b>13 108</b>	<b>5 514 053</b>	<b>1 579 395</b>	<b>1 290 820</b>	<b>2 985 734</b>	<b>6 248 713</b>
Accumulated surplus at the beginning of the year	25 560 819	29 239 975	28 541 440	29 797 169	35 574 505	35 574 505	43 536 349	44 827 169	47 812 904
<b>Accumulated surplus at the end of the year</b>	<b>29 239 975</b>	<b>28 405 198</b>	<b>35 574 505</b>	<b>29 810 277</b>	<b>41 088 558</b>	<b>37 153 900</b>	<b>44 827 169</b>	<b>47 812 904</b>	<b>54 061 617</b>

## 8.2 Statement of Financial Position

Description	2014/2015	2015/2016	2016/2017	Current Year Budget 2017/2018			Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcomes	Original Budget	Adjusted Budget	Full Year Forecast	Budget year 2018/2019	Budget year 2019/2020	Budget year 2020/2021
<b>Rands</b>									
<b>ASSETS</b>									
<b>Current assets</b>									
Cash and Cash Equivalents	29 934 387	30 240 288	36 254 354	15 761 548	20 473 123	23 579 225	25 866 117	30 717 151	35 441 164
Receivables from Exchange Transactions	12 298	1 600	20 899	1 050 000	1 050 000	1 050 000	1 100 000	300 000	200 000
Receivables from Non-Exchange Transactions	503 020	875 729	6 208 828	300 000	300 000	300 000	200 000	200 000	150 000
Unpaid Conditional Government Grants and Receipts	5 446 394	-	-	-	-	-	-	-	-
Taxes (VAT)	-	-	169 940	-	-	-	-	-	-
Inventory	435 454	96 547	199 262	100 000	100 000	100 000	120 000	200 000	300 000
<b>Total current assets</b>	<b>36 331 553</b>	<b>31 214 164</b>	<b>42 853 282</b>	<b>17 211 548</b>	<b>21 923 123</b>	<b>25 029 225</b>	<b>27 286 117</b>	<b>31 417 151</b>	<b>36 091 164</b>
<b>Non current assets</b>									
Property, plant and equipment	4 531 567	3 526 999	4 265 631	16 547 458	18 564 111	11 523 353	19 581 053	18 885 753	19 470 453
Biological assets	608 775	627 701	760 051	630 000	2 980 051	2 980 051	210 000	-	-
Intangible assets	65 597	37 294	814 289	21 272	21 272	21 272	200 000	-	90 000
<b>Total non current assets</b>	<b>5 205 939</b>	<b>4 191 994</b>	<b>5 839 972</b>	<b>17 198 730</b>	<b>21 565 434</b>	<b>14 524 676</b>	<b>19 991 053</b>	<b>18 885 753</b>	<b>19 560 453</b>
<b>TOTAL ASSETS</b>	<b>41 537 492</b>	<b>35 406 158</b>	<b>48 693 255</b>	<b>34 410 278</b>	<b>43 488 557</b>	<b>39 553 900</b>	<b>47 277 170</b>	<b>50 302 904</b>	<b>55 651 617</b>
<b>LIABILITIES</b>									
<b>Current liabilities</b>									
Current portion of long-term liabilities	39 973	-	-	-	-	-	-	-	-
Taxes (VAT)	280 193	191 996	-	300 000	300 000	300 000	350 000	390 000	390 000
Unspent Conditional Government Grants and Receipts	6 466 961	452 729	6 442 340	400 000	400 000	400 000	500 000	500 000	-
Payables from exchange transactions	2 074 865	2 470 785	2 681 580	900 000	900 000	900 000	800 000	850 000	700 000
Payables from non-exchange transactions	446 973	446 973	446 973	-	-	-	-	-	-
Current employee benefits	2 994 952	3 325 072	3 547 854	3 000 000	800 000	800 000	800 000	750 000	500 000
<b>Total current liabilities</b>	<b>12 303 917</b>	<b>6 887 555</b>	<b>13 118 747</b>	<b>4 600 000</b>	<b>2 400 000</b>	<b>2 400 000</b>	<b>2 450 000</b>	<b>2 490 000</b>	<b>1 590 000</b>

