

# DRAFT ANNUAL BUDGET OF UTHUKELA DISTRICT MUNICIPALITY



**2016/17 TO 2018/19**

## **MEDIUM TERM REVENUE & EXPENDITURE FORECASTS**

Copies of this document can be viewed:

- At the reception area of the municipality
- At [www.uthukeladm.co.za](http://www.uthukeladm.co.za)

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**ANNEXURE**

Budget Related Policies

Tariffs

**ABBREVIATIONS & ACRONYMS**

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

## **PART 1- ANNUAL BUDGET**

### **1.1 MAYORS REPORT**

**SPEECH BY THE MAYOR OF UTHUKELA DISTRICT MUNICIPALITY  
PRESENTED TO THE MUNICIPAL COUNCIL ON THE OCCASION OF TABLING OF THE 2015/2016 DRAFT  
BUDGET IN THE COUNCIL  
BOARDROOM, LADYSMITH, ON THURSDAY 30 MARCH 2016**

#### **VISION**

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

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

#### **JOB CREATION**

Council has decided to heed the Government's call for job creation and has partnered with the Department of Public Works to ensure that the EPWP is fully operation in this Municipality. The money for EPWP will increase for 2016/2017 financial year which will assist to ensure that service delivery is instigated accordingly.

#### **INFRASTRUCTURE DEVELOPMENT**

The total capital grant allocations for 2016/17 financial year have increased from R 322 million to R347 million.

We will continue to upgrade our infrastructure and embark on new projects improve water distribution and reticulation. Various needs that have been identified by community during the needs analysis will be considered in this budget.

#### **ORGANISATIONAL STRUCTURE**

Due to the identified gaps, there had been numerous appointments in the current year, which improved the municipality's overall functional structure and ensured efficiency on service delivery. We are also in the process of reviewing the organogram and conducting a job evaluation.

#### **DEBT MANAGEMENT**

Council has written off debts for qualifying indigent debtors, a concerted effort has been made to collect and reduce all outstanding debts. A data cleansing process has also been started which will ensure accuracy in the billing process.

**ASSET MANAGEMENT**

Asset management is prioritised and ensuring that councils assets are managed properly. Asset register is in place and an asset manager has been appointed to work on the assets.

We have responsibility of reducing expenditure on non-essential assets and prioritising repairs and mantaince of municipal assets.

**THE WAY FORWARD**

Using the IDP and budget, this Council will ensure that service delivery is not compromised and financial control measures are tightened, including the implementation of a credit control policy and supply chain management policy.

The Municipality will be undertaking several projects aimed at stimulated LED and job creation within its area of jurisdiction. A portion of the budget has also been dedicated towards various tourism projects.

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

## 1.2 COUNCIL RESOLUTIONS:

On 30 March 2016 the Council of UThukela District Local Municipality met in the Council Boardroom of UThukela District Municipality to consider the draft annual budget of the municipality for the financial year 2016/17. The Council approved and adopted the following resolutions:

1. The UThukela District Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
  - 1.1. The annual budget of the municipality for the financial year 2016/17 and the multi-year and single-year capital appropriations as set out in the following tables:
    - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table A2
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table A3
    - 1.1.3. Budget Summary as contained in Table A1
    - 1.1.4. Budgeted financial performance (revenue and expenditure) as contained in Table A4
  - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
    - 1.2.1. Budgeted Financial Position as contained in Table A6
    - 1.2.2. Budgeted Cash Flows as contained in Table A7
    - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table A8
    - 1.2.4. Asset management as contained in Table A9
    - 1.2.5. Basic service delivery measurement as contained in Table A10
2. The Council of UThukela District Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2016:
  - 2.1. That the salaries, wages and allowances of all employees be increased by 8% in accordance with the multiyear SALGBC wage agreement with effect from 01 July 2016.
  - 2.2. That the salaries, wages and allowances of all Section 56 employees and other employees by the same percentage with effect from 01 July 2016.
  - 2.3. The tariffs for water services.
  - 2.4. The tariffs for sanitation services.
  - 2.5. The tariffs for other municipal services.

### 1.3 EXECUTIVE SUMMARY

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

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

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

National Treasury's MFMA Circular No. 78 and 79 were used to guide the compilation of the 2016/17 MTREF.

The main challenges experienced during the compilation of the 2016/17 MTREF can be summarised as follows:

- The on-going difficulties in the national and local economy;
- Aging water infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Escalating water losses
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies.
- Affordability of capital projects – R347 million will be received as capital grants

The following budget principles and guidelines directly informed the compilation of the 2016/17 MTREF:

- The 2015/16 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2016/17 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;



- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2016/17 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2016/17 MTREF**

<b>R thousand</b>	<b>Adjustment budget 2015/16</b>	<b>Budget year 2016/17</b>	<b>Budget year +1 2017/18</b>	<b>Budget year +2 2018/19</b>
Total operating revenue	516 670	561 810	601 185	644 111
Total operating expenditure	570 910	616 093	653 059	692 243
Surplus/(Deficit) for the year	183 700	212 908	295 524	251 520
Total capital expenditure	260 904	274 951	347 998	300 281
<b>Total Budget</b>	<b>831 814</b>	<b>891 044</b>	<b>1 001 057</b>	<b>992 524</b>

Total operating revenue has increased by 8.7% or R45 million for the 2016/17 financial year when compared to the 2015/16 adjustments budget due to the general increase in the services charge and increases in the government grant allocations for the 2016/17 financial year. For the outer years, operational revenue will increase by 6% respectively.

Total operating expenditure for the 2016/17 financial year has been appropriated at R616 million and translates into a budget deficit of R54 million. When compared to the 2015/16 Adjustment Budget, operational expenditure has increased by 7.8% in the 2016/17 budget and increased by 6% for each of respective outer years of the MTREF.

The capital budget of R274 951 million for 2016/17 is 5.3% increase compared to the 2015/16 capital budget. The capital budget of UThukela District Municipality is funded by National Government Grants to the extent of R 347 million. The balance of capital asset will be funded from internally generated funds and investments.

## 1.4 OPERATING REVENUE FRAMEWORK

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

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to achieve a 55% annual collection rate for key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2015/16 MTREF (classified by main revenue source):

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

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue By Source</b>										
Service charges - water revenue	104 240	118 572	110 521	147 050	147 050	147 050	147 050	156 940	166 357	176 338
Service charges - sanitation revenue	13 047	14 199	15 701	18 057	18 057	18 057	18 057	19 249	20 404	21 628
Interest earned - external investments	9 789	10 761	9 073	8 010	10 010	10 010	10 010	16 447	17 434	18 480
Interest earned - outstanding debtors	29 447	33 284	19 149	26 568	26 568	26 568	26 568	28 321	30 021	31 822
Transfers recognised - operational	279 412	257 902	311 978	318 371	314 628	314 628	314 628	340 539	366 637	395 491
Other revenue	5 076	2 845	9 561	356	356	356	356	314	333	353
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>441 011</b>	<b>437 563</b>	<b>475 982</b>	<b>518 412</b>	<b>516 670</b>	<b>516 670</b>	<b>516 670</b>	<b>561 810</b>	<b>601 185</b>	<b>644 111</b>

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

Description	2016/17 Medium Term Revenue & Expenditure Framework						
	Adjusted Budget		Budget Year 2016/17		Budget Year +1 2017/18		Budget Year +2 2018/19
<b>Revenue By Source</b>							
Service charges - water revenue	147 050	6,73%	156 940	6,00%	166 357	6,00%	176 338
Service charges - sanitation revenue	18 057	6,60%	19 249	6,00%	20 404	6,00%	21 628
Interest earned - external investments	10 010	64,30%	16 447	6,00%	17 434	6,00%	18 480
Interest earned - outstanding debtors	26 568	6,60%	28 321	6,00%	30 021	6,00%	31 822
Transfers recognised - operational	314 628	8,24%	340 539	7,66%	366 637	7,87%	395 491
Other revenue	356	-11,64%	314	6,00%	333	6,00%	353
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>516 670</b>	<b>8,74%</b>	<b>561 810</b>	<b>7,01%</b>	<b>601 185</b>	<b>7,14%</b>	<b>644 111</b>

**Table 4 Revenue mix by source A4**

Description R thousand	2016/17 Medium Term Revenue & Expenditure Framework						
	Adjusted		Budget		Budget		Budget
<b>Revenue By Source</b>							
Service charges - water revenue	147 050	28,46%	156 940	27,93%	166 357	27,67%	176 338
Service charges - sanitation revenue	18 057	3,49%	19 249	3,43%	20 404	3,39%	21 628
Interest earned - external investments	10 010	1,94%	16 447	2,93%	17 434	2,90%	18 480
Interest earned - outstanding debtors	26 568	5,14%	28 321	5,04%	30 021	4,99%	31 822
Transfers recognised - operational	314 628	60,90%	340 539	60,61%	366 637	60,99%	395 491
Other revenue	356	0,07%	314	0,06%	333	0,06%	353
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>516 670</b>	<b>100,00%</b>	<b>561 810</b>	<b>100,00%</b>	<b>601 185</b>	<b>100,00%</b>	<b>644 111</b>

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

Revenue generated from water and sanitation services charges forms a significant percentage of the revenue basket for the Municipality. Service charge revenues comprise 32% of the total revenue mix. In the 2015/16 financial year, services charges totalled R147 million. Revenue generated from property rates is expected to increase to R157million in the year 2016/17. The increase to service charges is due to the increase in tariffs as well as new connections.

The water and sanitation tariffs have been increased by 6% across the board. Circular 66 of the MFMA stipulates that all tariffs should be cost reflective. These services are failing to break even currently which indicates that the current tariffs are not cost reflective. The Finance department will review these tariffs and gradually phase out the cost reflective tariffs in the next coming years.

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

Other revenue' which consists of various items such as income received from the sale of tender documents and the issue of clearance certificates will total R314 thousand in the 2016/2017 financial year, the estimate is based on current trends.

Operating grants and transfers totals R340 million in the 2016/17. Below is a detailed split of the operating grants

**Table 5 Operating Transfers and Grant Receipts**

GRANTS	2016/2017	2017/2018	2018/2019
	R'000	R'0010	R'000
EQUITABLE SHARE	332 370	361 841	392 513
MUNICIPAL SYSTEMS IMPROVEMENT GRANT	2 340	3 001	1 433
EPWP	3 169		
FINANACE MANAGEMENT GRANT	1 460	1 795	1 545
DEVELOPMENT PLANNING AND SHARED SERVICES	1 200		
<b>TOTAL</b>	<b>340 539</b>	<b>366 637</b>	<b>395 491</b>

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6% upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment. The tariffs for the year 2016/17 have been increased by 6%

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

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

#### 1.4.1 Water and Sanitation Tariffs

Tariff the cost of the provision of general services. Determining the effective tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 78 and 79 deal, inter alia with the implementation of the Municipal Systems Act.

Below are the proposed water services tariff for the financial year 2016/2017 these tariffs exclude VAT.

**Table 6 Water and Sanitation Tariffs**

	<b>Description</b>	<b>Tariff</b>
1.	Tariff for accessibility to water ( basic charge occupied and unoccupied)	R66.96/ month
2.	Tariff for accessibility to sewerage system (basic charge occupied and unoccupied)	R85.32./ month
3.	Sewer tariff for restricted usage (un-metered)	R85.32/ month

4.	Servicing sewer conservancy tanks/pits (small)	R150.75/ service
	Servicing sewer conservancy tanks/pits (large)	R323.07/ 5000l/ load
	Discharge of sewage to waste water works by private sewer tankers	R0,12/litre
	<b>Integrated Step Tariff (Domestic Use)</b>	
5.	Water tariff for water usage up to 6kl	Free/ Indigent
	Water tariff for water usage 1 to 30kl	R9.72kl
	Water tariff for water usage 31kl to 100kl	R11.26kl
	Water tariff for water usage 101kl to 999kl	R12.95kl
	<b>Integrated Step Tariff (Industrial Use)</b>	
6.	Water tariff for water usage up to 1000kl	R9.72kl
	Water tariff for water usage 1001kl and above	R5.09kl
7.	Bulk potable water supply to IDC Estate	R5.09kl
	Bulk Raw water supply	R3.11kl
8.	Emergency Services Connection (excluding emergency services)	R22.90kl
9.	All connections, repairs and work required from Council Domestic	Cost + 10%
10.	All connections, repairs and work required from Council other services actual cost + 10 %	Cost + 10%
11.	Trade Effluent	Charge(c/kl)= 68.76c+([COD/1000] x 1.45c) (COD-Chemical Oxygen Demand)
012.	Account Deposits (Subject to credit worthiness)	Every default adjustment of R154.27 to maximum as per following: Residential Max R2 315.74 Business Max R 7715.33  <b>New consumers:-</b> Residential = R 1 338.58 Business = R 3194.29 Connection Fees =R 154.75
13.	Scrutiny of building plans	R399.52/ plan
14.	Clearing of grass overgrowth	Actual cost + 12 %
15.	Requested Water Tankering (funerals – if not indigent)	5000l = R460.37 / load
16.	Requested Water Tankering (other events)	5000l = R736.55/ load
17.	Developer’s Capital Contribution - Water	R 8370.06
18.	Developer’s Capital Contribution - Sanitation	R 9207.13
19.	Disconnection Fee	R 110.47

	Reconnection fee - Working hours	R 112.16
	-After hours, Saturdays/Sundays/Public Holidays	R276.16
20.	Clearance certificates	R408.10
21.	Flat rate services (where applicable)	R274.41 per household

<b>Water and Waste Water Analysis</b>		
<b>Determinant</b>	<b>Units</b>	<b>Cost per sample</b>
Alkalinity	mg/l CaCO <sub>3</sub>	R53.30
Appearance	Descriptive	
Aluminium - soluble	mg/l Al	R46.14
Ammonia	mg/l N	R44.44
Chloride	mg/l Cl	R35.57
Chlorine – Free	mg/l Cl <sub>2</sub>	R17.72
Colour	Pt-Co	R26.57
Conductivity	mS/m	R17.72
Fluoride	mg/l F	R44.44
Iron	mg/l Fe	R26.07
Manganese	mg/l Mn	R44.44
Nitrate	mg/l N	R26.57
Nitrite	mg/l N	R26.57
Odour	Descriptive	
pH	pH Units	R17.72
Phosphate - soluble	mg/l P	R26.57
Solids - Settle able	ml/l	R26.57
Sulphate	mg/l SO <sub>4</sub>	R39.01
Sulphide	mg/l H <sub>2</sub> S	R44.44
Suspended Solids	mg/l	R39.25
Temperature	°C	
Total Dissolved Solids	mg/l	R26.57
Turbidity	NTU	R17.72
Oxygen Absorbed	mg/l O <sub>2</sub>	R53.30
Chemical Oxygen Demand	mg/l O <sub>2</sub>	R62.15
Magnesium/Calcium	mg/l Mg/Ca	R62.02

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

<b>Microbiological Analysis</b>		
Faecal coliforms	colonies per 100ml	R53.30
Total coliforms	colonies per 100ml	R53.30
Standard plate count	colonies per ml	R44.43

- Sterile bottles provided by the Laboratory should be used.

- Samples must be delivered to the Laboratory within 6 hours of collection and should be kept cold.
- A volume of 500ml is sufficient for analysis.
  1. Prices listed are for single samples.
  2. Sterile bottles can be supplied free of charge. Bottles broken or not returned will be charged for at a rate of R17.23 per bottle.

**FINES FOR ILLEGAL CONNECTIONS AND TEMPERING**

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

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

**PENALTY FEES**

1. Warning letter	R 50.00
2. Final cut-off	
• Additional deposit-business	R 150.00
• Additional deposit-households	R106.00
• Penalty fee	R 81.97

**RECONNECTION FEES:**

1. Standard fee applies during working office hours	R109.16
2. Standard rate applies after office hours	R260.53



**NEW CONNECTION (PLUMBING WORK) CHARGES**

<b>NO</b>	<b>SIZE (MM)</b>	<b>UNIT COST R</b>	<b>DEPOSIT</b>
1	20	2 243.75	200.00
2	25	2 243.75	200.00
3	32	2 687.50	500.00
4	40	6 000.00	500.00
5	50	6 373.04	500.00
6	80	8 824.03	500.00
7	100	10 165.00	500.00
8	150	10 554.04	500.00

- Other municipal services increase by 6% as per MFMA circular 79.

Tender documents  
 Maps GIS  
 Clearance certificates

	A3 PRINTER		A0 PLOTTER		
	A4	A3	A2	A1	A0
<b>Full Colour</b>	22.24	44.49	111.22	150.15	200.20
<b>Grey Scale</b>	22.24	44.49	111.22	144.59	200.20
<b>Topo Maps</b>	16.69	33.37	83.42	111.22	150.15
<b>Line / Hatch</b>	11.13	33.37	55.62	72.30	100.10

**Maps GIS tariffs**

**1.4.1.1 Tender Documents**

Municipal Produced	R166.84
Consultants produced depending on the project	R333.67 and R389.28 respectively

- Clearance certificate R 380.38

**Table 7 Comparison between current tariffs and increases****1.4.2 Overall impact of tariff increases on households**

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

	<b>Description</b>	<b>2015/16</b>	<b>2016/17</b>	<b>% Incr.</b>
1.	Tariff for accessibility to water (basic charge occupied and unoccupied)	R63.17/month	R66.96/ month	6
2.	Tariff for accessibility to sewerage system (basic charge occupied and unoccupied)	R80.49/month	R85.32./month	6
3.	Sewer tariff for restricted usage (un-metered)	R80.49/month	R85.32/ month	6
4.	Servicing sewer conservancy tanks/pits (small)	R142.22/services	R150.75/service	6
	Servicing sewer conservancy tanks/pits (large)	R304.78 /500l/load	R323.07 / 5000l/ load	6
	Discharge of sewage to waste water works by private sewer tankers	R0.12/litre	R0.12/litre	6
	<b>Integrated Step Tariff (Domestic Use)</b>			
5.	Water tariff for water usage up to 6kl	Free to Indigents households only	Free/ Indigent	6
	Water tariff for water usage 1 to 30kl	R9.17kl	R9.72kl	6
	Water tariff for water usage 31kl to 100kl	R10.62kl	R11.26kl	6
	Water tariff for water usage 101kl to 999kl	R12.22kl	R12.95kl	6

**Table 8 MBRR Table SA14 – Household bills**

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17 % incr.	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Rand/cent										
<b>Monthly Account for Household - 'Middle Income Range'</b>										
<b>Rates and services charges:</b>										
Electricity: Consumption										
Water: Basic levy	57,70	62,29	66,03	72,01	72,01	72,01	6,0%	76,33	80,91	85,77
Water: Consumption	590,73	805,68	854,02	957,23	957,23	957,23	6,0%	1 014,66	1 075,54	1 140,07
Sanitation	73,53	79,41	84,17	91,75	91,75	91,75	6,0%	97,26	103,10	109,28
Refuse removal										
Other										
<b>sub-total</b>	<b>721,96</b>	<b>947,38</b>	<b>1 004,22</b>	<b>1 121,00</b>	<b>1 121,00</b>	<b>1 121,00</b>	<b>6,0%</b>	<b>1 188,26</b>	<b>1 259,55</b>	<b>1 335,13</b>
VAT on Services										
<b>Total large household bill:</b>	<b>721,96</b>	<b>947,38</b>	<b>1 004,22</b>	<b>1 121,00</b>	<b>1 121,00</b>	<b>1 121,00</b>	<b>6,0%</b>	<b>1 188,26</b>	<b>1 259,55</b>	<b>1 335,13</b>
<b>% increase/decrease</b>		<b>31,2%</b>	<b>6,0%</b>	<b>11,6%</b>	<b>-</b>	<b>-</b>		<b>6,0%</b>	<b>6,0%</b>	<b>6,0%</b>
<b>Monthly Account for Household - 'Affordable Range'</b>										
<b>Rates and services charges:</b>										
Water: Basic levy	57,70	62,29	66,03	72,01	72,01	72,01	6,0%	76,33	80,91	85,77
Water: Consumption	92,09	170,15	180,36	202,16	202,16	202,16	6,0%	214,29	227,15	240,78
Sanitation	73,53	79,41	84,17	91,75	91,75	91,75	6,0%	97,26	103,10	109,28
Refuse removal										
<b>sub-total</b>	<b>223,32</b>	<b>311,85</b>	<b>330,56</b>	<b>365,93</b>	<b>365,93</b>	<b>365,93</b>	<b>6,0%</b>	<b>387,88</b>	<b>411,16</b>	<b>435,83</b>
VAT on Services										
<b>Total small household bill:</b>	<b>223,32</b>	<b>311,85</b>	<b>330,56</b>	<b>365,93</b>	<b>365,93</b>	<b>365,93</b>	<b>6,0%</b>	<b>387,88</b>	<b>411,16</b>	<b>435,83</b>
<b>% increase/decrease</b>		<b>39,6%</b>	<b>6,0%</b>	<b>10,7%</b>	<b>-</b>	<b>-</b>		<b>6,0%</b>	<b>6,0%</b>	<b>6,0%</b>

The above table reflects cost implications on households of proposed rates and tariff changes. Examples of municipal bills that are generally representative of household bills in the UThukela District area have been used in the compilation of this table.

