

ANNUAL BUDGET OF
CITY OF
uMHLATHUZE

2015/16 TO 2017/18
MEDIUM TERM REVENUE AND EXPENDITURE
FORECASTS



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Abbreviations and Acronyms

| | | | |
|-------|---|-------|---|
| CFO | Chief Financial Officer | km | kilometre |
| CPI | Consumer Price Index | KPA | Key Performance Area |
| CRR | Capital Replacement Reserve | KPI | Key Performance Indicator |
| DoRA | Division of Revenue Act | kWh | kilowatt |
| DWA | Department of Water Affairs | ℓ | litre |
| EEDG | Energy Efficiency Demand Side Management Grant | LED | Local Economic Development |
| EPWP | Expanded public works programme integrated grant | MBRR | Municipal Budget Reporting Regulations |
| FBS | Free basic services | MFMA | Municipal Financial Management Act Programme |
| FMG | Financial Management Grant | MIG | Municipal Infrastructure Grant |
| GAMAP | Generally Accepted Municipal Accounting Practice | MPRA | Municipal Properties Rates Act |
| GFS | Government Financial Statistics | MSA | Municipal Systems Act |
| GRAP | General Recognised Accounting Practice | MTREF | Medium-term Revenue and Expenditure Framework |
| IDP | Integrated Development Strategy | NERSA | National Electricity Regulator South Africa |
| INEP | Integrated National Electrification Programme Grant | PMS | Performance Management System |
| ISDG | Infrastructure Skills Development Grant | PPE | Property Plant and Equipment |
| IT | Information Technology | RSC | Regional Services Council |
| kl | kilolitre | SALGA | South African Local Government Association |
| | | SDBIP | Service Delivery Budget Implementation Plan |
| | | SMME | Small Micro and Medium Enterprises |

Part 1 – Annual Budget

1.1 Mayor's Report

The Mayor's report will be presented at the Executive Committee Meeting.

1.2 Council Resolutions

On 31 March 2015, the Council of the City of uMhlathuze will meet in the Council Chambers to adopt the annual budget of the municipality for the financial year 2015/16. The Council approved and adopted the following resolutions:

1. the Tabled Multi-year Medium Term Revenue and Expenditure Framework (MTREF) of the municipality for the Financial Year 2015/16 and indicative for the projected outer years 2016/17 and 2017/18 be approved as set out in the Budget Report (**DMS 1026536**) and in the Budget tables A1 - A10 (**Annexure B1 - B13**) (**DMS 1015126**);
2. the 2012-2017 Integrated Development Plan (IDP) (Final) (**DMS 820202**) be incorporated into the Tabled 2015/16 Multi-year Medium Term Revenue and Expenditure Framework (MTREF);
3. the Tabled 2015/16 Medium Term Revenue and Expenditure Framework aligned with the IDP's Developmental Objectives and Goals for the City of uMhlathuze be approved as follows:

| Description R thousands | Current Year 2014/15 | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|--|-------------------------|--|---------------------------|---------------------------|
| | Adjusted Budget | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Total Operating Revenue | 2 288 540 | 2 519 526 | 2 699 952 | 2 913 728 |
| Total Operating Expenditure | 2 327 940 | 2 514 588 | 2 694 084 | 2 908 004 |
| Surplus/ (Deficit) for the year | (39 399) | 4 938 | 5 868 | 5 724 |
| Total Capital Expenditure | 498 307 | 315 878 | 290 531 | 300 384 |

4. in terms of Section 2(3) of the Local Government: Municipal Property Rates Act the following property rates for the 2015/16 financial year be approved:

| Category | Proposed tariff (from 1 July 2015) | Ratio to Residential Tariff |
|---|--|-----------------------------------|
| | c | |
| Residential properties | 0,0078 | 1:1 |
| Business / Commercial | 0,0164 | 1:2,1 |
| Industrial | 0,0171 | 1:2,2 |
| Agricultural Properties | 0,0019 | 1:0,25 |
| Public Service Purposes (State Owned) | 0,0090 | 1:1,1 |
| Public Service Infrastructure | 0,0019 | 1:0,25 |
| Public benefit organisation properties | 0,0019 | 1:0,25 |
| Mining Properties | 0,0179 | 1:2,3 |
| Vacant Land | 0,0117 | 1:1,5 |

5. on application by the relevant rate payers the following rebates be applied subject to the provisions contained in the Rates Policy:
 - Agricultural properties - 5%
 - Non Profit Organisations - 20%
6. The following in terms of the 2015/16 Property Rates Policy be approved-
 - a) Vacant Land to become a Category – New tariff ratio 1:1.5;
 - b) Business and Industrial properties are now split and a new tariff ratio can be applied to Industrial properties - 1:2.2;
 - c) Mining is also a new Category with a tariff ratio of 1:2.3;
7. the Rates Policy as contained in **Annexure D1 (DMS 1018461)** be approved;
8. in addition to the reductions in recommendation (5) above and subject to the criteria set out in the Property Rates Policy a Sporting Body will be rated on the value of the improvements excluding change rooms and store rooms necessary for the sport;
9. in addition to the statutory R15 000 reduction in the valuation on residential properties a further reduction of R95 000 of the valuation on all developed residential properties valued at R 400 000 and below be made;
10. in addition to the reductions in recommendation (7) above and subject to the criteria set out in the Property Rates Policy an additional R150 000 reduction in the value of the primary residential property belonging to a pensioner or a social grantee be made;
11. in accordance with the implementation of the universal approach of the indigent policy improved residential property valued at R110 000 or less will be exempted from refuse and sewer charges. The following sliding scale will be applied for charges on improved residential properties higher than R110 000 on the following basis:
 - a) Properties valued between R110 001 and R170 000 will receive a rebate of 25% in respect of the sewer and refuse charges.
 - b) Properties valued at R170 001 and higher will pay the normal tariff.