Description	2014/2015	2015/2016	2016/2017	Current Year Budget 2017/2018			Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcomes	Original Budget	Adjusted Budget	Full Year Forecast	Budget year 2018/2019	Budget year 2019/2020	Budget year 2020/2021
<b>Rands</b>									
<b>Non-current liabilities</b>									
Borrowing	-	-	-	-			-	-	-
Total non-current liabilities	-	-	-	-			-	-	-
<b>TOTAL LIABILITIES</b>	<b>12 303 917</b>	<b>6 887 555</b>	<b>13 118 747</b>	<b>4 600 000</b>	<b>2 400 000</b>	<b>2 400 000</b>	<b>2 450 000</b>	<b>2 490 000</b>	<b>1 590 000</b>
<b>NET ASSETS</b>	<b>29 233 575</b>	<b>28 518 603</b>	<b>35 574 508</b>	<b>29 810 278</b>	<b>41 088 557</b>	<b>37 153 900</b>	<b>44 827 170</b>	<b>47 812 904</b>	<b>54 061 617</b>
<b>COMMUNITY WEALTH/EQUITY</b>									
Accumulated Surplus/(Deficit)	29 233 575	28 518 603	35 574 508	29 810 278	41 088 558	37 153 900	44 827 170	47 812 904	54 061 617
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>29 233 575</b>	<b>28 518 603</b>	<b>35 574 508</b>	<b>29 810 278</b>	<b>41 088 558</b>	<b>37 153 900</b>	<b>44 827 170</b>	<b>47 812 904</b>	<b>54 061 617</b>

### 8.3 Cash Flow Statement

Description	2014/2015	2015/2016	2016/2017	Current Year Budget 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
<b>Rands</b>									
<b>Revenue by Source</b>									
Abattoir Revenue	847 612	1 894 935	2 607 022	4 560 000	7 199 310	6 046 420	31 941 738	34 509 100	39 472 900
Dairy Farm Revenue	180 543	324 138	255 149	400 000	400 000	287 390	-	-	-
Kei Fresh Produce Market revenue	-	-	-	4 430 000	1 539 000	1 308 438	7 318 958	8 615 680	9 506 934
Interest earned - external investments	1 705 759	2 165 234	3 053 611	2 000 000	2 000 000	2 070 950	2 500 000	2 500 000	2 600 000
Consultancy fees	913 564	685 511	-	-	-	-	16 521 739	8 500 000	9 400 000
Grant Transfers Recognised (ORTDM GRANT)	39 803 125	38 324 034	46 665 607	33 404 203	39 182 364	37 611 988	27 053 509	28 460 292	29 940 227
Donations received	772 255	-	-	508 434	666 834	10 097 413	169 477	-	-
Other revenue	263 783	343 311	816 054	-	162 807	283 749	70 000	50 000	50 000
Adam Kok Farms revenue			272 005	3 240 000	5 435 770	2 916 284	7 900 000	8 690 000	9 559 000
Water Services revenue			3 310 639	10 000 000	10 000 000	1 937 878	17 043 478	20 500 000	25 000 000
Adjustments to biological assets	8 400	5 295	3 800	15 000	15 000		50 000	55 000	50 000
Gains on disposal of PPE	316 327	163 336	237 146	-			-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>44 811 368</b>	<b>43 905 794</b>	<b>57 221 033</b>	<b>58 557 637</b>	<b>66 601 085</b>	<b>62 560 509</b>	<b>110 568 899</b>	<b>111 880 072</b>	<b>125 579 062</b>
<b>Expenditure By Type</b>									
Employee related costs	20 495 049	21 872 770	21 645 270	35 794 151	35 129 137	35 129 137	41 560 396	43 803 525	46 869 147
Board of Directors Allowances & re-imbursive costs	293 476	514 159	318 002	800 000	1 356 300	1 059 079	1 250 000	1 375 000	1 512 500
Board of Directors Travelling, Accommodation & other	260 171	205 240	684 888	600 000	326 133	565 876	510 000	561 000	617 100
Debt impairment	-	61 391	27 875	-	-	-	-	-	-
Depreciation & asset impairment	827 816	1 222 893	740 273	700 000	700 000	1 257 166	1 495 300	1 495 300	1 495 300