## 1.5 OPERATING EXPENDITURE FRAMEWORK

The Municipality's expenditure framework for the 2016/17 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit,
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA,
- The capital programmes aligned to the asset renewal strategy and backlog eradication plan,
- Operational gains and efficiencies will be directed to funding the capital budget and other core services, and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2016/17 budget and MTREF (classified per main type of operating expenditure):

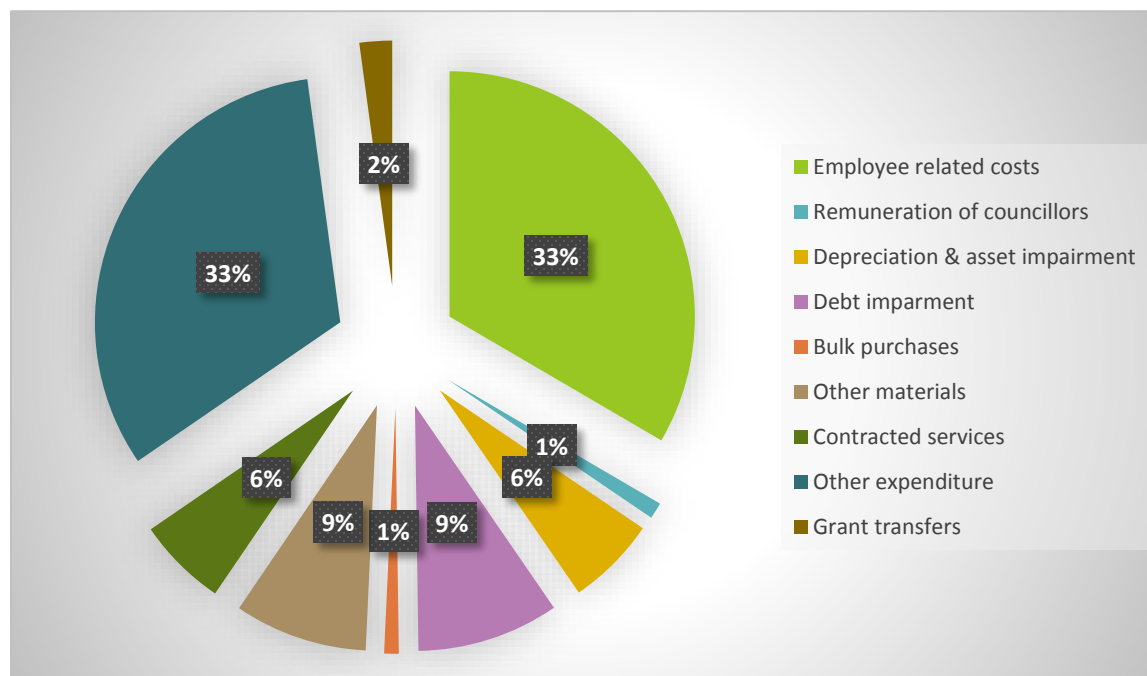
**Table 9 Summary of operating expenditure by standard classification item A4**

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Expenditure By Type</b>										
Employee related costs	119 882	125 359	150 427	219 377	219 377	219 377	219 377	205 883	218 236	231 330
Remuneration of councillors	4 792	4 703	5 796	5 332	6 146	6 146	6 146	6 638	7 036	7 458
Debt impairment	244 001	16 028	90 109	28 222	28 222	28 222	28 222	36 460	38 647	40 966
Depreciation & asset impairment	31 838	38 999	45 065	51 431	51 431	51 431	51 431	57 676	61 137	64 805
Finance charges	2 431	2 549	2 465	60						
Bulk purchases	3 857	7 232	5 304	6 377	5 535	5 535	5 535	5 901	6 255	6 630
Other materials	16 088	22 082	25 362	59 605	41 605	41 605	41 605	54 037	57 279	60 716
Contracted services	45 290	46 772	27 550	42 261	46 234	46 234	46 234	36 529	38 721	41 044
Transfers and grants	108 715	83 732	10 716	13 228	13 228	13 228	13 228	13 228	14 022	14 863
Other expenditure	72 480	97 887	194 943	154 660	159 133	159 133	159 133	199 742	211 726	224 430
<b>Total Expenditure</b>	<b>651 544</b>	<b>450 765</b>	<b>557 737</b>	<b>580 552</b>	<b>570 910</b>	<b>570 910</b>	<b>570 910</b>	<b>616 093</b>	<b>653 059</b>	<b>692 243</b>

**Table 10 Operating expenditure expressed as percentages**

Description R thousand	2016/17 Medium Term Revenue & Expenditure Framework						
	Adjusted Budget		Budget Year 2016/17		Budget Year +1 2017/18		Budget Year +2 2018/19
<b>Expenditure By Type</b>							
Employee related costs	219 377	38,43%	205 883	33,42%	218 236	33,42%	231 330
Remuneration of councillors	6 146	1,08%	6 638	1,08%	7 036	1,08%	7 458
Debt impairment	28 222	4,94%	36 460	5,92%	38 647	5,92%	40 966
Depreciation & asset impairment	51 431	9,01%	57 676	9,36%	61 137	9,36%	64 805
Bulk purchases	5 535	0,97%	5 901	0,96%	6 255	0,96%	6 630
Other materials	41 605	7,29%	54 037	8,77%	57 279	8,77%	60 716
Contracted services	46 234	8,10%	36 529	5,93%	38 721	5,93%	41 044
Transfers and grants	13 228	2,32%	13 228	2,15%	14 022	2,15%	14 863
Other expenditure	159 133	27,87%	199 742	32,42%	211 726	32,42%	224 430
<b>Total Expenditure</b>	<b>570 910</b>	<b>100,00%</b>	<b>616 093</b>	<b>100,00%</b>	<b>653 059</b>	<b>100,00%</b>	<b>692 243</b>

**Figure 1 Main operational expenditure categories for the 2016/17 financial year**



The budgeted allocation for employee related costs for the 2016/17 financial year totals R206 million, which equals 33 % of the total operating expenditure. Based on the three year collective SALGBC agreement which took effect on the 1<sup>st</sup> of July 2015, salary increases have been factored into this budget at a percentage increase of 7% for the 2016/17 financial year.

Expenditure against overtime was significantly reduced as prescribed by treasury, with provisions against this budget item only being provided for emergency services and other critical functions.

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

While debt impairment is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues. The municipality has thus provided for debt impairment to the value of R36 million.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R57 million for the 2016/17 financial and equates to 9% of the total operating expenditure.

Bulk purchases are directly informed by the purchase of water from DWA. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditure includes distribution losses. Bulk purchases amount to 1% of the total operating budget.

Other materials comprise of amongst others the purchase of materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure. For 2016/17 the appropriation against this group of expenditure has increased R54 million. The municipality has adopted a strategy which aims to maintain and improve our existing capital asset structure, thus the increased provision of the repairing or maintaining of assets.

Contracted services have been identified as a cost saving area for the Municipality. This group of expenditure has decreased to R36 million due to the termination of the main office renting contract. For the two outer years growth has been limited to 6%

The process of identifying further cost efficiencies will continue in the 2016/17 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. It can be noted that other expenditure has increased by 25% or 40 million.

However 8% of this increase can be attributed to the general increase in operating grant expenditure, such as EPWP and MSIG.

The rest of the increase can be attributed to the major revision of other expenditure line items as LED programs which have been allocated a total budget of R10 million and a further R5 million has been budgeted for the Development Agency.

There has also been an increase in the amount allocated to tourism projects with a total budget of R3 million. Students' bursaries have also contributed to the increase with an allocation of R3.5 million. A once off amount of R1.8 million has been budgeted for BCP implementation. An amount of R13.5 million has been budgeted for special programs (sports, youth, gender and disability, HIV)

The above mentioned items are just a few highlights and these amounts may still be reviewed for the final budget.

Grant transfers are grants and subsidies given to the community these include free basic services for indigent households (first free 6kl) as well as the expenses incurred on water tankering.

### **1.5.1 Priority given to repairs and maintenance**

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2016/17 budget provides for in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality.

The following table lists the total anticipated cost for repairs and maintenance on infrastructure and assets for the year 2016/17 and the comparison years. It must be noted that the municipality has identified all the shortcomings associated with neglecting capital assets such as infrastructure thus the increased provision for repairing and maintenance of capital assets.



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

Description  R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	<b>9 528</b>	<b>15 250</b>	<b>16 296</b>	<b>23 468</b>	<b>20 468</b>	<b>20 468</b>	<b>27 456</b>	<b>29 103</b>	<b>30 849</b>
Infrastructure - Road transport	-	1 500	-	1 670	1 670	1 670	1 774	1 881	1 994
<i>Roads, Pavements &amp; Bridges</i>		1 500		1 670	1 670	1 670	1 774	1 881	1 994
<i>Storm water</i>									
Infrastructure - Water	9 528	13 750	16 296	21 798	18 798	18 798	25 682	27 222	28 856
<i>Dams &amp; Reservoirs</i>	4 870	5 750	8 941	9 709	9 709	9 709	11 000	11 660	12 360
<i>Water purification</i>	2 300	1 800	3 772	3 552	552	552	4 682	4 962	5 260
<i>Reticulation</i>	2 358	6 200	3 583	8 537	8 537	8 537	10 000	10 600	11 236
<b>Community</b>	<b>-</b>	<b>-</b>	<b>5 185</b>	<b>25 000</b>	<b>10 000</b>	<b>10 000</b>	<b>8 000</b>	<b>8 480</b>	<b>8 989</b>
Other			5 185	25 000	10 000	10 000	8 000	8 480	8 989
<b>Other assets</b>	<b>6 560</b>	<b>6 832</b>	<b>3 881</b>	<b>11 137</b>	<b>11 137</b>	<b>11 137</b>	<b>18 581</b>	<b>19 696</b>	<b>20 878</b>
General vehicles	3 500	4 320	3 301	5 161	5 161	5 161	7 024	9 566	10 140
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment				582	582	582	620	658	697
Computers - hardware/equipment	450	1 500		1 200	1 200	1 200	2 195	2 327	2 466
Furniture and other office equipment		6	-	61	61	61	61	65	69
Abattoirs									-
Markets									-
Civic Land and Buildings									-
Other Buildings	10	150	238	3 073	3 073	3 073	8 000	6 360	6 742
Other Land									
Surplus Assets - (Investment or Inventory)									
Other	2 600	856	341	1 060	1 060	1 060	680	721	764
<b>Total Repairs and Maintenance Expendit</b>	<b>16 088</b>	<b>22 082</b>	<b>25 362</b>	<b>59 605</b>	<b>41 605</b>	<b>41 605</b>	<b>54 037</b>	<b>57 279</b>	<b>60 716</b>

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

<u>DESCRIPTION</u>		
BUILDINGS AND OFFICES	8 000 000,00	14,80%
OFFICE FURNITURE & EQUIPMENT	61 365,00	0,11%
VEHICLES	7 024 346,66	13,00%
IT MAINTANANCE PROGRAMME	2 195 000,00	4,06%
REPAIRS SPECIALISED EQUIPMENT	680 000,00	1,26%
BLUE DROP GREEN DROP	8 000 000,00	14,80%
PIPELINES -POTABLE WATER	11 000 000,00	20,36%
PLANT	620 412,00	1,15%
PUMPS	10 000 000,00	18,51%
ROADS	1 774 357,00	3,28%
REFURB EXIST SCHEMES	3 551 590,00	6,57%
ELECTRICAL	1 129 960,00	2,09%
	<b><u>54 037 030,66</u></b>	<b><u>100,00%</u></b>

- R8 million of total repairs and maintenance will be spent on buildings, includes an amount of R2 million for emergency fire exits.
- R27 million the municipality will be invested in the maintenance of water infrastructure.
- R7 million will be allocated for the mantaince of municipal vehicles. The increase is due to the increased number of vehicles acquired in the current year, further vehicles to the value of R 3.9 million will be acquired in 2016/17. An increased provision has also been allocated to cater for repairs/ mantaince of the specialised disaster emergency vehicle.
- R8 million for Blue Drop - Green Drop related expenses
- R680 thousand has also been allocated for the mantaince of other specialised office equipment such as the lift, PA system, telephones and air conditioners.

### **1.5.2 Free Basic Services: Basic Social Services Package**

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target was to register more indigent households during the 2015/16 financial year, this target was met 1694 indigent households have been registered.

In the 2016/17 financial year it is anticipated that R13 million will be allocated towards the provision of free basic services.

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

Going forward it will be our priority to reduce the number of households on the indigent register through job creation and programs such as EPWP, ensuring that those that are hired are equipped with certain skills by the end of the program, for future employment.

### 1.6 CAPITAL EXPENDITURE

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

**Table 13 2016/17 Medium-term capital budget per vote**

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Single-year expenditure</b>										
105 - MUNICIPAL MANAGER	-	330	1 848	830	1 471	1 471	1 471	475	170	179
200 - CORPORATE SERVICES	114	19	1 276	1 350	1 110	1 110	1 110	1 315	100	105
300 - BUDGET AND TREASURY	28	10	527	240	1 439	1 439	1 439	330	130	137
405 - SOCIAL SERVICES	564	3	11 749	28 150	16 985	16 985	16 985	4 180	150	158
408 - HEALTH & WATER SERVICES AUTHOR	-	-	-	260	236	236	236	550	50	53
500 - TECHNICAL SERVICES	-	1 999	-	2 311	2 311	2 311	2 311	267 191	347 398	299 651
510 - WATER AND SANITATION SERVICES	100 760	423 252	293 113	285 929	237 352	237 352	237 352	910	-	-
<b>Total Capital Expenditure - Vote</b>	<b>101 466</b>	<b>425 614</b>	<b>308 513</b>	<b>319 070</b>	<b>260 904</b>	<b>260 904</b>	<b>260 904</b>	<b>274 951</b>	<b>347 998</b>	<b>300 281</b>

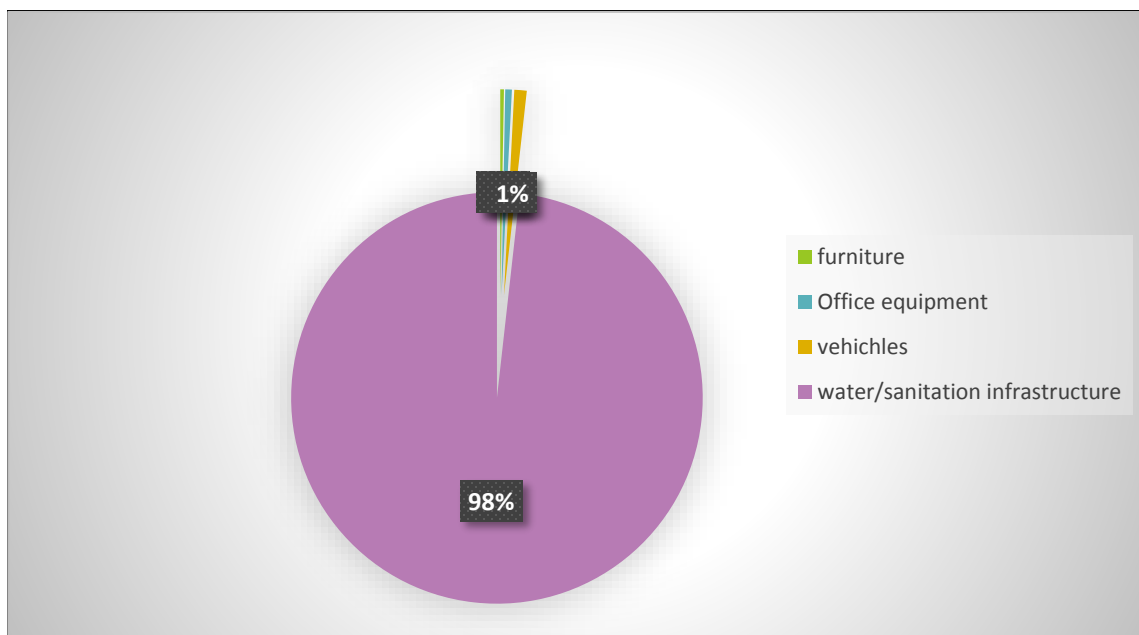
The above table reflect the total capital expenditure per department.

A total of R267 million will be allocated towards water infrastructure as per the following grant allocations.

<b>GRANTS</b>	<b>2015/2016</b>	<b>2016/2017</b>
<b>CAPITAL GRANTS</b>		
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	181 247 000	178 506 000
RURAL HOUSEHOLD INFRASTRUCTURE GRANT (RHIG)	4 382 000	4 500 000
RURAL ROAD ASSET MANAGEMENT GRANT (RRAM)	2 311 000	2 378 000
MUNICIPAL WATER INFRASTRUCTURE GRANT (MWIG)	50 000 000	81 807 000
	<b>237 940 000</b>	<b>267 191 000</b>

The following pie chart provides a breakdown of the capital budget to be spent on capital for the year 2016/2017.