12. the amendment of the Tariff of Charges as per **Annexure C (DMS 1022498)** be approved;
13. the Tariff policy as per **Annexure D2 (DMS 1023837)**;
14. the prepaid electricity tariffs for excess purchases over the individual consumer's average monthly electricity prepaid purchases for the 2015/16 financial year be increased by 15%;
15. any work function or tariff not accommodated in the Tariff of Charges be dealt with as cost plus 20%;
16. the property rates and tariff adjustments as set out above be dealt in terms of Section 14 of the Local Government: Property Rates Act and Section 24 of the Municipal Finance Management Act 2003;
17. the contribution of 10,5% from Electricity Trading Service to Rates and General Service be calculated on total electricity operating expenditure and will be appropriated at the end of the financial year. It be noted that electricity tariffs on average include a Local Government Levy of 10,5%, revenue of which is used to finance the Rates and General services (all municipal services other than trading services);
18. the profit on sale of all erven be allocated 100% to the Rates and General Capital Replacement Reserve account as applicable from 1 July 2013;
19. in terms of various policies the following increases in allowances are submitted to Council for approval:

| | Approved 2014/15 Tariffs | Proposed Tariffs - 2015/16 |
|--|--------------------------------|----------------------------------|
| | R | R |
| Standby - Travel allowance | 85 | 91 |
| Standby - Subsistence allowance | 55 | 59 |
| Subsistence allowances | | |
| • Daily allowance | 120 | 128 |
| • Overnight allowance | 160 | 171 |
| • Own accommodation | 220 | 235 |
| Accommodation | | |
| • All employees | 1 000 | 1 070 |
| • All councillors and Section 56 employees | 1 675 | 1 792 |
| • Municipal Manager, Mayor/ Deputy Mayor, Speaker and Municipal Chief Whip | 2 795 | 2 991 |
| Ward committee members | 1 070 | 1 145 |

20. in terms of various unspent conditional grants received from the National Fiscus Council hereby requests that the Municipal Manager via letters to the respective transferring officers apply for a roll-over of funds received in 2014/15 financial year to the next financial year, namely the 2015/16 financial year;
21. only upon the point where there is reasonable spending of most of the 2014/15 roll-overs and the cash flow indicators indicate accordingly, should the Chief Financial Officer proceed with the 2015/16 capital loan application;
22. the following meetings are proposed prepared by the Community Facilitation section for the 2015/16 budget public participation meetings:

| CLUSTER | WARDS | VENUE | PROPOSED DATES | TIME |
|---------|--------------------|---------------------------------|------------------------------|-------|
| 12 | All Stakeholders | Stakeholders | 08 April 2015 (Wednesday) | 10:00 |
| | Amakhosi | R/Bay Civic Centre (Auditorium) | 09 April 2015 (Thursday) | 10:00 |
| 1 | Ward Committees | R/Bay Civic Centre (Auditorium) | 10 April 2015 (Friday) | 17:00 |
| 10 & 11 | 24, 25, 27, 28, 29 | Ngwelezane Community Hall | 12 April 2015 (Sunday) | 14:00 |
| 6 | 9, 23, portion 24 | Dumisane Makhaye Village | 15 April 2015 (Wednesday) | 17:00 |
| 5 | 1, 2, 3, 4, 26 | Mzingazi Community Hall | 16 April 2015 (Thursday) | 17:00 |
| 7 | 12, 13, 14 | Gobandlovu Community Hall | 18 April 2015 (Saturday) | 14:00 |
| 4 | 10, 11, 30 | Vulindlela Community Hall | 19 April 2015 (Sunday) | 14:00 |
| 8 | 15, 16, 17, 21, 22 | eSikhaleni College | 25 April 2015 (Saturday) | 14:00 |
| 9 | 18, 19, 20 | Port Dunford Community Hall | 26 April 2015 (Sunday) | 14:00 |
| 2 & 3 | 5, 6, 7 & 8 | KwaBhejane Community Hall | 03 May 2015 (Sunday) | 14:00 |

1.3 Executive Summary

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

The City's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship.

In the process of compiling the Tabled 2015/16 MTREF the submissions received from the Departments could be broken down into the following categories:

| Scenario | Capital (Own funding) | | Operating | |
|----------|-----------------------|---------|--|-------------------|
| | Request | Target | (Deficit)/Surplus | Target |
| First | R 462m | R 312 m | (R 952 m) (before tariff increases) | R 10 m |
| Second | R 312m | R 312 m | (R 173m) | R 10 m |
| Third | R 312m | R 312 m | (R 53 m) | R 10 m |
| Fourth | R 312m | R 312 m | 2015/16 = R 3,5 m | 2015/16 = R 3,5 m |
| | | | 2016/17 = R 87 m | 2016/17 = R 10 m |
| | | | 2017/18 = R 54 m | 2017/18 = R 10 m |
| Fifth | R 312m | R 312 m | 2015/16 = R 4,9 m | 2015/16 = R 10 m |
| | | | 2016/17 = R 5,8 m | 2016/17 = R 10 m |
| | | | 2017/18 = R 5,7 m | 2017/18 = R 10 m |

A critical review was also undertaken of expenditures on noncore and non-priority spending items in line with NT's Cost containment measures outlined in NT's MFMA circular number 74. Emphasis was placed on providing of funds for the repairs and maintenance cost centres.

National Treasury's MFMA Circular No. 74 and 75 were used to guide the compilation of the 2014/15 MTREF.

The main challenges experienced during the compilation of the 2015/16 MTREF can be summarised as follows:

- The ongoing difficulties in curbing an endless list of "wants" but without a corresponding revenue resource or corresponding growth in existing revenue stream to meet such "wants";
- The need to reprioritise projects and expenditure within the existing resource envelope;
- The dire need for credible business plans and budget working papers from the service delivery Departments;
- Affordability of capital projects – original allocations had to be reduced as well as the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2015/16 MTREF process;
- The dire need for an efficient and effective business ethic to be applied to all the municipalities business processes regardless of whether the intended outcome of such process is of a social, economic or profit making nature; and
- Insufficient capital investment for all major infrastructure improvements.

The following budget principles and guidelines directly informed the compilation of the 2015/16 MTREF:

- The 2014/15 Adjustments Budget priorities and targets, as well as the base line allocations contained in the Budget Memorandum sent out in September 2014;
- The allocation of own funding for capital (CRR and loans) to the various service departments is based on the revised IDP priority rating model;
- The IDP priority rating model was revised by Senior Management at a Strategic meeting held on 2nd and 3rd March 2015. The revised Service Category weightings were utilised to compile the revised IDP priority rating model;
- Tariff and property rate increases should be affordable although it needs to be noted that the rates and general services (all municipal services funded by rates revenue) is still very dependent on the surpluses generated by the electricity revenue. This risk is mitigated by attempting to keep electricity tariffs as low as possible but simultaneously increasing Rates by above inflationary figures, so as to at least have an affordable basket of services tariffs for the consumers but at the same time right sizing the rates base;
- In relation to the above risk, extra effort has been placed on curbing the operational expenditures within the Rates and General Services departments;
- It be noted that both Bulk purchases for water and electricity are above the National Treasury inflationary guidelines, increases are beyond Council's control;
- It be noted that the Tabled 2015/16 MTREF includes a provision of R 15m for vacant posts not previously budgeted for; and
- 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.

Following the tabling of the MTREF, National Treasury will review and make comments on the Tabled budget. This assists the Municipality in ensuring quality when preparing the budget in terms of the MFMA. As indicated in the MFMA Budget Circular no. 75, this review is scheduled during April 2015 and early May 2015.