Description	2014/2015	2015/2016	2016/2017	Current Year Budget 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget year 2018/2019	Budget year 2019/2020	Budget year 2020/2021
Finance charges	56 023	53 130	16 569	35 000	35 000	38 123	60 000	66 000	72 600
Repairs and Maintenance	210 018	142 886	113 324	300 000	245 000	177 064	240 000	264 000	285 120
Fresh Produce Market Operations	3 325 656	5 400 000	5 939 781	2 875 260	2 891 860	2 891 860	3 771 836	4 025 955	4 376 887
Abattoir Operations	1 138 511	2 184 830	3 008 047	4 133 662	6 266 296	7 725 881	27 407 729	29 369 708	33 426 706
Dairy Farm Operations	572 747	672 423	720 638	800 000	798 522	644 421	-	-	-
Adam Kok Farms Operations	5 713 943	5 313 181	7 936 689	1 271 201	2 455 328	2 455 328	5 738 500	6 374 850	5 940 785
Water Services	699 926	233 922	2 582 553	3 500 000	1 571 000	1 571 000	2 240 000	3 950 000	5 490 000
Special Projects (Transfers and Grants)	2 865 458	1 708 886	1 248 391	979 655	1 636 054	445 362	15 690 319	7 990 000	8 836 000
Operating Expenditure	4 484 218	5 075 960	5 066 117	6 710 600	7 631 402	6 810 817	9 214 000	9 564 000	10 348 804
Adjustments to Biological Assets	189 200	78 900	139 550	45 000	45 000	210 000	100 000	55 000	59 400
<b>Total Expenditure</b>	<b>41 132 212</b>	<b>44 740 571</b>	<b>50 187 968</b>	<b>58 544 529</b>	<b>61 087 032</b>	<b>60 981 114</b>	<b>109 278 079</b>	<b>108 894 338</b>	<b>119 330 349</b>
<b>Surplus/ (Deficit) for the year</b>	<b>3 679 156</b>	<b>-834 777</b>	<b>7 033 065</b>	<b>13 108</b>	<b>5 514 053</b>	<b>1 579 395</b>	<b>1 290 820</b>	<b>2 985 734</b>	<b>6 248 713</b>
Accumulated surplus at the beginning of the year	25 560 819	29 239 975	28 541 440	29 797 169	35 574 505	35 574 505	43 536 349	44 827 169	47 812 904
<b>Accumulated surplus at the end of the year</b>	<b>29 239 975</b>	<b>28 405 198</b>	<b>35 574 505</b>	<b>29 810 277</b>	<b>41 088 558</b>	<b>37 153 900</b>	<b>44 827 169</b>	<b>47 812 904</b>	<b>54 061 617</b>



### 8.4 Financial and Non-Financial Indicators

Description of indicator	Basis of calculation	2014/2015	2015/2016	2016/2017	Current Year 2017/2018			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget year 2018/2019	Budget year 2019/2020	Budget year 2020/2021
<b>Borrowing Management</b>										
Borrowing to Asset Ratio	Total Long-term Borrowing/ Total Assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Capital Charges to Operating Expenditure	Finance charges & Depreciation / Operating Expenditure	19.71%	25.14%	14.94%	10.95%	9.63%	19.02%	16.88%	16.32%	15.15%
<b>Safety of Capital</b>										
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision / Funds & Reserves	42.09%	24.15%	36.88%	15.43%	5.84%	6.46%	5.47%	5.21%	2.94%
Gearing	Long Term Borrowing / Funds & Reserves	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Liquidity</b>										
Current Ratio	Current assets / current liabilities	2.95	4.53	3.27	3.74	9.13	10.43	11.14	12.62	22.70
Liquidity Ratio	Monetary Assets / Current Liabilities	2.43	4.39	2.76	3.43	8.53	9.82	10.56	12.34	22.29
<b>Creditors Management</b>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))	100.00%	100.00%	100.00%	100.00%		100.00%	100.00%	100.00%	100.00%
<b>Other Indicators</b>										
Employee costs	Employee costs/Total Revenue - capital revenue	46.88%	50.01%	37.99%	61.68%	53.29%	66.96%	37.66%	39.17%	37.34%