**Figure 2 Capital budget**



**Table 14 2016/17 Water and Sanitation Projects**

<u>PROJECT DESCRIPTION</u>	
Bhekuzulu Epangweni Community Water Supply	87 174 133
Ntabamhlophe CWSS	36 144 987
Moyeni/Zwelisha WTW Mechanical & Electrical upgrading	9 357 063
Kwanobamba-Ezitendeni (Weenen) Water Supply Project	54 000 000
Weenen Ezitendeni Sanitation Project	36 000 000
Bergville: Sanitation Project	18 000 000
Fitty Park Umhlumayo Extensions	20 000 000
Sanitation Ward 07-Imbabazane	4 500 000
Ezakheni WCD	77 000 000
Mimosdale	18 000 000
Indaka Boreholes	6 500 000
Wembezi WCD	5 500 000
Indaka stage 2	18 000 000
<b><u>TOTAL</u></b>	<b><u>390 176 183</u></b>

## **1.7 ANNUAL BUDGET TABLES PARENT MUNICIPALITY**

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

**Table 15 MBRR Table A1 - Budget Summary**

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	117 287	132 771	126 222	165 107	165 107	165 107	165 107	176 189	186 760	197 966
Investment revenue	9 789	10 761	9 073	8 010	10 010	10 010	10 010	16 447	17 434	18 480
Transfers recognised - operational	279 412	257 902	311 978	318 371	314 628	314 628	314 628	340 539	366 637	395 491
Other own revenue	34 523	36 129	28 709	26 924	26 924	26 924	26 924	28 635	30 354	32 175
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>441 011</b>	<b>437 563</b>	<b>475 982</b>	<b>518 412</b>	<b>516 670</b>	<b>516 670</b>	<b>516 670</b>	<b>561 810</b>	<b>601 185</b>	<b>644 111</b>
Employee costs	119 882	125 359	150 427	219 377	219 377	219 377	219 377	205 883	218 236	231 330
Remuneration of councillors	4 792	4 703	5 796	5 332	6 146	6 146	6 146	6 638	7 036	7 458
Depreciation & asset impairment	31 838	38 999	45 065	51 431	51 431	51 431	51 431	57 676	61 137	64 805
Finance charges	2 431	2 549	2 465	60	-	-	-	-	-	-
Materials and bulk purchases	19 946	29 314	30 666	65 982	47 140	47 140	47 140	59 938	63 534	67 346
Transfers and grants	108 715	83 732	10 716	13 228	13 228	13 228	13 228	13 228	14 022	14 863
Other expenditure	363 940	166 109	312 602	225 142	233 588	233 588	233 588	272 731	289 094	306 440
<b>Total Expenditure</b>	<b>651 544</b>	<b>450 765</b>	<b>557 737</b>	<b>580 552</b>	<b>570 910</b>	<b>570 910</b>	<b>570 910</b>	<b>616 093</b>	<b>653 059</b>	<b>692 243</b>
<b>Surplus/(Deficit)</b>	<b>(210 533)</b>	<b>(13 201)</b>	<b>(81 756)</b>	<b>(62 140)</b>	<b>(54 240)</b>	<b>(54 240)</b>	<b>(54 240)</b>	<b>(54 283)</b>	<b>(51 874)</b>	<b>(48 131)</b>
Transfers recognised - capital	249 261	360 480	296 017	237 940	237 940	237 940	237 940	267 191	347 398	299 651
Contributions recognised - capital & contribu	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>38 728</b>	<b>347 279</b>	<b>214 261</b>	<b>175 800</b>	<b>183 700</b>	<b>183 700</b>	<b>183 700</b>	<b>212 908</b>	<b>295 524</b>	<b>251 520</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>38 728</b>	<b>347 279</b>	<b>214 261</b>	<b>175 800</b>	<b>183 700</b>	<b>183 700</b>	<b>183 700</b>	<b>212 908</b>	<b>295 524</b>	<b>251 520</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>101 466</b>	425 614	308 513	319 070	260 904	260 904	260 904	274 951	347 998	300 281
Transfers recognised - capital	<b>100 760</b>	344 456	234 975	237 940	237 940	237 940	237 940	267 191	347 398	299 651
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	<b>706</b>	81 158	73 538	81 130	22 964	22 964	22 964	7 760	600	630
<b>Total sources of capital funds</b>	<b>101 466</b>	425 614	308 513	319 070	260 904	260 904	260 904	274 951	347 998	300 281
<b>Financial position</b>										
Total current assets	<b>201 914</b>	268 102	284 886	388 114	388 114	388 114	388 114	518 004	390 828	324 563
Total non current assets	<b>812 489</b>	1 483 053	1 778 012	2 094 885	2 036 719	2 036 719	2 036 719	2 236 977	2 523 861	2 759 362
Total current liabilities	<b>252 618</b>	155 639	233 994	134 300	134 300	134 300	134 300	182 971	158 174	143 689
Total non current liabilities	<b>13 231</b>	15 312	12 494	12 925	12 925	12 925	12 925	13 830	14 798	15 834
Community wealth/Equity	<b>748 555</b>	1 580 204	1 816 411	2 335 774	2 277 608	2 277 608	2 277 608	2 558 181	2 741 718	2 924 403
<b>Cash flows</b>										
Net cash from (used) operating	<b>163 444</b>	26 793	338 031	189 640	179 138	179 138	179 138	251 279	336 196	294 633
Net cash from (used) investing	<b>(101 466)</b>	(228 221)	(311 196)	(319 070)	(260 904)	(260 904)	(260 904)	(274 951)	(347 998)	(300 281)
Net cash from (used) financing	<b>(1 609)</b>	179 209	(8 302)	413	413	413	413	380	403	427
<b>Cash/cash equivalents at the year end</b>	<b>148 773</b>	126 554	145 087	47 030	63 734	63 734	63 734	40 442	29 043	23 822
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	<b>148 773</b>	126 554	145 088	47 030	47 030	47 030	47 030	232 442	131 043	124 822
Application of cash and investments	<b>189 371</b>	311 045	19 532	(72 693)	(45 293)	(45 293)	(45 293)	(21 329)	(30 895)	(8 560)
<b>Balance - surplus (shortfall)</b>	<b>(40 598)</b>	(184 491)	125 556	119 723	92 323	92 323	92 323	253 771	161 938	133 382
<b>Asset management</b>										
Asset register summary (WDV)	<b>812 489</b>	1 483 053	1 778 012	2 094 885	2 036 719	2 036 719	2 236 977	2 236 977	2 626 280	2 861 781
Depreciation & asset impairment	<b>31 838</b>	38 999	45 065	51 431	51 431	51 431	57 676	57 676	61 137	64 805
Renewal of Existing Assets	-	65	7 469	52 000	52 000	52 000	52 000	-	-	-
Repairs and Maintenance	<b>16 088</b>	22 082	25 362	59 605	41 605	41 605	54 037	54 037	57 279	60 716
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	<b>108 715</b>	83 732	126 221	6 300	6 300	6 300	-	-	-	-
<b>Households below minimum service level</b>										
Water:	30	29	320	33	33	33	-	-	-	-
Sanitation/sewerage:	14	14	14	16	16	16	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	98	104	111	140	140	140	-	-	-	-

**Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasise the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised are reflected on the Financial Performance Budget;
    - ii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. Over the MTREF there is progressive improvement in the level of cash-backing of obligations
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the public. The amount of services provided by the municipality including free basic services continues to increase.



**Table 16 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

Standard Classification Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue - Standard</b>									
<b>Governance and administration</b>	<b>323 008</b>	<b>279 380</b>	<b>298 872</b>	<b>320 930</b>	<b>322 930</b>	<b>322 930</b>	<b>352 931</b>	<b>379 773</b>	<b>409 415</b>
Executive and council	285 910	37 743	41 140	48 867	48 867	48 867	53 055	56 238	59 613
Budget and treasury office	4 411	241 637	257 732	272 063	274 063	274 063	299 876	323 535	349 803
Corporate services	32 687	-	-	-	-	-	-	-	-
<b>Community and public safety</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Community and social services	-	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>1 007</b>	<b>890</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>1 200</b>	<b>1 272</b>	<b>1 348</b>
Planning and development	1 007	890	250	250	250	250	1 200	1 272	1 348
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	<b>366 256</b>	<b>517 773</b>	<b>472 877</b>	<b>435 172</b>	<b>431 430</b>	<b>431 430</b>	<b>554 870</b>	<b>669 957</b>	<b>730 905</b>
Electricity	-	-	-	-	-	-	-	-	-
Water	353 209	503 503	456 279	417 115	413 373	413 373	535 621	649 553	709 277
Waste water management	13 047	14 270	16 598	18 056	18 057	18 057	19 249	20 404	21 628
Waste management	-	-	-	-	-	-	-	-	-
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenue - Standard</b>	<b>690 272</b>	<b>798 043</b>	<b>771 999</b>	<b>756 352</b>	<b>754 610</b>	<b>754 610</b>	<b>909 001</b>	<b>1 051 002</b>	<b>1 141 668</b>
<b>Expenditure - Standard</b>									
<b>Governance and administration</b>	<b>100 203</b>	<b>113 648</b>	<b>303 313</b>	<b>232 867</b>	<b>248 299</b>	<b>248 299</b>	<b>289 141</b>	<b>306 489</b>	<b>324 879</b>
Executive and council	39 883	64 054	32 799	50 912	66 335	66 335	76 575	81 169	86 039
Budget and treasury office	27 645	23 332	237 268	123 532	117 417	117 417	147 604	156 460	165 848
Corporate services	32 675	26 262	33 246	58 423	64 547	64 547	64 962	68 860	72 992
<b>Community and public safety</b>	<b>-</b>	<b>8 760</b>	<b>15 625</b>	<b>42 359</b>	<b>27 020</b>	<b>27 020</b>	<b>43 581</b>	<b>46 196</b>	<b>48 968</b>
Community and social services	-	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	8 760	15 625	42 359	27 020	27 020	43 581	46 196	48 968
<b>Economic and environmental services</b>	<b>57 928</b>	<b>11 271</b>	<b>18 916</b>	<b>27 348</b>	<b>27 684</b>	<b>27 684</b>	<b>47 116</b>	<b>49 943</b>	<b>52 940</b>
Planning and development	57 928	11 271	18 916	27 348	27 684	27 684	47 116	49 943	52 940
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	<b>493 413</b>	<b>317 086</b>	<b>219 883</b>	<b>277 978</b>	<b>267 907</b>	<b>267 907</b>	<b>236 255</b>	<b>250 430</b>	<b>265 456</b>
Electricity	-	-	-	-	-	-	-	-	-
Water	493 413	314 869	217 763	274 731	264 660	264 660	232 719	246 682	261 483
Waste water management	-	2 217	2 121	3 247	3 247	3 247	3 535	3 747	3 972
Waste management	-	-	-	-	-	-	-	-	-
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditure - Standard</b>	<b>651 544</b>	<b>450 765</b>	<b>557 737</b>	<b>580 552</b>	<b>570 910</b>	<b>570 910</b>	<b>616 093</b>	<b>653 059</b>	<b>692 243</b>
<b>Surplus/(Deficit) for the year</b>	<b>38 728</b>	<b>347 279</b>	<b>214 261</b>	<b>175 800</b>	<b>183 700</b>	<b>183 700</b>	<b>292 908</b>	<b>397 943</b>	<b>449 426</b>

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

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

### Table 17 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>									
<b>Revenue by Vote</b>									
105 - MUNICIPAL MANAGER	285 910	37 743	41 140	48 867	48 867	48 867	53 055	56 238	59 613
200 - CORPORATE SERVICES	32 687	-	-	-	-	-	-	-	-
300 - BUDGET AND TREASURY	4 411	241 637	257 732	272 063	274 063	274 063	299 876	323 535	349 803
405 - SOCIAL SERVICES	1 007	890	250	250	250	250	1 200	1 272	1 348
408 - HEALTH & WATER SERVICES AUTHORITY	-	-	-	-	-	-	-	-	-
500 - TECHNICAL SERVICES	190 900	353 560	296 017	240 324	-	-	350 360	453 176	501 118
510 - WATER AND SANITATION SERVICES	175 356	164 213	176 860	194 848	431 430	431 430	204 510	216 780	229 787
<b>Total Revenue by Vote</b>	<b>690 272</b>	<b>798 043</b>	<b>771 999</b>	<b>756 352</b>	<b>754 610</b>	<b>754 610</b>	<b>909 001</b>	<b>1 051 002</b>	<b>1 141 668</b>
<b>Expenditure by Vote to be appropriated</b>									
105 - MUNICIPAL MANAGER	39 883	64 054	32 799	50 912	66 335	66 335	76 575	81 169	86 039
200 - CORPORATE SERVICES	32 675	26 262	33 246	58 423	64 547	64 547	64 962	68 860	72 992
300 - BUDGET AND TREASURY	27 645	23 332	237 268	123 532	117 417	117 417	147 604	156 460	165 848
405 - SOCIAL SERVICES	57 928	11 271	18 916	27 348	27 684	27 684	47 116	49 943	52 940
408 - HEALTH & WATER SERVICES AUTHORITY	-	8 760	15 625	42 359	27 020	27 020	43 581	46 196	48 968
500 - TECHNICAL SERVICES	4 913	3 456	-	7 089	7 634	7 634	8 746	9 271	9 828
510 - WATER AND SANITATION SERVICES	488 501	313 630	219 883	270 889	260 273	260 273	227 508	241 159	255 628
<b>Total Expenditure by Vote</b>	<b>651 544</b>	<b>450 765</b>	<b>557 737</b>	<b>580 552</b>	<b>570 910</b>	<b>570 910</b>	<b>616 093</b>	<b>653 059</b>	<b>692 243</b>
<b>Surplus/(Deficit) for the year</b>	<b>38 728</b>	<b>347 279</b>	<b>214 261</b>	<b>175 800</b>	<b>183 700</b>	<b>183 700</b>	<b>292 908</b>	<b>397 943</b>	<b>449 426</b>

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

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the water and sanitation trading services.

2. As a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case for water services
3. As depicted above water and sanitation services are failing to break even, trading at a deficit of R23 million.  
As already noted earlier, the municipality will be undertaking a detailed study of this function to explore ways of improving inefficiencies and provide a basis for re-evaluating the function's tariff structure. The aim is to phase out the trading losses and structure a cost reflective tariff without the risk of bad debt.
4. Water losses are also of concern to the municipality .Policies dealing with illegal connections will be reviewed in the 2016/17 financial year the municipality foresees taking firm action against perpetrators of illegal connections.
5. It must also be noted that expenditure relating to the provision of these services is anticipated to increase steadily indicating a good control over costs.
6. Other functions such as council as corporate and social services that show a deficit between revenue and expenditure are being financed from the equitable share and other operating grants.

**Table 18 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

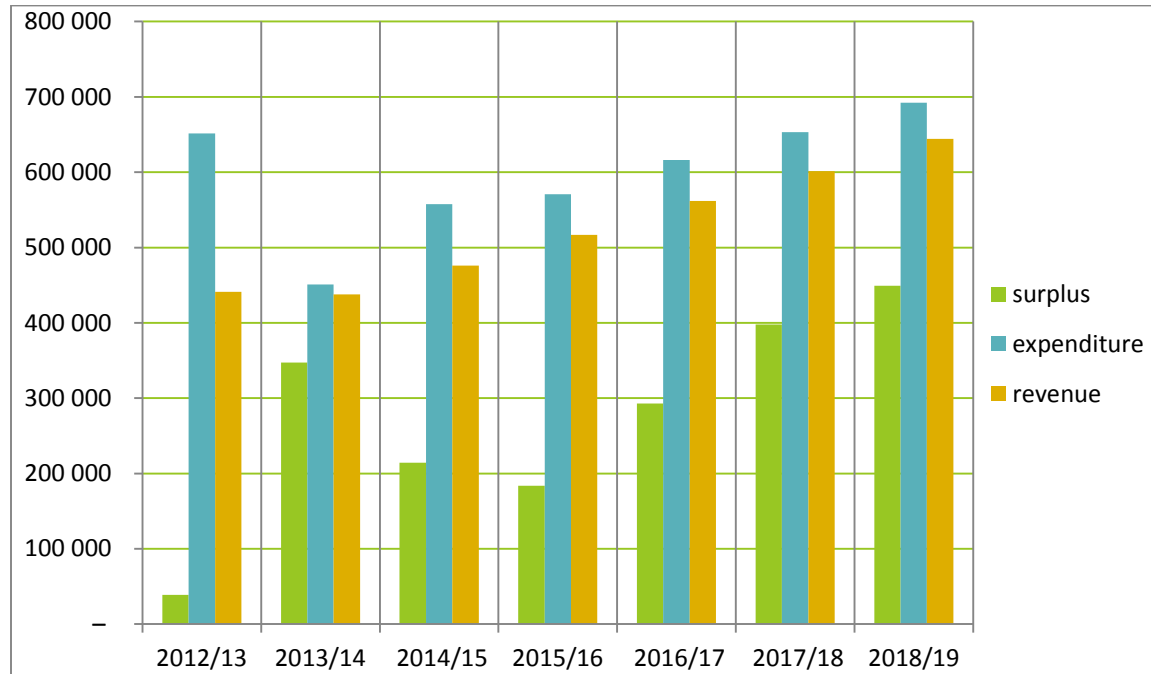
Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue By Source</b>										
Service charges - water revenue	104 240	118 572	110 521	147 050	147 050	147 050	147 050	156 940	166 357	176 338
Service charges - sanitation revenue	13 047	14 199	15 701	18 057	18 057	18 057	18 057	19 249	20 404	21 628
Interest earned - external investments	9 789	10 761	9 073	8 010	10 010	10 010	10 010	16 447	17 434	18 480
Interest earned - outstanding debtors	29 447	33 284	19 149	26 568	26 568	26 568	26 568	28 321	30 021	31 822
Transfers recognised - operational	279 412	257 902	311 978	318 371	314 628	314 628	314 628	340 539	366 637	395 491
Other revenue	5 076	2 845	9 561	356	356	356	356	314	333	353
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>441 011</b>	<b>437 563</b>	<b>475 982</b>	<b>518 412</b>	<b>516 670</b>	<b>516 670</b>	<b>516 670</b>	<b>561 810</b>	<b>601 185</b>	<b>644 111</b>
<b>Expenditure By Type</b>										
Employee related costs	119 882	125 359	150 427	219 377	219 377	219 377	219 377	205 883	218 236	231 330
Remuneration of councillors	4 792	4 703	5 796	5 332	6 146	6 146	6 146	6 638	7 036	7 458
Debt impairment	244 001	16 028	90 109	28 222	28 222	28 222	28 222	36 460	38 647	40 966
Depreciation & asset impairment	31 838	38 999	45 065	51 431	51 431	51 431	51 431	57 676	61 137	64 805
Finance charges	2 431	2 549	2 465	60						
Bulk purchases	3 857	7 232	5 304	6 377	5 535	5 535	5 535	5 901	6 255	6 630
Other materials	16 088	22 082	25 362	59 605	41 605	41 605	41 605	54 037	57 279	60 716
Contracted services	45 290	46 772	27 550	42 261	46 234	46 234	46 234	36 529	38 721	41 044
Transfers and grants	108 715	83 732	10 716	13 228	13 228	13 228	13 228	13 228	14 022	14 863
Other expenditure	72 480	97 887	194 943	154 660	159 133	159 133	159 133	199 742	211 726	224 430
Loss on disposal of PPE	2 168	5 421								
<b>Total Expenditure</b>	<b>651 544</b>	<b>450 765</b>	<b>557 737</b>	<b>580 552</b>	<b>570 910</b>	<b>570 910</b>	<b>570 910</b>	<b>616 093</b>	<b>653 059</b>	<b>692 243</b>
<b>Surplus/(Deficit)</b>	<b>(210 533)</b>	<b>(13 201)</b>	<b>(81 756)</b>	<b>(62 140)</b>	<b>(54 240)</b>	<b>(54 240)</b>	<b>(54 240)</b>	<b>(54 283)</b>	<b>(51 874)</b>	<b>(48 131)</b>
Transfers recognised - capital	249 261	360 480	296 017	237 940	237 940	237 940	237 940	267 191	347 398	299 651
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>38 728</b>	<b>347 279</b>	<b>214 261</b>	<b>175 800</b>	<b>183 700</b>	<b>183 700</b>	<b>183 700</b>	<b>212 908</b>	<b>295 524</b>	<b>251 520</b>
Taxation	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>38 728</b>	<b>347 279</b>	<b>214 261</b>	<b>175 800</b>	<b>183 700</b>	<b>183 700</b>	<b>183 700</b>	<b>212 908</b>	<b>295 524</b>	<b>251 520</b>

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

1. Total operating revenue is R561 million in 2016/17 and escalates to R644 million by 2018/19. This represents a year-on-year increase of 6% over the 2 outer years. We have chosen to be conservative in estimating our revenues over the MTREF. However given sound financial management strategies are put in place we can expect an increase in revenues exceeding 6%
2. Revenue to be generated from water sales is R156 million in the 2016/17 financial year. The increment on water tariffs has been kept at 6% in order to encourage a high collection rate. The aim is encourage a high collection rate and minimise bad debts.
3. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. Amounting to R340 million being 60 % of the total budget.
4. Bulk purchases have increased to R5.9 million.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage increases in future years.