National Treasury will normally, from a quality perspective, assesses the budget against the following three criteria:

- Credibility;
- Relevance; and
- Sustainability.

The 2015/16 MTREF has been compiled with the above in mind to ensure that key observations by National Treasury during their previous reviews of Multi- year Budgets have been taken care of.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2015/16 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2015/16 MTREF

| Description R thousands | Current Year 2014/15 | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|--|-------------------------|--|---------------------------|---------------------------|
| | Adjusted Budget | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Total Operating Revenue | 2 288 540 | 2 519 526 | 2 699 952 | 2 913 728 |
| Total Operating Expenditure | 2 327 940 | 2 514 588 | 2 694 084 | 2 908 004 |
| Surplus/ (Deficit) for the year | (39 399) | 4 938 | 5 868 | 5 724 |
| Total Capital Expenditure | 498 307 | 315 878 | 290 531 | 300 384 |

Total operating revenue has grown by 10 per cent or R231 million for the 2015/16 financial year when compared to the 2014/15 Adjusted Budget. For the two outer years, operational revenue will increase by 7 per cent for both years respectively, equating to a total revenue growth of R394 million over the MTREF when compared to the 2014/15 financial year.

Total operating expenditure for the 2015/16 financial year has been appropriated at R2,5 billion and translates into a budgeted surplus of R4,9 million. When compared to the 2014/15 Adjusted Budget, operational expenditure has grown by 8 per cent in the 2015/16 budget and by 7 and 8 per cent for each of the respective outer years of the MTREF. The operating surplus for the two outer years increases slightly to R5.8 million and then decreases at R 5.7 million.

The tabled capital budget of R315 million for 2015/16 is 58 per cent less when compared to the 2014/15 Adjusted Budget.

Table 2 Proposed Capital Funding

| Vote Description R thousand | Current Year 2014/15 | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|-------------------------|--|---------------------------|---------------------------|
| | Adjusted Budget | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Funded by: | | | | |
| National Government | 189 588 | 159 878 | 117 531 | 127 384 |
| Provincial Government | 34 702 | – | – | – |
| District Municipality | – | – | – | – |
| Other transfers and grants | – | – | – | – |
| Transfers recognised - capital | 224 290 | 159 878 | 117 531 | 127 384 |
| Public contributions & donations | 8 523 | – | – | – |
| Borrowing | 142 572 | 92 000 | 100 000 | 100 000 |
| Internally generated funds | 122 922 | 64 000 | 73 000 | 73 000 |
| Total Capital Funding | 498 307 | 315 878 | 290 531 | 300 384 |

The capital programme decreases to R290,5 million in the 2016/17 financial year and increases to R 300,3 million in 2017/18. A portion of the capital budget will be funded from borrowing over MTREF with anticipated borrowings of R92 million in 2015/16 and R 100 million in 2016/17 of the MTREF. Borrowing will contribute 29, 34 and 33 per cent of capital expenditure in each of the MTREF years. The balance will be funded from internally generated funds. The repayment of capital and interest (debt services costs) has decreased over the past five years and is forecasted to remain constant over the MTREF period.

1.4 Operating Revenue Framework

The City of uMhlathuze requires sustainable revenue streams in order to improve the lives of its citizens. The recession and global crisis which started in the 2008 year created tough economic times which the City has steered through because of the strong revenue management initiatives and policies which are continuously reviewed for improvement. The harsh reality is that we are faced with limitations which are as a result of the high unemployment within the jurisdiction of the City of uMhlathuze. The need to ensure that the revenue generated enables economic development while also eradicating backlogs and poverty is a balancing act which requires the education of the new customer but also ensuring that the expected level of service to the customers who are already being serviced is maintained. The GDP growth has been revised downwards to a 2 per cent growth which is further evidence on the weakened economic outlook for South Africa.

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 element of cross subsidisation can therefore not be ignored as a methodology to ensure that the poorest of the poor have access to services. The universal approach to free basic services have been refined to be in line with the outcomes of The World Economic Forums Global Risk 2014 survey which indicated that apart from unemployment the scarcity of water is playing a global risk issue and therefore water conservation requires to be elevated and reflected within our tariff modelling as a City. The Revenue enhancement strategy initiative for the 2014/5 budget year had critical water tariff changes approved for implementation by Council. The first key change was that the first 6 KL would only be free for those households that consumed 6KL and less per billing cycle. This was a change from the historic norm where all household received the first 6KL for free regardless of any conservation initiatives.

No sooner had this been implemented and the Honorable Premier of the Province of KwaZulu-Natal declared a drought in the province on the 17 December 2014 through an extraordinary Provincial gazette in line with the Disaster Management Act. The drought condition has seen the lake levels drop beyond historic norms and warranted the change in water source for the trading service to the provision of water through bulk water purchases from Mhlathuze Water. This was an emergency reactive measure in order to avoid an interruption of supply to residents as well as to avoid a breach of the abstraction license conditions.

The 2014/15 water tariffs as well as historic tariffs charged by the City of uMhlathuze were based on the water abstraction and purification model which has proven to be unsustainable due to its vulnerability to the seasonality of rain patterns. The bulk water costs to be borne by the City due to changing the water source will therefore have an impact in the water tariffs going forward from 2015/6 onwards.

For the first time the City will be approving a Tariff of Charges (TOC) that is inclusive of tariffs applicable during a drought period which will cater for the restrictions and be punitive in order to ensure compliance from customer during drought period.

The National Government through the Provincial Department of CoGTA will be assisting all District Areas affected by the drought. The City has since the declaration of the drought engaged in numerous community awareness campaigns in print media and at all public engagements.

The City has historically lagged behind in comparison to other secondary city tariffs. Over the past three financial years the pricing risk strategy was introduced with a view to try to catch up on the gap, when the bench marking to other cities is done. This initiative alone would ordinarily yield the required results however it has been apparent that the expenditure requirements on the operational budget were also growing and hence the outcomes of the strategy are short lived. The business processes of the municipality needs to improve in all its administrative and decision making processes.

The first area where efficiencies under the management accounting principles will be analyzed is within the water trading service. The City is fortunate to have benefited from National Treasury's costing pilot exercise and hence can with reasonable certainty be certain of the cost drivers within each functional area. This will go a long way into ensuring that business decisions taken by the City are evaluated at strategic and operational levels.

The City has taken the decision to ensure that it takes proactive steps towards ensuring that a long term solution to the energy crisis presently faced by the Country is found. The City has embarked on a process of identifying potential partners within the various renewable energy sectors who can enter into a partnership with the municipality that will take advantage of the opportunity presented by the crisis. The reality presently faced by the electricity trading services is one which indicates a decline in demand due to lucrative power purchase agreements from Eskom and the unreliability of supply due to load shedding. This therefore indicates that the level of cross subsidization that has been previously relied upon to finance the municipality is facing a threat and can no longer be sustained.