Description of indicator	Basis of calculation	2014/2015	2015/2016	2016/2017	Current Year 2017/2018			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget year 2018/2019	Budget year 2019/2020	Budget year 2020/2021
Repairs & Maintenance	R&M/Total Revenue - capital revenue	0.48%	0.33%	0.20%	0.52%	0.37%	0.34%	0.22%	0.24%	0.23%
Interest & Depreciation	I&D/Total Revenue - capital revenue	2.02%	2.92%	1.33%	1.27%	1.12%	2.47%	1.41%	1.40%	1.25%
<b>Financial viability indicators</b>										
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	1.20%	0.07%	0.32%	4.64%	4.27%	8.40%	1.71%	0.41%	0.24%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.16	0.13	0.12	0.07	0.08	0.09	0.04	0.05	0.05

### 8.5 Board Members Allowances and Staff Benefits

Description	2014/2015	2015/2016	2016/2017	Current Year 2017/2018			Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget year 2018/2019	Budget year 2019/2020	Budget year 2020/2021
<b>Board Members of Entities</b>									
Board Members of Entities	293 476	514 159	318 002	800 000	1 096 300	1 277 009	1 440 000	1 584 000	1 742 400
Sub Total - Board Members of Entities	293 476	514 159	318 002	800 000	1 096 300	1 277 009	1 440 000	1 584 000	1 742 400
% increase		75%	-38%	152%	245%	302%	13%	10%	10%
<b>Senior Managers of the Entity</b>									
Basic Salaries	4 315 937	4 614 145	4 948 682	5 337 128	4 602 268	4 602 268	5 814 671	6 221 698	6 657 217
Annual Bonus (13th cheque)	273 810	363 878	296 583	400 932	192 217	192 217	454 790	486 625	520 689
Provident Fund Contributions	333 389	559 438	581 667	693 827	497 430	497 430	800 858	856 918	916 902
Motor vehicle allowance	529 880	565 636	603 352	682 341	536 927	536 927	905 883	969 295	1 037 146
Cell phone allowance	144 056	153 978	169 459	202 145	167 438	167 438	155 722	166 622	178 286
<b>Sub Total - Senior Managers of Entities</b>	<b>5 597 072</b>	<b>6 257 075</b>	<b>6 599 743</b>	<b>7 316 373</b>	<b>5 996 280</b>	<b>5 996 280</b>	<b>8 131 924</b>	<b>8 701 159</b>	<b>9 310 240</b>
% increase		12%	5%	11%	-9%	-9%	36%	7%	7%
<b>Other Staff of Entities</b>									
Basic Salaries	11 197 835	10 223 603	11 703 584	13 198 356	20 821 993	20 821 993	23 497 808	25 142 655	26 902 641
Annual Bonus (13th cheque)	741 725	388 655	624 446	876 809	1 150 690	1 150 690	1 525 013	1 631 764	1 745 987
Provident Contributions	1 511 935	1 403 994	1 484 608	1 664 453	2 058 884	2 058 884	3 037 662	3 250 298	3 477 819
Motor vehicle allowance	1 704 580	1 445 694	1 311 582	1 948 861	2 456 504	2 456 504	3 243 572	3 470 622	3 713 566
Cell phone allowance	464 250	1 074 236	427 866	665 625	768 438	768 438	932 430	997 700	1 067 539
<b>Sub Total - Other Staff of Entities</b>	<b>15 620 325</b>	<b>14 536 182</b>	<b>15 552 086</b>	<b>18 354 104</b>	<b>27 256 508</b>	<b>27 256 508</b>	<b>32 236 485</b>	<b>34 493 039</b>	<b>36 907 552</b>
% increase		-7%	7%	18%	75%	75%	18%	7%	7%
<b>Total Municipal Entities remuneration</b>	<b>21 510 873</b>	<b>21 307 416</b>	<b>22 469 832</b>	<b>26 470 478</b>	<b>34 349 088</b>	<b>34 529 797</b>	<b>41 808 409</b>	<b>44 778 198</b>	<b>47 960 192</b>