The following graph reflects the anticipated relationship between income, expenditure and surplus cash .As well as the audited outcomes of prior years.

**Figure 3 Budgeted Financial Performances**



It can be noted on the above graph that revenue has increased steadily over the audited comparative years since the year 201/13 however the increase in revenue is well below the increase in expenditure.

The graph also depicts how the surplus is expected to increase over the years of the MTREF as a result sound financial management strategies and the continuous identification of cost inefficiencies.

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

Vote Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>										
<b>Single-year expenditure</b>										
105 - MUNICIPAL MANAGER	-	330	1 848	830	1 471	1 471	1 471	475	170	179
200 - CORPORATE SERVICES	114	19	1 276	1 350	1 110	1 110	1 110	1 315	100	105
300 - BUDGET AND TREASURY	28	10	527	240	1 439	1 439	1 439	330	130	137
405 - SOCIAL SERVICES	564	3	11 749	28 150	16 985	16 985	16 985	4 180	150	158
408 - HEALTH & WATER SERVICES AUTHORITY	-	-	-	260	236	236	236	550	50	53
500 - TECHNICAL SERVICES	-	1 999	-	2 311	2 311	2 311	2 311	267 191	347 398	299 651
510 - WATER AND SANITATION SERVICES	100 760	423 252	293 113	285 929	237 352	237 352	237 352	910	-	-
<b>Total Capital Expenditure - Vote</b>	<b>101 466</b>	<b>425 614</b>	<b>308 513</b>	<b>319 070</b>	<b>260 904</b>	<b>260 904</b>	<b>260 904</b>	<b>274 951</b>	<b>347 998</b>	<b>300 281</b>
<b>Capital Expenditure - Standard</b>										
<b>Governance and administration</b>	<b>142</b>	<b>359</b>	<b>3 696</b>	<b>2 420</b>	<b>4 020</b>	<b>4 020</b>	<b>4 020</b>	<b>2 120</b>	<b>400</b>	<b>420</b>
Executive and council		330	1 848	830	1 471	1 471	1 471	475	170	179
Budget and treasury office	28	10	527	240	1 439	1 439	1 439	330	130	137
Corporate services	114	19	1 321	1 350	1 110	1 110	1 110	1 315	100	105
<b>Community and public safety</b>	<b>564</b>	<b>3</b>	<b>9 705</b>	<b>28 410</b>	<b>17 221</b>	<b>17 221</b>	<b>17 221</b>	<b>4 730</b>	<b>200</b>	<b>210</b>
Community and social services	564	3	9 705	28 150	16 985	16 985	16 985	4 180	150	158
Sport and recreation										
Public safety										
Housing										
Health				260	236	236	236	550	50	53
<b>Economic and environmental services</b>	<b>-</b>	<b>1 999</b>	<b>1 999</b>	<b>2 311</b>	<b>2 311</b>	<b>2 311</b>	<b>2 311</b>	<b>4 500</b>	<b>-</b>	<b>-</b>
Planning and development										
Road transport		1 999	1 999	2 311	2 311	2 311	2 311	2 378	2 531	2 672
Environmental protection										
<b>Trading services</b>	<b>100 760</b>	<b>423 252</b>	<b>293 113</b>	<b>285 929</b>	<b>237 352</b>	<b>237 352</b>	<b>237 352</b>	<b>265 723</b>	<b>344 867</b>	<b>296 979</b>
Electricity										
Water	100 760	423 252	293 113	285 929	237 352	237 352	237 352	265 723	344 867	296 979
Waste water management										
Waste management										
<b>Other</b>										
<b>Total Capital Expenditure - Standard</b>	<b>101 466</b>	<b>425 614</b>	<b>308 513</b>	<b>319 070</b>	<b>260 904</b>	<b>260 904</b>	<b>260 904</b>	<b>274 951</b>	<b>347 998</b>	<b>300 281</b>
<b>Funded by:</b>										
National Government	100 760	344 456	234 975	237 940	237 940	237 940	237 940	267 191	347 398	299 651
Provincial Government										
District Municipality										
Other transfers and grants										
<b>Transfers recognised - capital</b>	<b>100 760</b>	<b>344 456</b>	<b>234 975</b>	<b>237 940</b>	<b>237 940</b>	<b>237 940</b>	<b>237 940</b>	<b>267 191</b>	<b>347 398</b>	<b>299 651</b>
<b>Public contributions &amp; donations</b>										
<b>Borrowing</b>										
Internally generated funds	706	81 158	73 538	81 130	22 964	22 964	22 964	7 760	600	630
<b>Total Capital Funding</b>	<b>101 466</b>	<b>425 614</b>	<b>308 513</b>	<b>319 070</b>	<b>260 904</b>	<b>260 904</b>	<b>260 904</b>	<b>274 951</b>	<b>347 998</b>	<b>300 281</b>

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

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to single year appropriations, for 2016/17 R275 million has been allocated for capital acquisition.
3. The capital programme is funded from capital a grants transfers, to the value of R347 million and R8 million surplus cash.



**Table 20 MBRR Table A6 -Budgeted Financial Position**

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>										
<b>ASSETS</b>										
<b>Current assets</b>										
Cash	692	24 226	41 701	25 389	25 389	25 389	25 389	40 442	29 043	23 822
Call investment deposits	152 608	102 328	103 386	21 641	21 641	21 641	21 641	192 000	102 000	101 000
Consumer debtors	41 660	126 138	124 088	320 315	320 315	320 315	320 315	271 062	244 415	183 449
Other debtors	1 101	10 821	10 494	12 503	12 503	12 503	12 503	8 000	8 480	8 989
Current portion of long-term receivables										
Inventory	5 853	4 589	5 217	8 266	8 266	8 266	8 266	6 500	6 890	7 303
<b>Total current assets</b>	<b>201 914</b>	<b>268 102</b>	<b>284 886</b>	<b>388 114</b>	<b>388 114</b>	<b>388 114</b>	<b>388 114</b>	<b>518 004</b>	<b>390 828</b>	<b>324 563</b>
<b>Non current assets</b>										
Long-term receivables										
Investments										
Investment property										
Investment in Associate										
Property, plant and equipment	812 442	1 482 944	1 777 774	2 094 782	2 036 616	2 036 616	2 036 616	2 236 752	2 523 614	2 759 090
Agricultural										
Biological										
Intangible	47	109	238	103	103	103	103	225	248	272
Other non-current assets										
<b>Total non current assets</b>	<b>812 489</b>	<b>1 483 053</b>	<b>1 778 012</b>	<b>2 094 885</b>	<b>2 036 719</b>	<b>2 036 719</b>	<b>2 036 719</b>	<b>2 236 977</b>	<b>2 523 861</b>	<b>2 759 362</b>
<b>TOTAL ASSETS</b>	<b>1 014 403</b>	<b>1 751 155</b>	<b>2 062 899</b>	<b>2 482 999</b>	<b>2 424 833</b>	<b>2 424 833</b>	<b>2 424 833</b>	<b>2 754 981</b>	<b>2 914 689</b>	<b>3 083 926</b>
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
Bank overdraft	4 527									
Borrowing	5 176	4 974	-	-	-	-	-	-	-	-
Consumer deposits	8 759	9 390	10 474	9 954	9 954	9 954	9 954	12 000	12 403	12 830
Trade and other payables	233 989	140 337	198 681	110 500	110 500	110 500	110 500	170 000	144 800	129 888
Provisions	167	938	24 839	13 846	13 846	13 846	13 846	971	971	971
<b>Total current liabilities</b>	<b>252 618</b>	<b>155 639</b>	<b>233 994</b>	<b>134 300</b>	<b>134 300</b>	<b>134 300</b>	<b>134 300</b>	<b>182 971</b>	<b>158 174</b>	<b>143 689</b>
<b>Non current liabilities</b>										
Borrowing	9 538	5 046	-	-	-	-	-	-	-	-
Provisions	3 693	10 266	12 494	12 925	12 925	12 925	12 925	13 830	14 798	15 834
<b>Total non current liabilities</b>	<b>13 231</b>	<b>15 312</b>	<b>12 494</b>	<b>12 925</b>	<b>12 925</b>	<b>12 925</b>	<b>12 925</b>	<b>13 830</b>	<b>14 798</b>	<b>15 834</b>
<b>TOTAL LIABILITIES</b>	<b>265 849</b>	<b>170 951</b>	<b>246 488</b>	<b>147 225</b>	<b>147 225</b>	<b>147 225</b>	<b>147 225</b>	<b>196 801</b>	<b>172 972</b>	<b>159 522</b>
<b>NET ASSETS</b>	<b>748 555</b>	<b>1 580 204</b>	<b>1 816 411</b>	<b>2 335 774</b>	<b>2 277 608</b>	<b>2 277 608</b>	<b>2 277 608</b>	<b>2 558 181</b>	<b>2 741 718</b>	<b>2 924 403</b>
<b>COMMUNITY WEALTH/EQUITY</b>										
Accumulated Surplus/(Deficit)	748 555	1 579 981	1 816 411	2 335 774	2 277 608	2 277 608	2 277 608	2 558 181	2 741 718	2 924 403
Reserves	-	223	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>748 555</b>	<b>1 580 204</b>	<b>1 816 411</b>	<b>2 335 774</b>	<b>2 277 608</b>	<b>2 277 608</b>	<b>2 277 608</b>	<b>2 558 181</b>	<b>2 741 718</b>	<b>2 924 403</b>

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

1. Table A6 is consistent with international standards of good financial management practice, and improves understand-ability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. This table is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Non-current Provisions;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

**Table 21 MBRR Table A7 - Budgeted Cash Flow Statement**

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates, penalties & collection charges								-	-	-
Service charges	88 529	(202 305)	(88 059)	107 320	91 869	91 869	91 869	129 107	136 853	145 065
Other revenue			263 349	358				314	333	353
Government - operating	289 855	267 042	311 978	318 371	314 628	314 628	314 628	340 539	366 637	395 491
Government - capital	213 169	259 510	262 464	237 940	237 940	237 940	237 940	347 191	449 817	497 557
Interest	39 237	44 045	28 221	13 324	13 324	13 324	13 324	33 440	35 446	37 573
Dividends								-	-	-
<b>Payments</b>										
Suppliers and employees	(464 914)	(255 218)	(157 301)	(487 612)	(478 623)	(478 623)	(478 623)	(508 729)	(539 253)	(571 608)
Finance charges	(2 432)	(2 549)	(2 465)	(60)				-	-	-
Transfers and Grants		(83 732)	(280 156)					(10 583)	(11 218)	(11 891)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>163 444</b>	<b>26 793</b>	<b>338 031</b>	<b>189 640</b>	<b>179 138</b>	<b>179 138</b>	<b>179 138</b>	<b>331 279</b>	<b>438 615</b>	<b>492 539</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		(5 644)						-	-	-
Decrease (Increase) in non-current debtors								-	-	-
Decrease (increase) other non-current receivables								-	-	-
Decrease (increase) in non-current investments								-	-	-
<b>Payments</b>										
Capital assets	(101 466)	(222 577)	(311 196)	(319 070)	(260 904)	(260 904)	(260 904)	(274 951)	(347 998)	(300 281)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(101 466)</b>	<b>(228 221)</b>	<b>(311 196)</b>	<b>(319 070)</b>	<b>(260 904)</b>	<b>(260 904)</b>	<b>(260 904)</b>	<b>(274 951)</b>	<b>(347 998)</b>	<b>(300 281)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		183 272						-	-	-
Borrowing long term/refinancing								-	-	-
Increase (decrease) in consumer deposits	770	631	(8 302)	413	413	413	413	380	403	427
<b>Payments</b>										
Repayment of borrowing	(2 380)	(4 693)						-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(1 609)</b>	<b>179 209</b>	<b>(8 302)</b>	<b>413</b>	<b>413</b>	<b>413</b>	<b>413</b>	<b>380</b>	<b>403</b>	<b>427</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>60 369</b>	<b>(22 219)</b>	<b>18 533</b>	<b>(129 017)</b>	<b>(81 353)</b>	<b>(81 353)</b>	<b>(81 353)</b>	<b>(23 292)</b>	<b>(11 399)</b>	<b>(5 221)</b>
Cash/cash equivalents at the year begin:	88 404	148 773	126 554	176 047	145 087	145 087	145 087	63 734	40 442	29 043
Cash/cash equivalents at the year end:	148 773	126 554	145 087	47 030	63 734	63 734	63 734	40 442	29 043	23 822

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

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. Total cash expected at the end of 2016/017 is R40 million.

4. It is anticipated that at least 55% of the billed revenue will be collected in the 2014/15 financial, the municipality has chosen to be conservative in estimating its forecasted revenue inflows as our current collection rate is 48%, in order to achieve a realistic budget, as emphasised by treasury. In addition the Municipality will undertake an extensive debt collection drive in the 2016/17 financial resulting in cash receipts on arrear debtors which will improve the cash position
5. The anticipated net decrease in cash held is R23 million .
6. The 2016/17 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
7. Overall the municipality shows a sustainable cash position

**Table 22 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Cash and investments available</b>										
Cash/cash equivalents at the year beg	148 773	126 554	145 087	47 030	63 734	63 734	63 734	40 442	29 043	23 822
Other current investments > 90 days	0	(0)	0	(0)	(16 704)	(16 704)	(16 704)	192 000	102 000	101 000
- Long-term receivables	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>	<b>148 773</b>	<b>126 554</b>	<b>145 088</b>	<b>47 030</b>	<b>47 030</b>	<b>47 030</b>	<b>47 030</b>	<b>232 442</b>	<b>131 043</b>	<b>124 822</b>
<b>Application of cash and investments</b>										
Trade and other creditors	133 390	41 560	6 999	-	-	-	-	90 000	60 000	40 000
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements										
Other working capital requirements	55 981	269 485	12 533	(76 122)	(48 722)	(48 722)	(48 722)	(111 329)	(90 895)	(48 560)
Other provisions				3 429	3 429	3 429	3 429			
<b>Total Application of cash and investments:</b>	<b>189 371</b>	<b>311 045</b>	<b>19 532</b>	<b>(72 693)</b>	<b>(45 293)</b>	<b>(45 293)</b>	<b>(45 293)</b>	<b>(21 329)</b>	<b>(30 895)</b>	<b>(8 560)</b>
<b>Surplus(shortfall)</b>	<b>(40 598)</b>	<b>(184 491)</b>	<b>125 556</b>	<b>119 723</b>	<b>92 323</b>	<b>92 323</b>	<b>92 323</b>	<b>253 771</b>	<b>161 938</b>	<b>133 382</b>

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2014/15 to 2016/17 the surplus is expected increase from R125 million to R133 million.
6. Overall in the next financial there will a minimal application of investments amounting to R21 million.
7. Other working capital requirements are realistic considering the audited outcomes of prior years.
8. As part of the budgeting and planning guidelines that informed the compilation of the 2016/17 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
9. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2015/16 MTREF is funded as there is a significant surplus.