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the City and continued economic development;
- Efficient revenue management, which aims to ensure an above 98 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by calculating the revenue requirement of each service this had to be adjusted to cater for affordable tariffs;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs where economically possible;
- Revenue enhancement, investment and cash management;
- Pricing risk strategy to ensure that rates and general grows to a level that can sustain the municipality;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the City which has been extensively reviewed to ensure that customer are clear on how the municipality will raise revenue

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

Table 3 Summary of revenue classified by main revenue source

| Description | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|--|------------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Revenue By Source | | | | | | | | | |
| Property rates | 204 614 | 238 007 | 279 679 | 314 000 | 326 453 | 326 453 | 360 000 | 393 800 | 429 904 |
| Property rates - penalties & collection charges | – | – | – | – | – | – | – | – | – |
| Service charges - electricity revenue | 966 962 | 1 091 706 | 1 311 519 | 1 385 000 | 1 295 000 | 1 295 000 | 1 390 000 | 1 488 240 | 1 607 299 |
| Service charges - water revenue | 134 008 | 158 637 | 176 552 | 204 600 | 206 500 | 206 500 | 281 565 | 303 931 | 328 079 |
| Service charges - sanitation revenue | 59 702 | 66 946 | 71 241 | 78 000 | 75 450 | 75 450 | 84 000 | 90 720 | 97 978 |
| Service charges - refuse revenue | 46 088 | 52 520 | 58 414 | 62 000 | 60 200 | 60 200 | 67 800 | 73 224 | 79 082 |
| Service charges - other | 18 483 | 18 468 | 23 028 | 12 561 | 12 072 | 12 072 | 13 304 | 14 033 | 14 805 |
| Rental of facilities and equipment | 16 133 | 16 860 | 13 501 | 8 234 | 11 562 | 11 562 | 10 874 | 11 532 | 12 225 |
| Interest earned - external investments | 4 012 | 14 499 | 21 060 | 10 605 | 16 700 | 16 700 | 21 982 | 22 641 | 23 320 |
| Interest earned - outstanding debtors | 1 639 | 1 778 | 52 | 1 542 | 1 544 | 1 544 | 1 558 | 1 641 | 1 728 |
| Fines | 3 005 | 10 550 | 59 986 | 8 877 | 10 377 | 10 377 | 11 231 | 11 849 | 12 501 |
| Licences and permits | 1 831 | 1 933 | 1 744 | 1 728 | 1 754 | 1 754 | 1 765 | 1 861 | 1 964 |
| Agency services | 5 922 | 6 093 | 6 630 | 6 350 | 6 600 | 6 600 | 7 000 | 7 385 | 7 791 |
| Transfers recognised - operational | 183 050 | 202 114 | 232 086 | 260 509 | 246 226 | 246 226 | 249 431 | 259 006 | 275 826 |
| Other revenue | 13 129 | 108 315 | 44 425 | 16 553 | 18 102 | 18 102 | 19 016 | 20 089 | 21 227 |
| Gains on disposal of PPE | 5 857 | 569 | 7 530 | – | – | – | – | – | – |
| Total Revenue (excluding capital transfers and contributions) | 1 664 435 | 1 988 995 | 2 307 447 | 2 370 559 | 2 288 540 | 2 288 540 | 2 519 526 | 2 699 952 | 2 913 728 |

Table 4 Percentage growth in revenue by main revenue source

| Description | Current Year 2014/15 | | 2015/16 Medium Term Revenue & Expenditure Framework | | | | | |
|--|----------------------|-------------|---|-------------|------------------------|-------------|------------------------|-------------|
| | Adjusted Budget | % | Budget Year 2015/16 | % | Budget Year +1 2016/17 | % | Budget Year +2 2017/18 | % |
| Revenue By Source | | | | | | | | |
| Property rates | 326 453 | 14.3% | 360 000 | 14.3% | 393 800 | 14.6% | 429 904 | 14.8% |
| Service charges - electricity revenue | 1 295 000 | 56.6% | 1 390 000 | 55.2% | 1 488 240 | 55.1% | 1 607 299 | 55.2% |
| Service charges - water revenue | 206 500 | 9.0% | 281 565 | 11.2% | 303 931 | 11.3% | 328 079 | 11.3% |
| Service charges - sanitation revenue | 75 450 | 3.3% | 84 000 | 3.3% | 90 720 | 3.4% | 97 978 | 3.4% |
| Service charges - refuse revenue | 60 200 | 2.6% | 67 800 | 2.7% | 73 224 | 2.7% | 79 082 | 2.7% |
| Service charges - other | 12 072 | 0.5% | 13 304 | 0.5% | 14 033 | 0.5% | 14 805 | 0.5% |
| Rental of facilities and equipment | 11 562 | 0.5% | 10 874 | 0.4% | 11 532 | 0.4% | 12 225 | 0.4% |
| Interest earned - external investments | 16 700 | 0.7% | 21 982 | 0.9% | 22 641 | 0.8% | 23 320 | 0.8% |
| Interest earned - outstanding debtors | 1 544 | 0.1% | 1 558 | 0.1% | 1 641 | 0.1% | 1 728 | 0.1% |
| Fines | 10 377 | 0.5% | 11 231 | 0.4% | 11 849 | 0.4% | 12 501 | 0.4% |
| Licences and permits | 1 754 | 0.1% | 1 765 | 0.1% | 1 861 | 0.1% | 1 964 | 0.1% |
| Agency services | 6 600 | 0.3% | 7 000 | 0.3% | 7 385 | 0.3% | 7 791 | 0.3% |
| Transfers recognised - operational | 246 226 | 10.8% | 249 431 | 9.9% | 259 006 | 9.6% | 275 826 | 9.5% |
| Other revenue | 18 102 | 0.8% | 19 016 | 0.8% | 20 089 | 0.7% | 21 227 | 0.7% |
| Total Revenue (excluding capital transfers and contributions) | 2 288 540 | 100% | 2 519 526 | 100% | 2 699 952 | 100% | 2 913 728 | 100% |
| Total revenue from rates and service charges | 1 975 675 | 86.3% | 2 196 669 | 87.2% | 2 363 949 | 87.6% | 2 557 147 | 87.8% |

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 rates and services charges forms a significant percentage of the revenue basket for the City. The municipality will continue to significantly generate its own revenue and will only depend on the operational transfers to the equivalent of 9.9 per cent. This is due the Rates and Service Charges being above 85 per cent of the total expected revenue. There is still room for improvement in the area of property rates however the municipality has in

the 2015/6 budget year catered for the concept of multi purposes rating. The municipality is still prejudiced by the Traditional Authorities not yet forming part of the MPRA while geographically representing 47 per cent of the municipal jurisdiction. The revenue management team has taken to unconventional methods of creating a GIS grid overlay within the traditional area in order to ensure ease during credit control technical actions. This is envisaged to also assist with the present problem of postal address as SMS's have been relied on by the municipality as a means to send account balances in the traditional areas. The National government is encouraged at all stakeholder forums to ensure that all draft legislation which would see the present limitations to the growth of the rates base for the municipality are removed. This is imperative because of the increase in pressure to deliver services to previously un-serviced areas primarily with the introduction of the **Back to Basics** program which seeks to ensure that the rights of citizens as contained in the Constitution of the Republic of South Africa are provided by all Municipalities in line with constitutional mandate of section 152. Property Rates have on average increased by R 33 547 million and are now 14.29 per cent of the total revenue and is the second highest contributor to the municipal revenue.