**Table 23 MBRR Table A9 - Asset Management**

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>									
<b>CAPITAL EXPENDITURE</b>									
<b>Total New Assets</b>	<b>101 466</b>	<b>425 549</b>	<b>301 044</b>	<b>267 070</b>	<b>208 904</b>	<b>208 904</b>	<b>274 951</b>	<b>347 998</b>	<b>300 281</b>
Infrastructure - Road transport	-	-	1 158	2 311	2 311	2 311	4 500	-	-
Infrastructure - Electricity	-	-	-	-	-	-	-	-	-
Infrastructure - Water	96 913	343 000	210 176	158 898	158 898	158 898	262 481	347 398	299 651
Infrastructure - Sanitation	-	65 000	36 372	72 499	22 499	22 499	-	-	-
Infrastructure - Other	-	-	-	4 382	4 382	4 382	4 000	-	-
Infrastructure	96 913	408 000	247 705	238 090	188 090	188 090	270 981	347 398	299 651
Other assets	4 553	17 549	53 339	28 980	20 814	20 814	3 970	600	630
<b>Total Renewal of Existing Assets</b>	<b>-</b>	<b>65</b>	<b>7 469</b>	<b>52 000</b>	<b>52 000</b>	<b>52 000</b>	<b>-</b>	<b>-</b>	<b>-</b>
Infrastructure - Water	-	-	7 469	50 000	50 000	50 000	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	7 469	50 000	50 000	50 000	-	-	-
Other assets	-	-	-	2 000	2 000	2 000	-	-	-
Intangibles	-	65	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	<b>-</b>	<b>-</b>	<b>1 158</b>	<b>2 311</b>	<b>2 311</b>	<b>2 311</b>	<b>4 500</b>	<b>-</b>	<b>-</b>
Infrastructure - Road transport	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	-	-	-	-	-	-	-	-	-
Infrastructure - Water	96 913	343 000	217 644	208 898	208 898	208 898	262 481	347 398	299 651
Infrastructure - Sanitation	-	65 000	36 372	72 499	22 499	22 499	-	-	-
Infrastructure - Other	-	-	-	4 382	4 382	4 382	4 000	-	-
Infrastructure	96 913	408 000	255 174	288 090	238 090	238 090	270 981	347 398	299 651
Other assets	4 553	17 549	53 339	30 980	22 814	22 814	3 970	600	630
Intangibles	-	65	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>101 466</b>	<b>425 614</b>	<b>308 513</b>	<b>319 070</b>	<b>260 904</b>	<b>260 904</b>	<b>274 951</b>	<b>347 998</b>	<b>300 281</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>									
Infrastructure - Road transport	-	-	-	4 473	4 473	4 473	-	-	-
Infrastructure - Electricity	-	-	-	-	-	-	-	-	-
Infrastructure - Water	602 277	1 064 245	1 235 030	1 551 739	1 509 573	1 509 573	1 699 699	2 088 627	2 522 009
Infrastructure - Sanitation	187 548	110 149	-	192 200	192 200	192 200	225 018	225 018	225 018
Infrastructure - Other	5 697	2 554	542 744	2 554	2 554	2 554	4 780	5 133	5 133
Infrastructure	795 522	1 176 948	1 777 774	1 750 966	1 708 800	1 708 800	1 929 497	2 318 778	2 752 160
Other assets	16 920	305 996	-	343 816	327 816	327 816	307 255	307 255	307 255
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	47	109	238	103	103	103	225	248	272
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>812 489</b>	<b>1 483 053</b>	<b>1 778 012</b>	<b>2 094 885</b>	<b>2 036 719</b>	<b>2 036 719</b>	<b>2 236 977</b>	<b>2 626 280</b>	<b>3 059 687</b>
<b>EXPENDITURE OTHER ITEMS</b>									
<b>Depreciation &amp; asset impairment</b>	<b>31 838</b>	<b>38 999</b>	<b>45 065</b>	<b>51 431</b>	<b>51 431</b>	<b>51 431</b>	<b>57 676</b>	<b>61 137</b>	<b>64 805</b>
<b>Repairs and Maintenance by Asset Class</b>	<b>16 088</b>	<b>22 082</b>	<b>25 362</b>	<b>59 605</b>	<b>41 605</b>	<b>41 605</b>	<b>54 037</b>	<b>57 279</b>	<b>60 716</b>
Infrastructure - Road transport	-	1 500	-	1 670	1 670	1 670	1 774	1 881	1 994
Infrastructure - Electricity	-	-	-	-	-	-	-	-	-
Infrastructure - Water	9 528	13 750	16 296	21 798	18 798	18 798	25 682	27 222	28 856
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	9 528	15 250	16 296	23 468	20 468	20 468	27 456	29 103	30 849
Community	-	-	5 185	25 000	10 000	10 000	8 000	8 480	8 989
Other assets	6 560	6 832	3 881	11 137	11 137	11 137	18 581	19 696	20 878
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>47 926</b>	<b>61 081</b>	<b>70 427</b>	<b>111 036</b>	<b>93 036</b>	<b>93 036</b>	<b>111 713</b>	<b>118 416</b>	<b>125 521</b>
<b>Renewal of Existing Assets as % of total capex</b>	<b>0,0%</b>	<b>0,0%</b>	<b>2,4%</b>	<b>16,3%</b>	<b>19,9%</b>	<b>19,9%</b>	<b>0,0%</b>	<b>0,0%</b>	<b>0,0%</b>
<b>Renewal of Existing Assets as % of deprecn"</b>	<b>0,0%</b>	<b>0,2%</b>	<b>16,6%</b>	<b>101,1%</b>	<b>101,1%</b>	<b>101,1%</b>	<b>0,0%</b>	<b>0,0%</b>	<b>0,0%</b>
<b>R&amp;M as a % of PPE</b>	<b>2,0%</b>	<b>1,5%</b>	<b>1,4%</b>	<b>2,8%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,4%</b>	<b>2,2%</b>	<b>2,0%</b>
<b>Renewal and R&amp;M as a % of PPE</b>	<b>2,0%</b>	<b>1,0%</b>	<b>2,0%</b>	<b>5,0%</b>	<b>5,0%</b>	<b>5,0%</b>	<b>2,0%</b>	<b>2,0%</b>	<b>2,0%</b>

**Explanatory notes to Table A9 - Asset Management**

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. The Municipality has committed to the renewal and repairs and maintenance of existing capital assets. The cost saving that will be gained from maintaining existing assets will be employed in future capital projects

## **PART 2 – SUPPORTING DOCUMENTATION**

### **2.1. OVER VIEW OF THE BUDGETPROCESS**

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

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of the municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### **2.1.1 Budget Process Overview**

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2015) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 27 August 2015. Key dates applicable to the process were as follows:



<b>Activity No.</b>	<b>Action/ Task for IDP and Budget</b>	<b>Timeframe for Task Completion</b>
<b>July 2015 &amp; August 2015</b>	<ul style="list-style-type: none"> <li>▪ Drafting of the IDP Framework and process plan</li> <li>▪ Alignment of IDP Review and budget process plans</li> <li>▪ Submission of the draft Framework and Process Plan to COGTA for comments</li> <li>▪ Advertisement of the IDP Framework and process plan</li> <li>• 1<sup>st</sup> IDP Supporting Structure Committee Meeting</li> <li>• Planning Indaba</li> <li>• Adoption of IDP Framework and Process Plan by full council</li> <li>• Submission of the adopted IDP Framework and Process plan to COGTA</li> </ul>	<p>15 July 2015 24 July 2015</p> <p>31 July 2015 14 August 2015 25 August 2015 25 September 2015</p> <p>30 September 2015</p> <p>September 2015</p>
<b>Sept 2015</b>	<p>☐ <b>1<sup>st</sup> IDP Steering Committee Meeting to:</b></p> <ul style="list-style-type: none"> <li>▪ Review Municipal Vision</li> <li>▪ Develop Objectives and Strategies</li> <li>▪ Identify outstanding Sector Plans</li> <li>▪ Integrate sector plans.</li> <li>▪ IDP input into provincial adjustment budgets</li> <li>▪ Provincial planners Forum</li> </ul>	<p>September 2015 September 2015 September 2015 September 2015 September 2015</p>
<b>Oct 2015</b>	<ul style="list-style-type: none"> <li>▪ Review Spatial Development Framework</li> <li>▪ Projects identifications and prioritization</li> <li>☐ <b>IDP Representative Forum Meeting</b></li> <li>☐ <b>IDP Steering Committee Meeting to:</b></li> <li>▪ Develop KPI's targets, timeframes etc. where impacted upon by reprioritization.</li> <li>▪ Align with draft budget estimates</li> </ul>	<p>08 October 2015 16 October 2015 23 October 2015</p> <p>27 October 2015</p> <p>30 October 2015</p>
<b>Nov 2015</b>	<ul style="list-style-type: none"> <li>▪ World Planning Day</li> <li>▪ Municipal alignment session</li> <li>▪ Alignment meeting between DM &amp; Province to revised 3 year MTEF</li> <li>▪ Alignment meeting with family of municipalities</li> <li>▪ SDF Alignment between the bordering district municipalities</li> </ul>	<p>06 November 2015 11 November 2015</p> <p>18 November 2015 20 November 2015 27 November 2015</p>
<b>Dec 2015</b>	<p>☐ IDP best practice conference</p>	<p>03 December 2015</p>
<b>Jan 2016</b>	<ul style="list-style-type: none"> <li>▪ IDP Steering committee meeting</li> <li>▪ IDP Representative Forum meeting</li> <li>▪ IDP Roadshows(needs collection)</li> </ul>	<p>15 January 2016 22 January 2016 28 January 2016</p>

<b>Feb 2016</b>	<ul style="list-style-type: none"> <li>▪ Meeting COGTA and municipalities on IDP Review assessment</li> <li>▪ Updating of municipal CIP and MTEF based on Draft DORA allocations</li> <li>▪ IDP Coordinating committee meeting(IDP Managers)</li> <li>▪ IDP Representative Forum meeting</li> </ul>	<p>12 February 2016</p> <p>19 February 2016</p> <p>25 February 2016</p> <p>29 February 2016</p>
<b>March 2016</b>	<ul style="list-style-type: none"> <li>▪ Submission of the Draft 2015/2016 IDP to COGTA</li> </ul>	25 March 2016
<b>April 2016</b>	<ul style="list-style-type: none"> <li>▪ Decentralized IDP assessment forums</li> </ul>	22 April 2016
<b>April 2016</b>	<ul style="list-style-type: none"> <li>▪ IDP/Budget road shows</li> </ul>	April 2016
<b>May 2016</b>	<ul style="list-style-type: none"> <li>▪ IDP Assessment Feedback Session</li> <li>▪ Amend IDP in accordance with the outcome of the assessment</li> </ul>	6 May 2016 11 May 2016
<b>May 2016</b>	<ul style="list-style-type: none"> <li>▪ Advertise for public comments and incorporate comments</li> </ul>	May 2016
<b>May 2016</b>	<ul style="list-style-type: none"> <li>▪ EXCO approval, recommend to Council</li> <li>▪ Council approval of IDP</li> </ul>	16 May 2016 27 May 2016
<b>June 2016</b>	<ul style="list-style-type: none"> <li>▪ Submission of the adopted IDP to the MEC</li> <li>▪ Advertise the Adopted IDP in the local newspaper</li> </ul>	10 June 2016 13 June 2016

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

Municipality’s IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2016/17 MTREF, based on the approved 201/16 MTREF, Mid-year Review and adjustments budget. The

business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2016/17 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2015/16 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

### **2.1.2 Financial Modelling and Key Planning Drivers**

As part of the compilation of the 2016/17 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2016/17 MTREF:

- Municipality's growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. Inflation, drought, household debt)
- Performance trends
- The approved 2015/16 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 78 and 79 has been taken into consideration in the planning and prioritisation process.

### **2.1.3 Community Consultation**

The draft 2016/17 MTREF as tabled before Council on 24 March 2015 is compiled after an extensive needs analysis which was conducted in the prior month. This draft budget will be published on the municipality's website and hard copies will be made available at the municipal offices for public comment.

## 2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

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

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

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

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

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

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

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP goals and strategies for the 2016/17 MTREF.

**Table 24 IDP Goals Objectives and Strategies**

**(TABLE TO BE INSERTED)**

The 2015/16 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**Table 25 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

Strategic Objective	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Good Governance	285 910	37 743	41 140	48 867	48 867	48 867	53 055	56 238	59 613
Safe, Healthy and Secure Environment	1 007	890	250	250	250	250	1 200	1 272	1 348
Financial Viability and Sustainability	4 411	241 637	255 352	272 063	272 063	272 063	299 876	323 535	349 803
Quality Living Environment	116 996	157 293	179 240	197 232	195 489	195 489	207 679	220 139	233 348
Operations and Support Services	32 688								
<b>Total Revenue</b>	<b>441 011</b>	<b>437 563</b>	<b>475 982</b>	<b>518 412</b>	<b>516 670</b>	<b>516 670</b>	<b>561 810</b>	<b>601 184</b>	<b>644 112</b>

**Table 26MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

Strategic Objective R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Good Governance	39 883	64 054	32 799	50 912	66 335	66 335	76 575	81 169	86 039
Safe, Healthy and Secure Environment	57 928	20 031	34 541	69 707	54 704	54 704	90 698	96 140	101 908
Financial Viability and Sustainability	27 645	23 332	237 268	123 532	117 417	117 417	147 604	156 460	165 848
Quality Living Environment	493 413	317 086	219 883	277 978	267 907	267 907	236 255	250 430	265 456
Operations and Support Services	32 674	26 262	33 246	58 423	64 547	64 547	64 962	68 860	72 992
<b>Total Expenditure</b>	<b>651 544</b>	<b>450 765</b>	<b>557 737</b>	<b>580 552</b>	<b>570 910</b>	<b>570 910</b>	<b>616 093</b>	<b>653 059</b>	<b>692 243</b>

## **2.3 OVER VIEW OF BUDGET RELATED POLICIES**

- 2.3.1. Budget Policy
- 2.3.2. Credit Control and Debt Collection Policy
- 2.3.3. Indigent support Policy
- 2.3.4. Supply Chain Management policy
- 2.3.5. Virements policy

### **2.3.1 Budget Policy**

The objective of this policy is to set out the budgeting principles which the Municipality will follow in preparing each annual budget, as well as the responsibilities of the Chief Financial Officer in compiling such budget.

### **2.3.2 Credit Control and Debt Collection Policy**

- The Council of the municipality, in adopting this policy on credit control and debt collection, recognises its constitutional obligations to develop the local economy and to provide acceptable services to its residents. It simultaneously acknowledges that it cannot fulfil these constitutional obligations unless it exacts payment for the services which it provides and for the taxes which it legitimately levies – in full from those residents who can afford to pay, and in accordance with its indigency relief measures for those who have registered as indigents in terms of the Council's approved indigent management policy.

### **2.3.3 Indigent Support Policy**

- Indigents, whose level of income is less than the amount determined by Council as qualifying for indigent support, may apply in writing to the Council for such support.
- Owners or occupiers who apply for such support shall be required to apply annually, in writing, for such support on the prescribed form.
- Only registered residential consumers of services delivered by Municipality qualify for support.
- No consumer conducting a business on a residential property, with or without special consent from the Council, shall qualify for assistance.
- Support in terms of this policy only be provided to owners or residents who occupy the premises.

- Applications for support must be made during March of each year and will apply from the first of the month following the month application and will continue for 12 months. Should further support be required a new application must be lodged.

### **2.3.4 Supply Chain Management Policy**

The principal objective of the policy is to provide, promote and implement, theoretical guidelines, governing processes and procedures within the supply chain management when

- 1) Procuring goods or services;
- 2) Disposal of goods, assets and immovable property no longer needed;
- 3) Selecting contractors to provide assistance in the provision of municipal services other than that where Chapter 8 of the Municipal Systems Act applies.

### **2.3.5. Virements Policy**

This policy applies only to transfers between line items within votes of the Municipality's operating budget.

Section 28(2) (d) read together with section 69 of the MFMA provides that *"An adjustments budget...may authorise the utilisation of projected savings in one vote towards spending in another vote."* Transfers between votes may therefore be authorised only by the Council of the Municipality.

For ease of reference, the definition of "vote" as contained in Section 1 of the MFMA is set out hereunder:

*"Vote means –*

- (a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and*
- (b) Which specifies the total amount that is appropriated for the purposes of the department or functional area concerned."*

This policy shall not apply to transfers between or from capital projects or items and no such transfers may be performed under this policy.

Any deviation from or adjustment to an annual budget or transfer within a budget which is not specifically permitted under this policy or any other policy may not be performed unless approved by the Council through an adjustment budget.

***All policies highlighted above have been attached to the budget for further reference.***



## **2.4 OVER VIEW OF BUDGET ASSUMPTIONS**

### **2.4.1 External factors**

The 2017 Budget review notes that while 22 years of democracy have brought enduring achievements for South Africa there is room for complacency to overcome apartheid's spatial legacy the provision of housing and social infrastructure needs to be improved and planning frameworks across government strengthened. The budget policy framework for the next three years is designed to manage risk in a constrained fiscal environment, while building a foundation for economic growth is supported by the implementation of the national development plan (NDP). Although South Africa's economy has expanded over the past years the rate of growth has averaged 2.7 % between 1993 and 2015. It is however anticipated to decrease to 2.5 in 2016.

The trend reflects a confluence of unfavourable global and domestic circumstances which impact all spheres of government. Aware of these risks government is maintaining its expenditure ceiling and no additional funds will be added to total expenditure announced in last year's budget. Inflation and nominal spending ceiling will put real budgets under pressure over the medium term requiring all spheres of government to work efficiently.

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

There are five key factors that have been taken into consideration in the compilation of the 2016/17 MTREF:

- National Government macro-economic targets
- The general inflationary outlook and the impact on Municipality's residents and businesses
- The impact of municipal cost drivers
- The increase in prices for bulk water and electricity
- The increase in the cost of remuneration. Employee related costs comprise 33 % of total operating expenditure in the 2016/17 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

### **2.4.3 Interest rates for investment of funds**

In accordance with the MFMA and the municipal policy UThukela District Municipality engages in a number of investment arrangements to maximise its interest income. However, for simplicity the 2016/17 MTREF is based on the assumption that all investments are made using fixed interest rates for all investments that the municipality has. As noted under the discussion of anticipated capital expenditure a material amount will be taken from the municipality's investments to fund the capital budget in the 2016/17 financial year. This has been noted and taken into account when forecasting interest income for the 2016/17 MTREF.

#### **2.4.4 Growth or decline in the value of the municipality**

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

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

#### **2.4.5 Salary increases**

Circular 79 from national treasury recommends: "salary and wage increases of CPI plus 1%, as indicated in the Salary and Wage Collective Agreement". As we await the multiyear SALGBC wage agreement with effect from 01 July 2015, we have budgeted for a 7% increase of all employees across the board.

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

- Creating jobs
- Enhancing education and skill development
- Improving Health services
- Rural development and agriculture and
- Fighting poverty

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

## 2.5 OVERVIEW OF BUDGET FUNDING

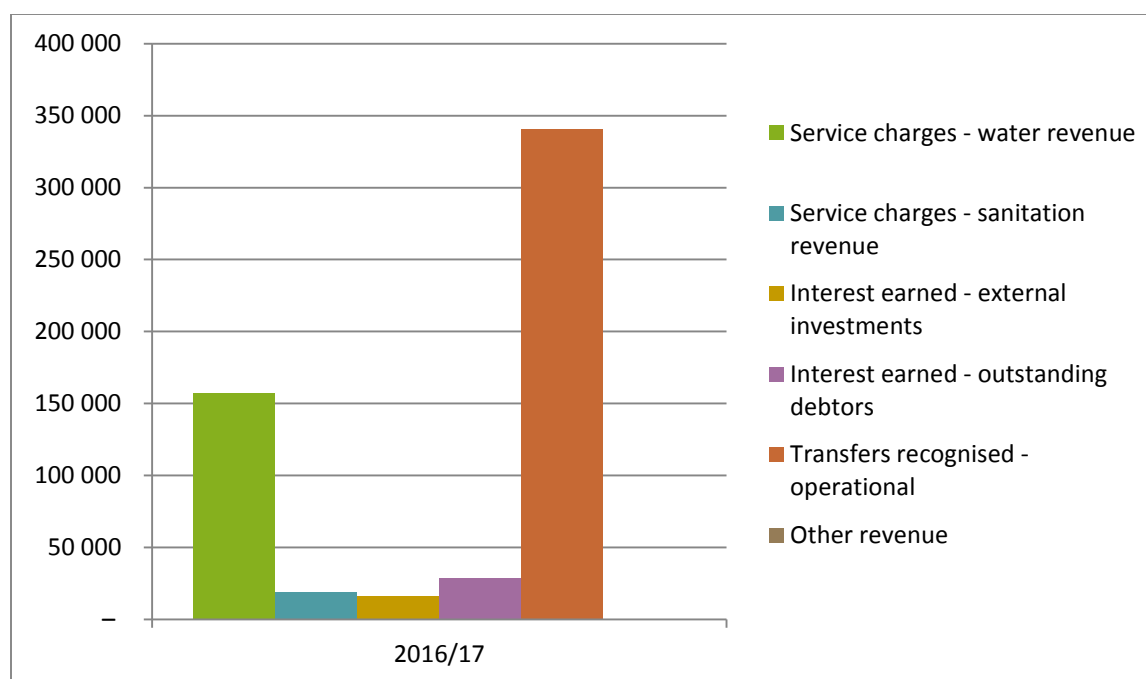
### 2.5.1 Medium-term outlook: operating revenue

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

**Table 27 Breakdown of the operating revenue over the medium-term**

Description R thousand	2016/17 Medium Term Revenue & Expenditure Framework						
	Adjusted Budget		Budget Year 2016/17		Budget Year +1 2017/18		Budget Year +2 2018/19
<b>Revenue By Source</b>							
Service charges - water revenue	147 050	28,46%	156 940	27,93%	166 357	27,67%	176 338
Service charges - sanitation revenue	18 057	3,49%	19 249	3,43%	20 404	3,39%	21 628
Interest earned - external investments	10 010	1,94%	16 447	2,93%	17 434	2,90%	18 480
Interest earned - outstanding debtors	26 568	5,14%	28 321	5,04%	30 021	4,99%	31 822
Transfers recognised - operational	314 628	60,90%	340 539	60,61%	366 637	60,99%	395 491
Other revenue	356	0,07%	314	0,06%	333	0,06%	353
<b>Total Revenue (excluding capital transfers and</b>	<b>516 670</b>	<b>100,00%</b>	<b>561 810</b>	<b>100,00%</b>	<b>601 185</b>	<b>100,00%</b>	<b>644 111</b>

The following graph is a breakdown of the operational revenue per main category for the 2015/16 financial year.



**Figure 4 Breakdown of operating revenue over the 2015/16 MTREF**

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives 31% of its operational revenue from the provision of and services such as water and sanitation.

The above graph demonstrates that the major part of the municipality revenue is derived from operating grants making up 61% of the revenue basket.

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

- Growth in the municipality and economic development
- Revenue management and enhancement
- Achievement of a 65% annual collection rate for consumer revenue
- National Treasury guidelines
- Water tariff increases by DWA
- Achievement of full cost recovery of specific user charges
- Determining tariff escalation rate by establishing/calculating revenue requirements
- And the ability to extend new services and obtain cost recovery levels

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

Revenue relating to water and sanitation will total R156 and R19 million respectively for the 2016/17 financial year with water service charges increasing to R176 million by 2018/19. These constitute 31 % of the total budget.

Operational grants and subsidies amount to R340 million in the 2016/17 financial year being 61% of the total budgeted revenue. It needs to be noted that in real terms the grants receipts from national government are growing steadily over the MTREF.

Investment revenue contributes marginally to the revenue base of the Municipality with a budget allocation of between R16 million to R18 million for the respective three financial years of the 2016/17 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

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

**Table 28 MBRR SA15 – Detail Investment Information**

Investment type	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>									
<b>Parent municipality</b>									
Securities - National Government Listed Corporate Bonds									
Deposits - Bank		102 328	103 386	21 641	21 641	21 641	192 000	102 000	101 000
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Municipal Bonds									
<b>Consolidated total:</b>	-	102 328	103 386	21 641	21 641	21 641	192 000	102 000	101 000

**Table 29 MBRR SA15 – Detail Investment particulars by maturity**

The table reflects a list of investments currently held by the municipality

<b>Investments by maturity Name of institution &amp; investment ID</b>	<b>Market value at end of the month</b>
<b>R thousands</b>	
<b><u>Municipality</u></b>	
FNB	51 879
NEDBANK	28 278
INVESTEC	83 685
<b>TOTAL INVESTMENTS AND INTEREST</b>	<b>163 842</b>

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity.

### **2.5.2 Capital revenue**

The capital expenditure budget will be funded from the infrastructure grants to the value of R347 million. The balance of the capital budget of R54 million will be funded from investments

**2.6 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS**

**Table 30 MBRR SA19 - Expenditure on transfers and grant programmes**

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>RECEIPTS:</b>									
<b><u>Operating Transfers and Grants</u></b>									
<b>National Government:</b>	<b>272 281</b>	<b>267 042</b>	<b>311 978</b>	<b>318 121</b>	<b>314 378</b>	<b>314 378</b>	<b>339 339</b>	<b>366 637</b>	<b>395 491</b>
Local Government Equitable Share	253 183	220 192	245 822	261 605	260 862	260 862	279 315	304 716	330 343
RSC Levy Replacement		37 710	41 140	44 198	44 198	44 198	47 937	51 710	56 441
Municipal Systems Improvement	1 007	890	934	940	940	940	2 340	3 001	1 433
EPWP Incentive	454	1 000	3 299	2 384	2 384	2 384	3 169		
Water Services Operating Subsidy	7 193	6 000	9 094	3 000					
Finance Management	1 319	1 250	1 250	1 325	1 325	1 325	1 460	1 795	1 545
SPECIAL SUPPORT FOR COUNCILLOR REM	9 124		10 439	4 669	4 669	4 669	5 118	5 415	5 729
<b>Provincial Government:</b>	<b>5 817</b>	<b>-</b>	<b>-</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>1 200</b>	<b>-</b>	<b>-</b>
Sport and Recreation	3 092								
	200								
	2 525			250	250	250	1 200		
<b>Total Operating Transfers and Grants</b>	<b>278 098</b>	<b>267 042</b>	<b>311 978</b>	<b>318 371</b>	<b>314 628</b>	<b>314 628</b>	<b>340 539</b>	<b>366 637</b>	<b>395 491</b>
<b><u>Capital Transfers and Grants</u></b>									
<b>National Government:</b>	<b>216 573</b>	<b>194 784</b>	<b>297 413</b>	<b>237 940</b>	<b>237 940</b>	<b>237 940</b>	<b>267 191</b>	<b>347 398</b>	<b>299 651</b>
Municipal Infrastructure Grant (MIG)	187 952	174 260	199 089	181 247	181 247	181 247	178 506	192 367	203 979
Rural Transport Services and Infrastructure		1 999	2 315	2 311	2 311	2 311	2 378	2 531	2 672
Rural Households Infrastructure		4 000	6 689	4 382	4 382	4 382	4 500		
Regional Bulk Infrastructure	28 621	14 525	85 137	-	-	-	-		
Municipali Water Infrastrure grant			4 182	50 000	50 000	50 000	81 807	152 500	93 000
<b>Total Capital Transfers and Grants</b>	<b>216 573</b>	<b>194 784</b>	<b>297 413</b>	<b>237 940</b>	<b>237 940</b>	<b>237 940</b>	<b>267 191</b>	<b>347 398</b>	<b>299 651</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>494 671</b>	<b>461 826</b>	<b>609 391</b>	<b>556 311</b>	<b>552 568</b>	<b>552 568</b>	<b>607 730</b>	<b>714 035</b>	<b>695 142</b>

## 2.7 COUNCILLOR AND EMPLOYEE BENEFITS

**Table 31 MBRR SA22 - Summary of councillor and staff benefits**

Summary of Employee and Councillor remuneration  R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Councillors (Political Office Bearers plus Other)</b>									
Basic Salaries and Wages	4 792	4 702	4 127	3 832	4 228	4 228	4 565	4 839	5 130
Pension and UIF Contributions		1							
Medical Aid Contributions									
Motor Vehicle Allowance			1 294	1 056	1 474	1 474	1 592	1 688	1 789
Cellphone Allowance			375	444	444	444	477	505	536
Housing Allowances									
Other benefits and allowances							3		
<b>Sub Total - Councillors</b>	<b>4 792</b>	<b>4 703</b>	<b>5 796</b>	<b>5 332</b>	<b>6 146</b>	<b>6 146</b>	<b>6 638</b>	<b>7 032</b>	<b>7 454</b>
<b>% increase</b>		<b>(1,9%)</b>	<b>23,2%</b>	<b>(8,0%)</b>	<b>15,3%</b>	<b>-</b>	<b>8,0%</b>	<b>5,9%</b>	<b>6,0%</b>
<b>Senior Managers of the Municipality</b>									
Basic Salaries and Wages	3 282	4 296	8 959	7 955	7 955	7 955	8 751	9 276	9 833
Pension and UIF Contributions		69							
Medical Aid Contributions									
Overtime									
Performance Bonus				696	696	696	745	790	837
Motor Vehicle Allowance	336	747							
Cellphone Allowance									
Housing Allowances	32	127							
Other benefits and allowances	79	140							
Payments in lieu of leave		50							
Long service awards									
Post-retirement benefit obligations									
<b>Sub Total - Senior Managers of Municipality</b>	<b>3 729</b>	<b>5 429</b>	<b>8 959</b>	<b>8 651</b>	<b>8 651</b>	<b>8 651</b>	<b>9 496</b>	<b>10 066</b>	<b>10 670</b>
<b>% increase</b>		<b>45,6%</b>	<b>65,0%</b>	<b>(3,4%)</b>	<b>-</b>	<b>-</b>	<b>9,8%</b>	<b>6,0%</b>	<b>6,0%</b>
<b>Other Municipal Staff</b>									
Basic Salaries and Wages	98 924	76 474	94 309	151 329	140 995	140 995	129 130	136 877	145 090
Pension and UIF Contributions	9 948	11 439	813	19 338	19 338	19 338	18 181	19 272	20 428
Medical Aid Contributions	3 088	3 341	3 748	4 592	4 592	4 592	5 629	5 966	6 324
Overtime		15 997	18 038	11 146	21 480	21 480	23 233	24 627	26 104
Performance Bonus	3 292		6 736					-	-
Motor Vehicle Allowance		4 907	3 897	9 436	9 436	9 436	7 519	7 970	8 448
Cellphone Allowance								-	-
Housing Allowances		445	746	1 709	1 709	1 709	530	562	596
Other benefits and allowances	938	12 183	11 952	11 388	11 388	11 388	10 946	11 603	12 299
Payments in lieu of leave	2 633	(334)	1 229	1 789	1 789	1 789	1 220	1 294	1 371
Long service awards									
Post-retirement benefit obligations									
<b>Sub Total - Other Municipal Staff</b>	<b>118 823</b>	<b>124 452</b>	<b>141 468</b>	<b>210 727</b>	<b>210 727</b>	<b>210 727</b>	<b>196 387</b>	<b>208 170</b>	<b>220 660</b>
<b>% increase</b>		<b>4,7%</b>	<b>13,7%</b>	<b>49,0%</b>	<b>-</b>	<b>-</b>	<b>(6,8%)</b>	<b>6,0%</b>	<b>6,0%</b>
<b>Total Parent Municipality</b>	<b>127 344</b>	<b>134 584</b>	<b>156 223</b>	<b>224 710</b>	<b>225 524</b>	<b>225 524</b>	<b>212 521</b>	<b>225 268</b>	<b>238 784</b>
		<b>5,7%</b>	<b>16,1%</b>	<b>43,8%</b>	<b>0,4%</b>	<b>-</b>	<b>(5,8%)</b>	<b>6,0%</b>	<b>6,0%</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>127 344</b>	<b>134 584</b>	<b>156 223</b>	<b>224 710</b>	<b>225 524</b>	<b>225 524</b>	<b>212 521</b>	<b>225 268</b>	<b>238 784</b>
<b>% increase</b>		<b>5,7%</b>	<b>16,1%</b>	<b>43,8%</b>	<b>0,4%</b>	<b>-</b>	<b>(5,8%)</b>	<b>6,0%</b>	<b>6,0%</b>
<b>TOTAL MANAGERS AND STAFF</b>	<b>122 552</b>	<b>129 881</b>	<b>150 427</b>	<b>219 378</b>	<b>219 378</b>	<b>219 378</b>	<b>205 883</b>	<b>218 236</b>	<b>231 330</b>



**Table 32MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)**

Disclosure of Salaries, Allowances & Benefits	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
<b>Councillors</b>						
Speaker	510 014		235 724			745 738
Chief Whip						-
Executive Mayor	637 520		289 439			926 959
Deputy Executive Mayor	361 606		107 220			468 826
Executive Committee	1 006 586		357 050			1 363 636
Total for all other councillors	2 049 719		1 082 668			3 132 387
<b>Total Councillors</b>	<b>4 565 445</b>	<b>-</b>	<b>2 072 101</b>			<b>6 637 546</b>
<b>Senior Managers of the Municipality</b>						
Municipal Manager (MM)	1 659 454			165 945		1 825 400
Chief Finance Officer	1 211 403			121 140		1 332 543
General manager Technical Services	1 025 873			114 503		1 140 376
general manager Water Services Authority and Health s	1 075 042			114 503		1 189 545
General Manager Social Services	1 025 873			114 503		1 140 376
General Manager Corporate Services	1 025 873			114 503		1 140 376
<i>List of each official with packages &gt;= senior manager</i>						
Senior manager Finance	943 992					943 992
Head of Mayoraliy	783 760					783 760
<b>Total Senior Managers of the Municipality</b>	<b>8 751 271</b>	<b>-</b>	<b>-</b>	<b>745 099</b>		<b>9 496 369</b>
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	<b>13 316 716</b>	<b>-</b>	<b>2 072 101</b>	<b>745 099</b>		<b>16 133 915</b>

**Table 33 MBRR SA24– summary of personnel numbers**

Summary of Personnel Numbers Number	2014/15			Current Year 2015/16			Budget Year 2016/17		
	Position	Permane	Contract	Position	Permane	Contract	Position	Permane	Contract
<b>Municipal Council and Boards of Municipal Entities</b>									
Councillors (Political Office Bearers plus Other Board Members of municipal entities)	31		31	31		31	31		31
<b>Municipal employees</b>									
Municipal Manager and Senior Managers	6		6	7		7	8		8
Other Managers	7	5	2	17	15	2			
Professionals	133	128	5	203	173	30	31	30	1
<i>Finance</i>	48	47	1	77	61	16			
<i>Spatial/town planning</i>									
<i>Information Technology</i>	3	2	1	4	3	1	4	3	1
<i>Roads</i>									
<i>Electricity</i>									
<i>Water</i>	19	19	–	28	27	1	27	27	
<i>Sanitation</i>									
<i>Refuse</i>									
<i>Other</i>	63	60	3	94	82	12			
Technicians	651	647	4	699	693	6	805	423	382
<i>Finance</i>	23	21	2	21	15	6	127	121	6
<i>Spatial/town planning</i>									
<i>Information Technology</i>									
<i>Roads</i>									
<i>Electricity</i>									
<i>Water</i>	566	566		678	678		678	302	376
<i>Sanitation</i>									
<i>Refuse</i>									
<i>Other</i>	62	60	2						
Clerks (Clerical and administrative)	4	4		20	14	6	28	26	2
Service and sales workers									
Skilled agricultural and fishery workers									
Craft and related trades									
Plant and Machine Operators				68	68	–	69	69	
Elementary Occupations									
<b>TOTAL PERSONNEL NUMBERS</b>	<b>832</b>	<b>784</b>	<b>48</b>	<b>1 045</b>	<b>963</b>	<b>82</b>	<b>972</b>	<b>548</b>	<b>424</b>
<b>% increase</b>				25,6%	22,8%	70,8%	(7,0%)	(43,1%)	417,1%
<b>Total municipal employees headcount</b>									
Finance personnel headcount									
Human Resources personnel headcount									

**2.8 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW**

**Table 34 MBRR SA25 - Budgeted monthly revenue and expenditure**

Description	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue By Source</b>															
Service charges - electricity revenue													-	-	-
Service charges - water revenue	13 078	13 078	13 078	13 078	13 078	13 078	13 078	13 078	13 078	13 078	13 078	13 078	156 940	166 357	176 338
Service charges - sanitation revenue	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	19 249	20 404	21 628
Interest earned - external investments	1 371	1 371	1 371	1 371	1 371	1 371	1 371	1 371	1 371	1 371	1 371	1 371	16 447	17 434	18 480
Interest earned - outstanding debtors	2 360	2 360	2 360	2 360	2 360	2 360	2 360	2 360	2 360	2 360	2 360	2 360	28 321	30 021	31 822
Transfers recognised - operational	23 957	100 969	23 957			71 871	23 957	23 957	65 957	3 957	1 957		340 539	366 637	395 491
Other revenue	26	26	26	26	26	26	26	26	26	26	26	26	314	333	353
Gains on disposal of PPE													-	-	-
<b>Total Revenue (excluding capital transfers)</b>	<b>42 396</b>	<b>119 408</b>	<b>42 396</b>	<b>18 439</b>	<b>18 439</b>	<b>90 310</b>	<b>42 396</b>	<b>42 396</b>	<b>84 396</b>	<b>22 396</b>	<b>20 396</b>	<b>18 439</b>	<b>561 810</b>	<b>601 185</b>	<b>644 111</b>
<b>Expenditure By Type</b>															
Employee related costs	17 157	17 157	17 157	17 157	17 157	17 157	17 157	17 157	17 157	17 157	17 157	17 157	205 883	218 236	231 330
Remuneration of councillors	553	553	553	553	553	553	553	553	553	553	553	553	6 638	7 036	7 458
Debt impairment	3 038	3 038	3 038	3 038	3 038	3 038	3 038	3 038	3 038	3 038	3 038	3 038	36 460	38 647	40 966
Depreciation & asset impairment	4 806	4 806	4 806	4 806	4 806	4 806	4 806	4 806	4 806	4 806	4 806	4 806	57 676	61 137	64 805
Bulk purchases	492	492	492	492	492	492	492	492	492	492	492	492	5 901	6 255	6 630
Other materials	4 503	4 503	4 503	4 503	4 503	4 503	4 503	4 503	4 503	4 503	4 503	4 503	54 037	57 279	60 716
Contracted services	3 044	3 044	3 044	3 044	3 044	3 044	3 044	3 044	3 044	3 044	3 044	3 044	36 529	38 721	41 044
Transfers and grants	1 102	1 102	1 102	1 102	1 102	1 102	1 102	1 102	1 102	1 102	1 102	1 102	13 228	14 022	14 863
Other expenditure	16 645	16 645	16 645	16 645	16 645	16 645	16 645	16 645	16 645	16 645	16 645	16 645	199 742	211 726	224 430
Loss on disposal of PPE													-	-	-
<b>Total Expenditure</b>	<b>51 341</b>	<b>51 341</b>	<b>51 341</b>	<b>51 341</b>	<b>51 341</b>	<b>51 341</b>	<b>51 341</b>	<b>51 341</b>	<b>51 341</b>	<b>51 341</b>	<b>51 341</b>	<b>51 341</b>	<b>616 093</b>	<b>653 059</b>	<b>692 243</b>
<b>Surplus/(Deficit)</b>	<b>(8 945)</b>	<b>68 067</b>	<b>(8 945)</b>	<b>(32 902)</b>	<b>(32 902)</b>	<b>38 969</b>	<b>(8 945)</b>	<b>(8 945)</b>	<b>33 055</b>	<b>(28 945)</b>	<b>(30 945)</b>	<b>(32 902)</b>	<b>(54 283)</b>	<b>(51 874)</b>	<b>(48 131)</b>
Transfers recognised - capital	22 266	22 266	22 266	22 266	22 266	22 266	22 266	22 266	22 266	22 266	22 266	22 266	347 191	449 817	497 557
Contributions recognised - capital													-	-	-
Contributed assets													-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>13 321</b>	<b>90 333</b>	<b>13 321</b>	<b>(10 636)</b>	<b>(10 636)</b>	<b>61 235</b>	<b>13 321</b>	<b>13 321</b>	<b>55 321</b>	<b>(6 679)</b>	<b>(8 679)</b>	<b>(10 636)</b>	<b>212 908</b>	<b>397 943</b>	<b>449 426</b>
Taxation													-	-	-
Attributable to minorities													-	-	-
Share of surplus/ (deficit) of associate													-	-	-
<b>Surplus/(Deficit)</b>	<b>13 321</b>	<b>90 333</b>	<b>13 321</b>	<b>(10 636)</b>	<b>(10 636)</b>	<b>61 235</b>	<b>13 321</b>	<b>13 321</b>	<b>55 321</b>	<b>(6 679)</b>	<b>(8 679)</b>	<b>(10 636)</b>	<b>212 908</b>	<b>397 943</b>	<b>449 426</b>