The Service charges-electricity contribution to revenue increased by R 95 million from the 2014/15 expected budget full year forecast. This mainly represents the percentage increases in tariffs and has not assumed any growth rate in the customers' users for the City. The increases applied in the electricity tariffs are on average 14 per cent. The municipality is still **very** dependent on electricity to cross subsidise Rates and General services. The revenue from Property Rates however has closed the gap and almost equals the gross profit that is made by the electricity trading service. This in essence now places the municipality in a better position towards sustainability as every rand raised in the rates and general environment contributes more than the rand earned in sales of a service mainly because one is an exchange revenue while the other is a non-exchange revenue.

The trading service water will be targeting an additional R 75 million in revenue to augment the additional bulk purchase costs that are anticipated going forward due to the drought and change in water source. The percentage increase seems exorbitant however the rand value revenue from the first domestic scale moved from R 1.63 to R 3.72.

Rates and service charges revenues represent 86,6 per cent of total revenue. The contribution represented 85,8 per cent in the 2014/2015 expected MTREF. This translated to a R 219,7 million rand increase in the 2015/16 MTREF. Revenue from rates and services charges totaled R 2 183 billion moving from R 1 963 billion in the 2014/2015 MTREF. Tariff increases in for rates and service charges have increased mainly affected by the expense for the bulk supply and based on the change in water source water provision. This indicates that affordability has been taken into consideration by the municipality while trying to strike a balance with our strategic agenda of wanting to have cost reflective tariffs but also not burdening the rate payer.

The bulk increase from Eskom has been a double digit increase; this has provided pressure in comparison to previous year where a single digit increase was approved by NERSA. The ageing infrastructure for electricity does now demand the long over-due asset replacement program. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 68 MBRR SA1 (see pages 132 to 136).

An insignificant source of revenue is 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees. The item segment Revenue classification of SCOAs has done away with the "other revenue" as a category and therefore specific detail will be provided going forward due to the financial reform. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related. Yet the tariffs have in practice just been escalated by the inflation index as guided by the circular.

Operating grants and transfers totals R249 million in the 2014/15 financial year and steadily increases to R276 million by 2017/18. Note that the year-on-year growth for operating grant on all the years does not exceed 11 per cent contribution to the budget.

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

Table 5 Operating Transfers and Grant Receipts

| Description | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| R thousand | | | | | | | | | |
| RECEIPTS: | | | | | | | | | |
| Operating Transfers and Grants | | | | | | | | | |
| National Government: | 171 244 | 183 679 | 209 798 | 233 951 | 226 367 | 226 367 | 249 431 | 259 006 | 275 826 |
| Local Government Equitable Share | 161 782 | 179 139 | 190 384 | 204 800 | 204 800 | 204 800 | 229 925 | 245 576 | 261 960 |
| Finance Management | 1 450 | 904 | 1 176 | 1 600 | 1 537 | 1 537 | 1 600 | 1 625 | 1 700 |
| Municipal Systems Improvement | 662 | 11 | 890 | 930 | 930 | 930 | 930 | 957 | 1 033 |
| Department of Water Affairs | 5 427 | (1 500) | 7 210 | 14 000 | – | – | – | – | – |
| Project Management Unit | 1 923 | 2 125 | 2 138 | 2 725 | 4 542 | 4 542 | 4 658 | 4 848 | 5 133 |
| Infrastructure Skills Development Grant | – | 3 000 | 7 000 | 8 000 | 8 000 | 8 000 | 7 500 | 6 000 | 6 000 |
| Municipal Demarcation Transitional Grant | – | – | – | – | – | – | 1 857 | – | – |
| Extended Public Works Programme | – | – | 1 000 | 1 896 | 1 896 | 1 896 | 2 961 | – | – |
| Municipal Infrastructure Grant (Roll-Over) | – | – | – | – | 4 663 | 4 663 | – | – | – |
| Provincial Government: | 8 176 | 15 197 | 24 576 | 21 701 | 19 859 | 19 859 | – | – | – |
| Museums | 125 | 134 | 284 | 299 | 299 | 299 | – | – | – |
| Provincialisation of Libraries | 2 651 | 2 784 | 5 846 | 6 080 | 6 080 | 6 080 | – | – | – |
| Libraries | 595 | 620 | 720 | 756 | 756 | 756 | – | – | – |
| Housing | – | 2 817 | 7 953 | 7 276 | 7 276 | 7 276 | – | – | – |
| Primary Health | 4 804 | 4 842 | 9 645 | 7 290 | 5 448 | 5 448 | – | – | – |
| Corridor Development | – | 4 000 | – | – | – | – | – | – | – |
| Enhanced Extended Discount Benefit Scheme | – | – | 128 | – | – | – | – | – | – |
| District Municipality: | 4 348 | 4 603 | 4 911 | 4 856 | – | – | – | – | – |
| Environmental Health Subsidy | 4 343 | 4 603 | 4 856 | 4 856 | – | – | – | – | – |
| SMME Fair | 5 | – | – | – | – | – | – | – | – |
| Beach Festival | – | – | 55 | – | – | – | – | – | – |
| Other grant providers: | 1 430 | 105 | 657 | – | – | – | – | – | – |
| Total Operating Transfers and Grants | 185 197 | 203 584 | 239 943 | 260 509 | 246 226 | 246 226 | 249 431 | 259 006 | 275 826 |

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 City.

The City has strived to ensure that affordability takes preference over the just achieving the desired income from a tariff increases which would be counterproductive. The level of debt collection for the municipality has remained relatively consistent throughout the years and continuous improvement in this area is continuously sort. The “traditional area customer base” is increasing and now represents 16 087 of the 50 000 meters which council has. This is the present area where customer education will be focused on.