**Table35 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**

Description	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>															
<b>Revenue by Vote</b>															
105 - MUNICIPAL MANAGER		53 055											53 055	56 238	59 613
200 - CORPORATE SERVICES													-	-	-
300 - BUDGET AND TREASURY	24 990	48 947	24 990	1 033	1 033	72 904	24 990	24 990	66 990	4 990	2 990	1 033	299 876	323 535	349 803
405 - SOCIAL SERVICES	100	100	100	100	100	100	100	100	100	100	100	100	1 200	1 272	1 348
408 - HEALTH & WATER SERVICES AUTH	-												-	-	-
500 - TECHNICAL SERVICES	22 530	22 530	22 530	22 530	22 530	22 530	22 530	22 530	22 530	22 530	22 530	22 530	350 360	453 176	501 118
510 - WATER AND SANITATION SERVICES	17 042	17 042	17 042	17 042	17 042	17 042	17 042	17 042	17 042	17 042	17 042	17 042	204 510	216 780	229 787
<b>Total Revenue by Vote</b>	<b>64 662</b>	<b>141 674</b>	<b>64 662</b>	<b>40 705</b>	<b>40 705</b>	<b>112 576</b>	<b>64 662</b>	<b>64 662</b>	<b>106 662</b>	<b>44 662</b>	<b>42 662</b>	<b>40 705</b>	<b>909 001</b>	<b>1 051 002</b>	<b>1 141 668</b>
<b>Expenditure by Vote to be appropriated</b>															
105 - MUNICIPAL MANAGER	6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	76 575	81 169	86 039
200 - CORPORATE SERVICES	5 414	5 414	5 414	5 414	5 414	5 414	5 414	5 414	5 414	5 414	5 414	5 414	64 962	68 860	72 992
300 - BUDGET AND TREASURY	12 300	12 300	12 300	12 300	12 300	12 300	12 300	12 300	12 300	12 300	12 300	12 300	147 604	156 460	165 848
405 - SOCIAL SERVICES	3 926	3 926	3 926	3 926	3 926	3 926	3 926	3 926	3 926	3 926	3 926	3 926	47 116	49 943	52 940
408 - HEALTH & WATER SERVICES AUTH	3 632	3 632	3 632	3 632	3 632	3 632	3 632	3 632	3 632	3 632	3 632	3 632	43 581	46 196	48 968
500 - TECHNICAL SERVICES	729	729	729	729	729	729	729	729	729	729	729	729	8 746	9 271	9 828
510 - WATER AND SANITATION SERVICES	18 959	18 959	18 959	18 959	18 959	18 959	18 959	18 959	18 959	18 959	18 959	18 959	227 508	241 159	255 628
<b>Total Expenditure by Vote</b>	<b>51 341</b>	<b>51 341</b>	<b>51 341</b>	<b>51 341</b>	<b>51 341</b>	<b>51 341</b>	<b>51 341</b>	<b>51 341</b>	<b>51 341</b>	<b>51 341</b>	<b>51 341</b>	<b>51 342</b>	<b>616 093</b>	<b>653 059</b>	<b>692 243</b>
<b>Surplus/(Deficit) before assoc.</b>	<b>13 321</b>	<b>90 333</b>	<b>13 321</b>	<b>(10 636)</b>	<b>(10 636)</b>	<b>61 235</b>	<b>13 321</b>	<b>13 321</b>	<b>55 321</b>	<b>(6 679)</b>	<b>(8 679)</b>	<b>(10 636)</b>	<b>292 908</b>	<b>397 943</b>	<b>449 426</b>
Taxation													-	-	-
Attributable to minorities													-	-	-
Share of surplus/ (deficit) of associate													-	-	-
<b>Surplus/(Deficit)</b>	<b>13 321</b>	<b>90 333</b>	<b>13 321</b>	<b>(10 636)</b>	<b>(10 636)</b>	<b>61 235</b>	<b>13 321</b>	<b>13 321</b>	<b>55 321</b>	<b>(6 679)</b>	<b>(8 679)</b>	<b>(10 636)</b>	<b>292 908</b>	<b>397 943</b>	<b>449 426</b>

**Table 36 MBRR SA27 -Budgeted monthly revenue and expenditure (standard classification)**

Description	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue - Standard</b>															
<b>Governance and administration</b>	24 990	102 002	24 990	1 033	1 033	72 904	24 990	24 990	66 990	4 990	2 990	1 033	352 931	379 773	409 415
Executive and council		53 055											53 055	56 238	59 613
Budget and treasury office	24 990	48 947	24 990	1 033	1 033	72 904	24 990	24 990	66 990	4 990	2 990	1 033	299 876	323 535	349 803
Corporate services													-	-	-
<b>Economic and environmental services</b>	100	100	100	100	100	100	100	100	100	100	100	100	1 200	1 272	1 348
Planning and development	100	100	100	100	100	100	100	100	100	100	100	100	1 200	1 272	1 348
Road transport													-	-	-
Environmental protection													-	-	-
<b>Trading services</b>	39 572	39 572	39 572	39 572	39 572	39 572	39 572	39 572	39 572	39 572	39 572	39 572	554 870	669 957	730 905
Electricity													-	-	-
Water	37 968	37 968	37 968	37 968	37 968	37 968	37 968	37 968	37 968	37 968	37 968	37 968	535 621	649 553	709 277
Waste water management	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	19 249	20 404	21 628
Waste management													-	-	-
<b>Other</b>													-	-	-
<b>Total Revenue - Standard</b>	<b>64 662</b>	<b>141 674</b>	<b>64 662</b>	<b>40 705</b>	<b>40 705</b>	<b>112 576</b>	<b>64 662</b>	<b>64 662</b>	<b>106 662</b>	<b>44 662</b>	<b>42 662</b>	<b>40 705</b>	<b>909 001</b>	<b>1 051 002</b>	<b>1 141 668</b>
<b>Expenditure - Standard</b>															
<b>Governance and administration</b>	24 095	24 095	24 095	24 095	24 095	24 095	24 095	24 095	24 095	24 095	24 095	24 095	289 141	306 489	324 879
Executive and council	6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	6 381	76 575	81 169	86 039
Budget and treasury office	12 300	12 300	12 300	12 300	12 300	12 300	12 300	12 300	12 300	12 300	12 300	12 300	147 604	156 460	165 848
Corporate services	5 414	5 414	5 414	5 414	5 414	5 414	5 414	5 414	5 414	5 414	5 414	5 414	64 962	68 860	72 992
<b>Community and public safety</b>	3 632	3 632	3 632	3 632	3 632	3 632	3 632	3 632	3 632	3 632	3 632	3 632	43 581	46 196	48 968
Community and social services													-	-	-
Sport and recreation													-	-	-
Public safety													-	-	-
Housing													-	-	-
Health	3 632	3 632	3 632	3 632	3 632	3 632	3 632	3 632	3 632	3 632	3 632	3 632	43 581	46 196	48 968
<b>Economic and environmental services</b>	3 926	3 926	3 926	3 926	3 926	3 926	3 926	3 926	3 926	3 926	3 926	3 926	47 116	49 943	52 940
Planning and development	3 926	3 926	3 926	3 926	3 926	3 926	3 926	3 926	3 926	3 926	3 926	3 926	47 116	49 943	52 940
Road transport													-	-	-
Environmental protection													-	-	-
<b>Trading services</b>	19 688	19 688	19 688	19 688	19 688	19 688	19 688	19 688	19 688	19 688	19 688	19 688	236 255	250 430	265 456
Electricity													-	-	-
Water	19 393	19 393	19 393	19 393	19 393	19 393	19 393	19 393	19 393	19 393	19 393	19 393	232 719	246 682	261 483
Waste water management	295	295	295	295	295	295	295	295	295	295	295	295	3 535	3 747	3 972
Waste management													-	-	-
<b>Other</b>													-	-	-
<b>Total Expenditure - Standard</b>	<b>51 341</b>	<b>51 341</b>	<b>51 341</b>	<b>51 341</b>	<b>51 341</b>	<b>51 341</b>	<b>51 341</b>	<b>51 341</b>	<b>51 341</b>	<b>51 341</b>	<b>51 341</b>	<b>51 342</b>	<b>616 093</b>	<b>653 059</b>	<b>692 243</b>
<b>Surplus/(Deficit)</b>	<b>13 321</b>	<b>90 333</b>	<b>13 321</b>	<b>(10 636)</b>	<b>(10 636)</b>	<b>61 235</b>	<b>13 321</b>	<b>13 321</b>	<b>55 321</b>	<b>(6 679)</b>	<b>(8 679)</b>	<b>(10 637)</b>	<b>292 908</b>	<b>397 943</b>	<b>449 426</b>

**Table 37 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**

Description	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Single-year expenditure to be appropriated</b>															
105 - MUNICIPAL MANAGER		475										-	475	170	179
200 - CORPORATE SERVICES		438	438	438								-	1 315	100	105
300 - BUDGET AND TREASURY	330											-	330	130	137
405 - SOCIAL SERVICES	1 000	2 000	393	393	393							-	4 180	150	158
408 - HEALTH & WATER SERVICES AUTHORITY			550									-	550	50	53
500 - TECHNICAL SERVICES	22 266	22 266	22 266	22 266	22 266	22 266	22 266	22 266	22 266	22 266	22 266	22 265	267 191	347 398	299 651
510 - WATER AND SANITATION SERVIC	227			227			227		229			-	910	-	-
<b>Total Capital Expenditure</b>	<b>23 823</b>	<b>25 179</b>	<b>23 648</b>	<b>23 325</b>	<b>22 659</b>	<b>22 266</b>	<b>22 493</b>	<b>22 266</b>	<b>22 495</b>	<b>22 266</b>	<b>22 266</b>	<b>22 265</b>	<b>274 951</b>	<b>347 998</b>	<b>300 281</b>

**Table 38 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)**

Description	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Capital Expenditure - Standard</b>															
<b>Governance and administration</b>	330	913	438	438	-	-	-	-	-	-	-	-	2 120	400	420
Executive and council	-	475	-	-	-	-	-	-	-	-	-	-	475	170	179
Budget and treasury office	330	-	-	-	-	-	-	-	-	-	-	-	330	130	137
Corporate services	-	438	438	438	-	-	-	-	-	-	-	-	1 315	100	105
<b>Community and public safety</b>	1 000	2 000	943	393	393	-	-	-	-	-	-	-	4 730	200	210
Housing	1 000	2 000	393	393	393	-	-	-	-	-	-	-	4 180	150	158
Health	-	-	550	-	-	-	-	-	-	-	-	-	550	50	53
<b>Economic and environmental services</b>	-	-	595	-	595	-	-	595	-	-	593	-	2 378	2 531	2 672
Planning and development													-	-	-
Road transport			595		595			595			593		2 378	2 531	2 672
Environmental protection													-	-	-
<b>Trading services</b>	22 493	22 266	21 671	22 493	21 671	22 266	22 493	21 671	22 495	22 266	21 673	22 265	265 723	344 867	296 979
Electricity													-	-	-
Water	22 493	22 266	21 671	22 493	21 671	22 266	22 493	21 671	22 495	22 266	21 673	22 265	265 723	344 867	296 979
Waste water management													-	-	-
Waste management													-	-	-
<b>Other</b>													-	-	-
<b>Total Capital Expenditure - Standard</b>	23 823	25 179	23 648	23 325	22 659	22 266	22 493	22 266	22 495	22 266	22 266	22 265	274 951	347 998	300 281

**Table 39 MBRR SA30 - Budgeted monthly cash flow**

MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Cash Receipts By Source</b>																
Service charges - water revenue	9 155	9 155	9 155	9 155	9 155	9 155	9 155	9 155	9 155	9 155	9 155	9 155	109 858	116 450	123 437	
Service charges - sanitation revenue	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	19 249	20 404	21 628	
Rental of facilities and equipment												-				
Interest earned - external investments	1 371	1 371	1 371	1 371	1 371	1 371	1 371	1 371	1 371	1 371	1 371	1 370	16 447	17 434	18 480	
Interest earned - outstanding debtors	1 416	1 416	1 416	1 416	1 416	1 416	1 416	1 416	1 416	1 416	1 416	1 416	16 993	18 012	19 093	
Transfer receipts - operational		151 416				94 561			94 561			-	340 539	366 637	395 491	
Other revenue	26	26	26	26	26	26	26	26	26	26	26	26	314	333	353	
<b>Cash Receipts by Source</b>	<b>13 572</b>	<b>164 988</b>	<b>13 572</b>	<b>13 572</b>	<b>13 572</b>	<b>108 133</b>	<b>13 572</b>	<b>13 572</b>	<b>108 133</b>	<b>13 572</b>	<b>13 572</b>	<b>13 572</b>	<b>503 400</b>	<b>539 269</b>	<b>578 481</b>	
<b>Other Cash Flows by Source</b>																
Transfer receipts - capital		35 730			115 730				115 730			-	267 191	347 398	299 651	
Contributions recognised - capital & Contributed assets												-				
Increase (decrease) in consumer deposits												380	380	403	427	
<b>Total Cash Receipts by Source</b>	<b>13 572</b>	<b>200 718</b>	<b>13 572</b>	<b>13 572</b>	<b>129 302</b>	<b>108 133</b>	<b>13 572</b>	<b>13 572</b>	<b>223 863</b>	<b>13 572</b>	<b>13 572</b>	<b>13 952</b>	<b>770 971</b>	<b>887 070</b>	<b>878 559</b>	
<b>Cash Payments by Type</b>																
Employee related costs	15 837	15 837	15 837	15 837	31 674	15 837	15 837	15 837	15 837	15 837	15 837	15 837	205 883	218 236	231 330	
Remuneration of councillors	553	553	553	553	553	553	553	553	553	553	553	553	6 638	7 036	7 458	
Bulk purchases - Water & Sewer	492	492	492	492	492	492	492	492	492	492	492	492	5 901	6 255	6 630	
Other materials	4 503	4 503	4 503	4 503	4 503	4 503	4 503	4 503	4 503	4 503	4 503	4 503	54 037	57 279	60 716	
Contracted services	3 044	3 044	3 044	3 044	3 044	3 044	3 044	3 044	3 044	3 044	3 044	3 044	36 529	38 721	41 044	
Transfers and grants - other municipalities												-				
Transfers and grants - other	882	882	882	882	882	882	882	882	882	882	882	882	10 583	11 218	11 891	
Other expenditure	16 645	16 645	16 645	16 645	16 645	16 645	16 645	16 645	16 645	16 645	16 645	16 645	199 742	211 726	224 430	
<b>Cash Payments by Type</b>	<b>41 956</b>	<b>41 956</b>	<b>41 956</b>	<b>41 956</b>	<b>57 793</b>	<b>41 956</b>	<b>41 956</b>	<b>41 956</b>	<b>41 956</b>	<b>41 956</b>	<b>41 956</b>	<b>41 956</b>	<b>519 312</b>	<b>550 471</b>	<b>583 499</b>	
<b>Other Cash Flows/Payments by Type</b>																
Capital assets	23 823	25 179	23 648	23 325	22 659	22 266	22 493	22 266	22 495	22 266	22 266	22 265	274 951	347 998	300 281	
<b>Total Cash Payments by Type</b>	<b>65 779</b>	<b>67 136</b>	<b>65 604</b>	<b>65 281</b>	<b>80 453</b>	<b>64 222</b>	<b>64 449</b>	<b>64 222</b>	<b>64 451</b>	<b>64 222</b>	<b>64 222</b>	<b>64 221</b>	<b>794 263</b>	<b>898 469</b>	<b>883 780</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>(52 208)</b>	<b>133 583</b>	<b>(52 032)</b>	<b>(51 709)</b>	<b>48 849</b>	<b>43 911</b>	<b>(50 878)</b>	<b>(50 651)</b>	<b>159 412</b>	<b>(50 651)</b>	<b>(50 651)</b>	<b>(50 270)</b>	<b>(23 292)</b>	<b>(11 399)</b>	<b>(5 221)</b>	
Cash/cash equivalents at the month/year beg	63 734	11 526	145 109	93 077	41 368	90 217	134 128	83 251	32 600	192 012	141 362	90 711	63 734	40 442	29 043	
Cash/cash equivalents at the month/year end	11 526	145 109	93 077	41 368	90 217	134 128	83 251	32 600	192 012	141 362	90 711	40 442	40 442	29 043	23 822	



## 2.9. LEGISLATION COMPLIANCE STATUS

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

### 1. In- year reporting

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

### 2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed 5 interns that have undergone training in various divisions of the Financial Services Department. The contract of the five interns ends December 2017. Since the introduction of the Internship programme the Municipality has successfully employed and trained numerous interns through this programme and a majority of them were appointed either in the Municipality or other municipalities.

### 2 Budget and Treasury Office

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

### 3 Audit Committee

An Audit Committee has been established and is fully functional.

### 4 Service Delivery and Implementation Plan

The detailed SDBIP document will be finalised after approval of the 2016/17 MTREF and will be directly aligned and informed by the 2016/17 MTREF.

### 5 Annual Report

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

### 6 Policies

Budget related policies are reviewed on an annual basis.