The percentage increases of both Eskom and Mhlathuze Water bulk tariffs are far beyond the mentioned inflation target of 6 per cent respectively. This issue has been compounded by the fact that bulk water purchase volumes have increased due to the drought period. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's input costs and on municipal tariffs is largely outside the control of the City and the recovery of these increases from the municipal customer base is unavoidable. Lessing the impact of these price increases in lower scales of the municipal tariffs will affect the City's future financial position and viability. The extension of services for social reasons does not come with the necessary

financial support required and the element of cross subsidisation therefore becomes more paramount in the MTREF.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the City 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.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. The municipality has a rates base which is lower what it desires as Rates and general is making a loss of R 170 million (Target – to at least break even the Rates and General Services). Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process yet rate payers cannot be expected to pay double what their contribution is and hence why the progressive double digit increases are planned going forward. The municipality will be investigating having urban improvement precincts in the 2017/18 MTREF with a view to increase the rates base. This will affect the Spatial Planning of the municipality and requires extensive public participation.

The municipality has adhered to the regulations which came into effect on 1 July 2009 and prescribing the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The change in the MPRA of phasing out the public service infrastructure category from paying rates will not have a major effect on the municipal revenues. The effect of this will be as following:

| Period | Income | Amount - phasing in | Foregone |
|-----------------|-------------------|---------------------|-------------------|
| 1st Year - 75% | 89 663.68 | 67 247.76 | 22 415.92 |
| 2nd Year - 50% | 98 630.04 | 49 315.02 | 49 315.02 |
| 3rd Year - 25% | 108 493.04 | 27 123.26 | 81 369.78 |
| Total | 296 786.76 | 143 686.04 | 153 100.72 |
| 4th Year | | | 119 342.34 |

*assumed average 10 % increase in rates annual increases

The rates policy review has brought in the changes as per the MPRA amended. The key changes in the policy and Act is that specific categories are now prescribed or are allowable for implementation. The City of uMhlathuze has allowed for the multi-purpose ratings for properties which will ensure a more equitable implementation of the MPRA because different tariffs can be applied in relation to the extent of the property and apportioned usage.

The business category of properties has been further split into business and industrial. Specific focus and policy provision has been made to ensure that vacant land is discouraged with a view to encourage land owners to develop.

Rates Policy

State the following:

“5. Annual review of rates policy.—

(1) *A municipal council must annually review, and if necessary, amend its rates policy. Any amendments to a rates policy must accompany the municipality’s annual budget when it is tabled in the council in terms of section 16 (2) of the Municipal Finance Management Act.*

(2) *Section 3 (3) to (6), read with the necessary changes as the context may require, apply to any amendment of a rates policy. Community participation in amendments to a rates policy must be effected through the municipality’s annual budget process in terms of sections 22 and 23 of the Municipal Finance Management Act.”*

The following changes are proposed for the 2015/16 financial year.

- ❖ Vacant Land to become a Category – New tariff ratio 1:1.5
- ❖ Business and Industrial properties are now split and a new tariff ratio can be applied to Industrial properties - 1:2.2
- ❖ Mining is also a new Category with a tariff ratio of 1:2.3

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2015/16 financial year based on a 8 per cent increase from 1 July 2015 is contained below:

Table 6 Comparison of proposed rates to levied for the 2015/16 financial year

| Category | Current Tariff (1 July 2014) | Proposed tariff (from 1 July 2015) | Ratio to Residential Tariff |
|--|---------------------------------|---------------------------------------|-----------------------------------|
| | c | c | |
| Residential properties | 0,00721 | 0,0078 | 1:1 |
| Business / Commercial | 0,01515 | 0,0164 | 1:2,1 |
| Industrial | 0,01515 | 0.0171 | 1:2,2 |
| Agricultural Properties | 0,00180 | 0.0019 | 1:0,25 |
| Public Service Purposes (State Owned) | 0,00721 | 0.0090 | 1:1,1 |
| Public Service Infrastructure | 0,00180 | 0.0019 | 1:0,25 |
| Public benefit organisation properties | 0,00180 | 0.0019 | 1:0,25 |
| Mining Properties | 0,01515 | 0.0179 | 1:2,3 |
| Vacant Land | 0,00721 | 0.0117 | 1:1,5 |

1.4.2 Sale of Water and Impact of Tariff Increases

The change in water source by the City as a result of the drought has caused as significant change to the water trading service input costs. This has had an upward or steep increase to the tariffs to be charged by the City in the 2015/16 MTREF. The contribution of Equitable Share to the water service is R 80 million and slight increase from R 71, 4 million in the 2014/15 MTREF. The grant funding provided to the trading service is 35 percent of the Equitable Share. The budget steering committee members were sensitive to the fact that the City’s water tariffs were

lagging in comparison to other cities and this practice was considered to be unsustainable due to the present water infrastructure break downs being experienced by the City.

The water losses on the trading service have not reached the desired target of between 15 to 30 per cent and hence revenue protection was identified as the first and prerequisite step to turning the trading service around. The present losses are 38 per cent and are therefore 8 per cent above the norm. The observation of the KL sold is also diminishing and hence the strategic (15% - 30%) solution towards the establishment of a unit within the water services section with a focus of water meter audit in order to root out illegal connection will be part of the future plans for the trading service. JOAT have been appointed as the service providers to assist in the leak detection project and to date already 400 leaks have been discovered and repaired by the City consultants.

In line with the initiative to ensure that residents pay for water the revenue enhancement strategy the following has been achieved:

- The quantity of residents receiving 6KL reduced to 7364
- Water revenue of R3 823 977 was raised due to the change and hence now customers are adequately orientated towards the culture of not having the first 6KL for free unless they are indigent or they can conserve water.

The consumption of the traditional areas are customers can be estimated to be 24 per cent based on the City's statistics. The 2014/15 actual consumer behaviour have been analysed and it is worth mentioning that the trends which were envisaged by Council have materialized. The drought has been the curve ball that was not anticipated and going forward adequate consideration is being put into the policy provision to ensure that Council has taken the most proactive approach to water demand planning.

The tariffs for the 2015/16 MTREF are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion. It needs to be understood that although the water cost centre is cost reflective the corresponding tariffs for water are subsidised by firstly **“equitable share”** and secondly the **“upper tiers of the inclining block tariffs” although the level of cross subsidisation has decreased in relation to previous years.**

The current inclining block tariffs of the City presently are:

- structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent) as they do provide the 6 kℓ for free to consumers who consume less than 6 kℓ and
- Water tariffs are designed to encourage efficient and sustainable consumption.

The possibility of a desalination plant as a coastal City and water re-use projects have taken priority with the City Engineers. The Department of Water Affairs has assisted in funding maintenance programmes which are envisaged to ensure that water interruptions are kept at a minimum for the ageing infrastructure in the previous R 293 Towns.

The change in water source distorts the water tariff percentage increases proposed by the City as the conditions of tariff last year are different to the water source envisaged for the 2015/16 MTREF.

What has been an observation of the revenue management team is that residents would gladly purchase a 350 ml can of cool drink or bottled water and pay R 9.50 with no complaints. However the same consumer when given KL of water would be hesitant to pay R 5 for a significantly larger volume of water and it is this perception that we must win over from customers.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 7 Proposed Water Tariffs

| CATEGORY | CURRENT TARIFFS 2014/15 | PROPOSED TARIFFS 2015/16 |
|-----------------------------------|-------------------------------|--------------------------------|
| | Rand per kℓ | Rand per kℓ |
| RESIDENTIAL | Prices excluding VAT | Prices excluding VAT |
| 0 - 0.2 kℓ per day (0 - 6 kℓ) | 0 | 0 |
| 0 - 0.2 kℓ per day (0 - 6 kℓ) | 1,6313 | 3,7200 |
| 0.2 - 0.5 kℓ per day (7 - 15 kℓ) | 3,2937 | 4,4640 |
| 0.5 - 1.0 kℓ per day (16 - 30 kℓ) | 7,4642 | 10,4499 |
| 1.0 - 2.0 kℓ per day (31 - 60 kℓ) | 9,8912 | 13,8477 |
| 2 and above kℓ per day (60+ kℓ) | 12,9012 | 18,0617 |
| NON-RESIDENTIAL | | |
| 0,0 - 0,5 kℓ per day | 5,8468 | 8,1855 |
| 0,5 - 1,0 kℓ per day | 8,5260 | 11,9364 |
| 1,0 - 2,0 kℓ per day | 10,0692 | 14,0969 |
| above 2,0 kℓ per day | 9,9461 | 13,9245 |

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

Table 8 Comparison between current water charges and increases (Domestic)

| Monthly consumption kℓ | Current amount payable R | Proposed amount payable R | Difference (Increase) R | Percentage change |
|------------------------------|--------------------------------|------------------------------------|-------------------------------|----------------------|
| 20 | 149,28 | 209,00 | 59,71 | 40% |
| 30 | 223,93 | 313,50 | 89,57 | 40% |
| 40 | 395,65 | 553,91 | 158,26 | 40% |
| 50 | 494,56 | 692,39 | 197,83 | 40% |
| 80 | 1 032,10 | 1444,94 | 412,84 | 40% |
| 100 | 1 290,12 | 1806,17 | 516,05 | 40% |

The change in prices will mean that credit control technical actions will be stricter and more stringent with the City particularly to customers who are not proactive in communicating their challenges with the City.

1.4.3 Sale of Electricity and Impact of Tariff Increases

The electricity tariff increases which the City has applied to NERSA for are between 7 and 17 per cent and are to be effective from the 1st of July 2015.

Registered indigents will again be granted 50 kWh per month.

The following table shows the impact of the proposed increases in electricity tariffs on the water charges for domestic customers:

Table 9 Comparison between current electricity charges and increases (Domestic)

| Monthly Consumption kWh | Current amount payable R | Proposed amount payable R | Difference (Increase) R | Percentage change |
|-------------------------|--------------------------|---------------------------|-------------------------|-------------------|
| 100 | 93,49 | 99,98 | 6,49 | 7% |
| 250 | 233,72 | 249,95 | 16,23 | 7% |
| 500 | 599,30 | 699,95 | 100,65 | 17% |
| 750 | 940,12 | 1096,13 | 156,00 | 17% |
| 1 000 | 1 253,50 | 1 461,50 | 208,00 | 17% |
| 2 000 | 2 919,20 | 3320,00 | 400,80 | 14% |

The municipality implements the inclining block tariff and this stepped tariff structure has a higher tariff as customer consumption increases. The aim is to subsidise the lower consumption users (mostly the poor) and to use the benchmark as provided by NERSA. The City has been implementing this inclining block tariff for the past three years and it causes an increase in the volumes of sales to be experienced during the first days of the month when the tariffs are in their first scale for prepaid customers. The municipality has opened third party channels to ensure convenience to those customers who wish to not be inconvenienced by long queues during these peak times.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the City. Most of the suburbs and inner city reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the City's electricity network has therefore become a strategic priority, especially the substations and transmission lines. The National and Provincial Government will be approached to provide funding of R 98 million for the two 132 KVA cables that supplies the South Dunes – Port. The electricity supply to this area is of National and Provincial interest hence the City is optimistic that financial aid will be provided as the GDP contribution of the key customers in this supply area is too huge to risk interruptions to the power.

The approved budget for the Electricity department can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure. The electricity supply to the eSikhaleni area also requires an upgrade as its one of the areas without a backup line. This being said, it has been hard to prioritize this need for upgrade over the Cygnus PowerStation upgrade which has not been done and also places the network at a back foot. The funding required to address the electrification risk as identified by **RPT 153971** the electricity department was estimated at R 559,4 million in 2014/2015 and if escalated by the 5.8 per cent will be R 591.8 million in the 2015/16 MTREF , R 624,3 million R 657,4 in the outer year.

The capital requirement clearly mentioned above cannot be funded through municipal tariffs alone. Funding these necessary upgrades and renewals through increases in the municipal electricity tariff would be unaffordable for the consumers. It is therefore proposed that the taking up of loans as a strategy for funding of the infrastructure be considered and approved to spread the burden over the life span of the assets. As part of the 2015/16 medium-term capital programme, funding has been allocated to electricity infrastructure but these funding levels will require further investigation as part of the next budget cycle in an attempt to source more funding to ensure this risk is mitigated. The capex prioritization model has been reviewed in order to cater for economic impact projects.

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 8 per cent for sanitation from 1 July 2015 is proposed. This is based on the input cost assumptions related to water. The sanitation tariffs are based on the valuation roll scales. The tariff imposed escalates as the property value increases. Properties below the market value of R110 000 are not charged for sewerage discharged. The total revenue expected to be generated from rendering this service amounts to R 75 million for the 2015/16 financial year. The contribution of R 98,8 from the Equitable Share is currently envisaged to subsidize sanitation in the 2015/16 MTREF.

The following table compares the current and proposed tariffs:

Table 10 Comparison between current sanitation charges and increases

| CATEGORY | CURRENT TARIFF 2014/15 | | PROPOSED TARIFF 2015/16 | |
|------------------------------|--|------------------|--|---------------|
| | per cent DISCHARGED | TARIFF PER kℓ | per cent DISCHARGED | TARIFF PER kℓ |
| | | R | | R |
| 19 – 24 kℓ per 30-day period | Assume constant discharge of 20 kℓ per 30-day period | 6,74 | Assume constant discharge of 20 kℓ per 30-day period | 7,28 |

The following table shows the impact of the proposed increases in sanitation tariffs on the sanitation charges for a single dwelling-house:

Table 11 Comparison between current sanitation charges and increases, single dwelling-houses

| Monthly sanitation consumption kℓ | Current amount Payable R | Proposed amount payable R | Difference (8% increase) R |
|---|--------------------------------|---------------------------------|----------------------------------|
| 20 | 134,80 | 145,58 | 10,78 |

Refer to the comprehensive Tariff of Charges contained on **Annexure C (DMS 1022498)** for residential, business and undeveloped sites tariffs.