2.10. OTHER SUPPORTING DOCUMENTS

**Table 40 MBRR Table SA1 - Supporting detail to budgeted financial performance**

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>										
<b>REVENUE ITEMS:</b>										
<b>Service charges - water revenue</b>										
Total Service charges - water revenue	212 955	202 304	236 742	153 350	153 350	153 350	147 050	156 940	166 357	176 338
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)	108 715	83 732	126 221	6 300	6 300	6 300	-	-	-	-
less Cost of Free Basis Services (6 kilolitres per indigent household per month)	-	-	-	-	-	-	-	-	-	-
<b>Net Service charges - water revenue</b>	<b>104 240</b>	<b>118 572</b>	<b>110 521</b>	<b>147 050</b>	<b>147 050</b>	<b>147 050</b>	<b>147 050</b>	<b>156 940</b>	<b>166 357</b>	<b>176 338</b>
<b>Service charges - sanitation revenue</b>										
Total Service charges - sanitation revenue	13 047	14 199	15 701	18 057	18 057	18 057	18 057	19 249	20 404	21 628
less Revenue Foregone (in excess of free sanitation service to indigent households)	-	-	-	-	-	-	-	-	-	-
less Cost of Free Basis Services (free sanitation service to indigent households)	-	-	-	-	-	-	-	-	-	-
<b>Net Service charges - sanitation revenue</b>	<b>13 047</b>	<b>14 199</b>	<b>15 701</b>	<b>18 057</b>	<b>18 057</b>	<b>18 057</b>	<b>18 057</b>	<b>19 249</b>	<b>20 404</b>	<b>21 628</b>
<b>Other Revenue by source</b>										
Fuel Levy	-	-	-	-	-	-	-	-	-	-
Other Revenue	-	-	-	-	-	-	-	-	-	-
Sundry Income (Resource Support Services)	5 076	2 845	9 230	-	-	-	-	-	-	-
cashier surpluses	-	-	44	119	119	119	119	112	119	126
Tender Deposits	-	-	1	1	1	1	1	1	1	1
Maps -GIS	-	-	-	-	-	-	-	-	-	-
Sponsorships	-	-	-	-	-	-	-	-	-	-
Shared services	-	-	-	-	-	-	-	-	-	-
Clearance certificates	-	-	172	143	143	143	143	121	128	136
Sundry Income(Water Services)	-	-	8	30	30	30	30	30	32	34
Insurance Claims	-	-	-	-	-	-	-	-	-	-
sundry income (budget and treasury)	-	-	106	63	63	63	63	50	53	56
<b>Total 'Other' Revenue</b>	<b>5 076</b>	<b>2 845</b>	<b>9 561</b>	<b>356</b>	<b>356</b>	<b>356</b>	<b>356</b>	<b>314</b>	<b>333</b>	<b>353</b>
<b>EXPENDITURE ITEMS:</b>										
<b>Employee related costs</b>										
Basic Salaries and Wages	99 568	76 438	98 943	159 284	159 284	159 284	159 284	137 881	146 154	154 923
Pension and UIF Contributions	9 809	11 508	14 163	19 338	19 338	19 338	19 338	18 181	19 272	20 428
Medical Aid Contributions	3 088	3 341	3 860	4 592	4 592	4 592	4 592	5 629	5 966	6 324
Overtime	-	15 997	16 967	11 146	11 146	11 146	11 146	23 233	24 627	26 104
Performance Bonus	-	-	666	696	696	696	696	745	790	837
Motor Vehicle Allowance	381	5 654	7 212	9 436	9 436	9 436	9 436	7 519	7 970	8 448
Cellphone Allowance	-	-	-	-	-	-	-	-	-	-
Housing Allowances	-	572	776	1 709	1 709	1 709	1 709	530	562	596
Other benefits and allowances	4 264	12 183	6 442	11 388	11 388	11 388	11 388	10 946	11 603	12 299
Payments in lieu of leave	2 633	(334)	1 399	1 789	1 789	1 789	1 789	1 220	1 294	1 371
Long service awards	-	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	139	-	-	-	-	-	-	-	-	-
<b>sub-total</b>	<b>119 882</b>	<b>125 359</b>	<b>150 427</b>	<b>219 377</b>	<b>219 377</b>	<b>219 377</b>	<b>219 377</b>	<b>205 883</b>	<b>218 236</b>	<b>231 330</b>
Less: Employees costs capitalised to PPE	-	-	-	-	-	-	-	-	-	-
<b>Total Employee related costs</b>	<b>119 882</b>	<b>125 359</b>	<b>150 427</b>	<b>219 377</b>	<b>219 377</b>	<b>219 377</b>	<b>219 377</b>	<b>205 883</b>	<b>218 236</b>	<b>231 330</b>
<b>Contributions recognised - capital</b>										
List contributions by contract	-	-	-	-	-	-	-	-	-	-
<b>Total Contributions recognised - capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation &amp; asset impairment</b>										
Depreciation of Property, Plant & Equipment	32 001	38 999	44 211	50 277	50 277	50 277	50 277	57 676	61 137	64 805
Lease amortisation	-	-	854	1 154	1 154	1 154	1 154	-	-	-
Capital asset impairment	(164)	-	-	-	-	-	-	-	-	-
Depreciation resulting from revaluation of PPE	-	-	-	-	-	-	-	-	-	-
<b>Total Depreciation &amp; asset impairment</b>	<b>31 838</b>	<b>38 999</b>	<b>45 065</b>	<b>51 431</b>	<b>51 431</b>	<b>51 431</b>	<b>51 431</b>	<b>57 676</b>	<b>61 137</b>	<b>64 805</b>

**Table 40 MBRR Table SA1 - Supporting detail to budgeted financial performance continued....**

<b>Bulk purchases</b>										
Electricity Bulk Purchases										
Water Bulk Purchases	3 857	7 232	5 304	6 377	5 535	5 535	5 535	5 901	6 255	6 630
<b>Total bulk purchases</b>	<b>3 857</b>	<b>7 232</b>	<b>5 304</b>	<b>6 377</b>	<b>5 535</b>	<b>5 535</b>	<b>5 535</b>	<b>5 901</b>	<b>6 255</b>	<b>6 630</b>
<b>Transfers and grants</b>										
Cash transfers and grants	-	-	-	-	-	-	-	-	-	-
Non-cash transfers and grants	108 715	83 732	10 716	13 228	13 228	13 228	13 228	13 228	14 022	14 863
<b>Total transfers and grants</b>	<b>108 715</b>	<b>83 732</b>	<b>10 716</b>	<b>13 228</b>	<b>13 228</b>	<b>13 228</b>	<b>13 228</b>	<b>13 228</b>	<b>14 022</b>	<b>14 863</b>
<b>Contracted services</b>										
<i>List services provided by contract</i>										
Water Tankering	24 639	23 863	1 122	936	936	936	936	4 000	4 240	4 494
Chemicals	5 177	5 627	7 010	7 326	7 326	7 326	7 326	4 570	4 844	5 135
Insurance	1 078	1 074	1 718	2 938	6 911	6 911	6 911	2 099	2 225	2 358
Plant and equipment Hire	5 287	6 368	5 855	6 795	6 795	6 795	6 795	6 315	6 694	7 096
Security	222	963	11 846	14 291	14 291	14 291	14 291	19 095	20 241	21 455
Uthukela civil defence	8 888	8 878								
Rent - buildings				9 600	9 600	9 600	9 600	-	-	-
Rent - machines				374	374	374	374	450	477	506
<b>sub-total</b>	<b>45 290</b>	<b>46 772</b>	<b>27 550</b>	<b>42 261</b>	<b>46 234</b>	<b>46 234</b>	<b>46 234</b>	<b>36 529</b>	<b>38 721</b>	<b>41 044</b>
<b>Allocations to organs of state:</b>										
Electricity										
Water										
Sanitation										
Other										
<b>Total contracted services</b>	<b>45 290</b>	<b>46 772</b>	<b>27 550</b>	<b>42 261</b>	<b>46 234</b>	<b>46 234</b>	<b>46 234</b>	<b>36 529</b>	<b>38 721</b>	<b>41 044</b>
<b>Other Expenditure By Type</b>										
Collection costs	-	349	263	274	274	274	274	292	310	329
Contributions to 'other' provisions			-							
Consultant fees	5 874	4 258	1 286	1 337	1 337	1 337	1 337	5 217	5 530	5 861
Audit fees	2 732	3 151	2 950	3 068	3 068	3 068	3 068	3 629	3 847	4 078
General expenses	5 600	17 233	97 669	62 544	62 544	62 544	62 544	84 466	89 534	94 906
advertising	313	218	600	624	624	624	624	1 000	1 060	1 124
bank charges	298	388	402	417	417	417	417	500	530	562
cleaning materail	117	124	234	243	243	243	243	93	99	105
Salga levies			1 649	1 715	1 715	1 715	1 715	1 887	2 000	2 120
Computer Programs	1 505	1 385	16 529	2 100	2 100	2 100	2 100	2 255	2 391	2 534
consumables	28	4	9	7	7	7	7	13	13	14
entertainment	283	127	282	367	367	367	367	186	198	210
conferences and seminars	35	76	329	342	342	342	342	597	633	671
Membership Fees	980	3 626	237	246	246	246	246	55	59	62
magazines and books	3	102	302	313	313	313	313	412	437	463
fuel and oil	3 153	7 228	9 705	9 485	9 485	9 485	9 485	8 831	9 361	9 923
postage and courier	7	5	7	7	7	7	7	8	8	9
printing and stationery	1 060	1 366	611	745	745	745	745	1 869	1 981	2 099
protective clothing	25	381	924	961	961	961	961	3 000	3 180	3 371
telephone and fax	2 186	2 270	2 329	2 421	2 421	2 421	2 421	2 947	3 124	3 311
training	28	360	2 500	2 080	2 080	2 080	2 080	1 684	1 785	1 892
electricity	38 393	45 214	50 277	56 337	56 337	56 337	56 337	60 390	64 013	67 854
asset verification/expense	120	182	3 500	3 120	3 120	3 120	3 120	2 700	2 862	3 034
water	6 500	3 509	150	156	156	156	156	219	232	246
rentals	3 239	6 331	-							
legal costs			1 000	4 500	8 973	8 973	8 973	16 690	17 691	18 753
communication and information			1 200	1 248	1 248	1 248	1 248	800	848	899
<b>Total 'Other' Expenditure</b>	<b>72 480</b>	<b>97 887</b>	<b>194 943</b>	<b>154 660</b>	<b>159 133</b>	<b>159 133</b>	<b>159 133</b>	<b>199 742</b>	<b>211 726</b>	<b>224 430</b>
<b>Repairs and Maintenance by Expenditure Item</b>										
Employee related costs										
Other materials	16 088	22 082	25 362	59 605	41 605	41 605	41 605	54 037	57 279	60 716
Contracted Services										
Other Expenditure										
<b>Total Repairs and Maintenance Expenditure</b>	<b>16 088</b>	<b>22 082</b>	<b>25 362</b>	<b>59 605</b>	<b>41 605</b>	<b>41 605</b>	<b>41 605</b>	<b>54 037</b>	<b>57 279</b>	<b>60 716</b>

**Table 41 MBRR Table SA2 - Matrix financial performance budget (revenue source/expenditure type and department)**

Description	105 - MUNICIPAL MANAGER	200 - CORPORAT E SERVICES	300 - BUDGET AND TREASURY	405 - SOCIAL SERVICES	408 - HEALTH & WATER SERVICES AUTHORITY	500 - TECHNICAL SERVICES	510 - WATER AND SANITATIO N SERVICES	Total
<b>R thousand</b>								
<b>Revenue By Source</b>								
Property rates								-
Property rates - penalties & collection charges								-
Service charges - electricity revenue								-
Service charges - water revenue							156 940	156 940
Service charges - sanitation revenue							19 249	19 249
Service charges - refuse revenue								-
Service charges - other								-
Rental of facilities and equipment								-
Interest earned - external investments			16 447					16 447
Interest earned - outstanding debtors							28 321	28 321
Dividends received								-
Fines								-
Licences and permits								-
Agency services								-
Other revenue			314					314
Transfers recognised - operational	53 055		283 115	1 200		3 169		340 539
Gains on disposal of PPE								-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>53 055</b>	<b>-</b>	<b>299 876</b>	<b>1 200</b>	<b>-</b>	<b>3 169</b>	<b>204 510</b>	<b>561 810</b>
<b>Expenditure By Type</b>								
Employee related costs	21 124	21 368	36 162	16 093	17 486	5 351	88 299	205 883
Remuneration of councillors	6 638							6 638
Debt impairment			36 460					36 460
Depreciation & asset impairment			57 676					57 676
Finance charges								-
Bulk purchases							5 901	5 901
Other materials	162	9 038	16	89	12 050		32 681	54 037
Contracted services	2 648	19 296			700		13 886	36 529
Transfers and grants							13 228	13 228
Other expenditure	46 002	15 261	17 290	30 935	13 345	3 396	73 513	199 742
Loss on disposal of PPE								-
<b>Total Expenditure</b>	<b>76 575</b>	<b>64 962</b>	<b>147 604</b>	<b>47 116</b>	<b>43 581</b>	<b>8 746</b>	<b>227 508</b>	<b>616 093</b>
<b>Surplus/(Deficit)</b>	<b>(23 520)</b>	<b>(64 962)</b>	<b>152 272</b>	<b>(45 916)</b>	<b>(43 581)</b>	<b>(5 577)</b>	<b>(22 998)</b>	<b>(54 283)</b>
Transfers recognised - capital	-						266 191	266 191
Contributions recognised - capital								-
Contributed assets								-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(23 520)</b>	<b>(64 962)</b>	<b>152 272</b>	<b>(45 916)</b>	<b>(43 581)</b>	<b>(5 577)</b>	<b>243 193</b>	<b>212 908</b>

**Table 42 MBRR Table SA3 – Supporting detail to Statement of Financial Position**

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>										
<b>ASSETS</b>										
<b>Call investment deposits</b>										
Call deposits < 90 days	152 608	102 328	103 386	21 641	21 641	21 641	21 641	192 000	102 000	101 000
Other current investments > 90 days										
<b>Total Call investment deposits</b>	<b>152 608</b>	<b>102 328</b>	<b>103 386</b>	<b>21 641</b>	<b>21 641</b>	<b>21 641</b>	<b>21 641</b>	<b>192 000</b>	<b>102 000</b>	<b>101 000</b>
<b>Consumer debtors</b>										
Consumer debtors	523 353	567 239	496 462	492 793	492 793	492 793	492 793	480 000	492 000	472 000
Less: Provision for debt impairment	(481 693)	(441 101)	(372 374)	(172 478)	(172 478)	(172 478)	(172 478)	(208 938)	(247 585)	(288 551)
<b>Total Consumer debtors</b>	<b>41 660</b>	<b>126 138</b>	<b>124 088</b>	<b>320 315</b>	<b>320 315</b>	<b>320 315</b>	<b>320 315</b>	<b>271 062</b>	<b>244 415</b>	<b>183 449</b>
<b>Debt impairment provision</b>										
Balance at the beginning of the year	233 342	481 693	441 101	231 780	231 780	231 780	231 780	172 478	208 938	247 585
Contributions to the provision	248 351	16 028	(67 536)	28 222	28 222	28 222	28 222	36 460	38 647	40 966
Bad debts written off		(56 620)	(1 190)	(87 524)	(87 524)	(87 524)	(87 524)	-		
<b>Balance at end of year</b>	<b>481 693</b>	<b>441 101</b>	<b>372 374</b>	<b>172 478</b>	<b>172 478</b>	<b>172 478</b>	<b>172 478</b>	<b>208 938</b>	<b>247 585</b>	<b>288 551</b>
<b>Property, plant and equipment (PPE)</b>										
PPE at cost/valuation (excl. finance leases)	1 053 592	1 730 663	2 079 847	2 426 195	2 368 029	2 368 029	2 368 029	2 628 933	3 079 350	3 577 537
Leases recognised as PPE	5 697	9 337	-	9 337	9 337	9 337	9 337	-		
Less: Accumulated depreciation	246 846	257 056	302 072	340 750	340 750	340 750	340 750	392 181	453 317	518 122
<b>Total Property, plant and equipment (PPE)</b>	<b>812 442</b>	<b>1 482 944</b>	<b>1 777 774</b>	<b>2 094 782</b>	<b>2 036 616</b>	<b>2 036 616</b>	<b>2 036 616</b>	<b>2 236 752</b>	<b>2 626 033</b>	<b>3 059 415</b>
<b>LIABILITIES</b>										
<b>Current liabilities - Borrowing</b>										
Short term loans (other than bank overdraft)	2 628		-							
Current portion of long-term liabilities	2 548	4 974	-							
<b>Total Current liabilities - Borrowing</b>	<b>5 176</b>	<b>4 974</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Trade and other payables</b>										
Trade and other creditors	80 917	105 439	164 800	110 500	110 500	110 500	110 500	65 000	68 900	73 034
Unspent conditional transfers	133 390	41 560	6 999					90 000	60 000	40 000
VAT	19 682	(6 662)	26 882					15 000	15 900	16 854
<b>Total Trade and other payables</b>	<b>233 989</b>	<b>140 337</b>	<b>198 681</b>	<b>110 500</b>	<b>110 500</b>	<b>110 500</b>	<b>110 500</b>	<b>170 000</b>	<b>144 800</b>	<b>130 888</b>
<b>Non current liabilities - Borrowing</b>										
Borrowing	7 846	4 941	-							
Finance leases (including PPP asset element)	1 692	105	-							
<b>Total Non current liabilities - Borrowing</b>	<b>9 538</b>	<b>5 046</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Provisions - non-current</b>										
Retirement benefits	3 693	10 266	12 494	12 925	12 925	12 925	12 925	13 830	14 798	15 834
List other major provision items										
Refuse landfill site rehabilitation										
Other										
<b>CHANGES IN NET ASSETS</b>										
<b>Accumulated Surplus/(Deficit)</b>										
Accumulated Surplus/(Deficit) - opening balance	717 263	1 232 702	1 580 204	2 108 419	2 284 219	2 284 219	2 284 219	2 277 608	2 540 739	2 804 994
GRAP adjustments			26 382							
Restated balance	717 263	1 232 702	1 606 586	2 108 419	2 284 219	2 284 219	2 284 219	2 277 608	2 540 739	2 804 994
Surplus/(Deficit)	38 728	347 279	214 261	175 800	183 700	183 700	183 700	292 908	397 943	449 426
Depreciation offsets										
Other adjustments	(7 436)		(4 436)	51 555	(190 311)	(190 311)	(190 311)	67 665	(94 545)	(132 110)
<b>Accumulated Surplus/(Deficit)</b>	<b>748 555</b>	<b>1 579 981</b>	<b>1 816 411</b>	<b>2 335 774</b>	<b>2 277 608</b>	<b>2 277 608</b>	<b>2 277 608</b>	<b>2 558 181</b>	<b>2 741 718</b>	<b>2 924 403</b>
<b>Reserves</b>										
Other reserves		223								
Revaluation										
<b>Total Reserves</b>	<b>-</b>	<b>223</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>748 555</b>	<b>1 580 204</b>	<b>1 816 411</b>	<b>2 335 774</b>	<b>2 277 608</b>	<b>2 277 608</b>	<b>2 277 608</b>	<b>2 558 181</b>	<b>2 741 718</b>	<b>2 924 403</b>

## 2.11 MUNICIPAL MANAGERS' QUALITY CERTIFICATE

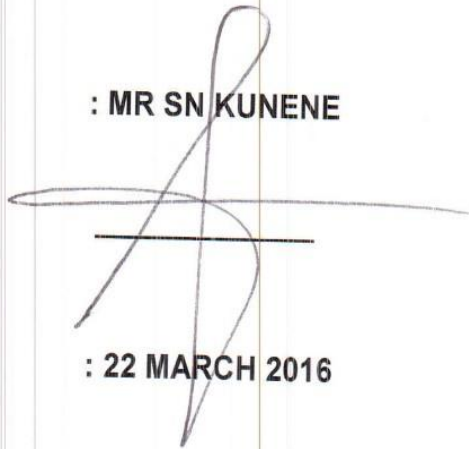


I **Sifiso Nicholas Kunene** Municipal Manager of UThukela District Municipality, hereby certify that the draft annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under this Act.

Print Name

: MR SN KUNENE

Signature



Date

: 22 MARCH 2016