1.4.5 Waste Removal and Impact of Tariff Increases

Solid waste removal is currently being subsidised by R 45,9 million from the Equitable Share Grant in the 2015/16 MTREF. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The City will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models.

The outcomes of this investigation will be incorporated into the next planning cycle. An 8 per cent increase in the waste removal tariff is proposed from 1 July 2015. The fleet management section

has replaced and added refuse trucks in the 2014/15 year in order to stabilize the reliability of the service to customers. This was seen as integral part of action plan so that the City would have the necessary capacity to try and win back customers who had opted to utilize the services of the private sector.

The enforcement of the City's by laws required the City to have the capacity to deal with taking back its customers from the present illegal competitors.

The following table compares current and proposed amounts payable from 1 July 2015:

Table 12 Comparison between current waste removal fees and increases

| | CURRENT TARIFF 2014/15 | PROPOSED TARIFF 2015/16 |
|--|---------------------------------------|--|
| Tariff per property valuation on a sliding scale per month: | Per month (R) | Per month (R) |
| 0 – 110 000 | 0 | 0 |
| 110 001 – 170 000 | 73,30 | 79,16 |
| 170 001 – 400 000 | 97,73 | 105,55 |
| 400 001 – 600 000 | 98,16 | 106,01 |
| 600 001 – 800 000 | 98,59 | 106,48 |
| 800 001 – 1 000 000 | 99,03 | 106,95 |
| 1 000 001 – 1 500 000 | 99,46 | 107,42 |
| 1 500 000+ | 99,89 | 107,88 |

1.4.6 Overall impact of tariff increases on households

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

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 14 per cent (Middle income range – R 265.30); 12,6 per cent (Affordable Range – R 157,30) and 8 per cent (Indigent – R 28.59).

Middle income household range is defined as:

- property value of R700 000;
- 1 000 kWh electricity; and
- 30kl water.

Affordable household range is defined as:

- property value of R500 000;
- 500 kWh electricity; and
- 25kl water

Indigent household is defined as:

- property value of R 300 000;
- 350kWh electricity; and
- 20kl water (50 kWh electricity and 6 kl water free).

Table 13 MBRR Table SA14 – Household bills

| Description | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|---------------------|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 % incr. | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Rand/cent | | | | | | | | | | |
| Monthly Account for Household - 'Middle Income Range' | | | | | | | | | | |
| Rates and services charges: | | | | | | | | | | |
| Property rates | 339.08 | 384.74 | 367.62 | 411.57 | 411.57 | 411.57 | 8.2% | 445.25 | 480.87 | 519.34 |
| Electricity: Consumption | 885.88 | 1 038.05 | 1 040.24 | 1 119.06 | 1 119.06 | 1 119.06 | 13.9% | 1 274.06 | 1 375.98 | 1 486.06 |
| Water: Basic levy | – | – | – | 14.91 | 14.91 | 14.91 | 17.7% | 17.54 | 18.95 | 20.46 |
| Water: Consumption | 108.09 | 121.89 | 132.60 | 141.61 | 141.61 | 141.61 | 39.1% | 196.92 | 212.68 | 229.69 |
| Sanitation | 102.60 | 116.00 | 124.80 | 134.80 | 134.80 | 134.80 | 8.0% | 145.58 | 157.23 | 169.81 |
| Refuse removal | 69.11 | 78.09 | 91.29 | 98.59 | 98.59 | 98.59 | 8.0% | 106.48 | 115.00 | 124.20 |
| sub-total | 1 504.76 | 1 738.77 | 1 756.55 | 1 920.54 | 1 920.54 | 1 920.54 | 13.8% | 2 185.84 | 2 360.71 | 2 549.57 |
| VAT on Services | 163.20 | 189.56 | 194.56 | 211.25 | 211.25 | 211.25 | | 243.68 | 263.18 | 284.23 |
| Total large household bill: | 1 667.96 | 1 928.33 | 1 951.11 | 2 131.79 | 2 131.79 | 2 131.79 | 14.0% | 2 429.53 | 2 623.89 | 2 833.80 |
| % increase/-decrease | | 15.6% | 1.2% | 9.3% | – | – | 14.0% | 14.0% | 8.0% | 8.0% |
| Monthly Account for Household - 'Affordable Range' | | | | | | | | | | |
| Rates and services charges: | | | | | | | | | | |
| Property rates | 240.08 | 272.41 | 260.28 | 291.40 | 291.40 | 291.40 | 8.2% | 315.25 | 340.47 | 367.71 |
| Electricity: Consumption | 399.98 | 432.06 | 572.66 | 617.66 | 617.66 | 617.66 | 11.6% | 689.46 | 744.62 | 804.19 |
| Water: Basic levy | – | – | – | 14.91 | 14.91 | 14.91 | 17.7% | 17.54 | 18.95 | 20.46 |
| Water: Consumption | 79.84 | 89.89 | 97.72 | 104.29 | 104.29 | 104.29 | 38.7% | 144.68 | 156.25 | 168.75 |
| Sanitation | 102.60 | 116.00 | 124.80 | 134.80 | 134.80 | 134.80 | 8.0% | 145.58 | 157.23 | 169.81 |
| Refuse removal | 69.11 | 78.09 | 90.89 | 98.16 | 98.16 | 98.16 | 8.0% | 106.01 | 114.49 | 123.65 |
| sub-total | 891.61 | 988.45 | 1 146.35 | 1 261.22 | 1 261.22 | 1 261.22 | 12.5% | 1 418.52 | 1 532.00 | 1 654.57 |
| VAT on Services | 91.21 | 100.25 | 124.05 | 135.77 | 135.77 | 135.77 | | 154.46 | 166.81 | 180.16 |
| Total small household bill: | 982.82 | 1 088.70 | 1 270.40 | 1 396.99 | 1 396.99 | 1 396.99 | 12.6% | 1 572.98 | 1 698.82 | 1 834.73 |
| % increase/-decrease | | 10.8% | 16.7% | 10.0% | – | – | 12.6% | 12.6% | 8.0% | 8.0% |
| Monthly Account for Household - 'Indigent' Household receiving free basic services | | | | | | | | | | |
| Rates and services charges: | | | | | | | | | | |
| Property rates | 111.38 | 126.38 | 101.97 | 114.16 | 114.16 | 114.16 | 8.2% | 123.50 | 133.38 | 144.05 |
| Electricity: Consumption | 7.66 | 8.20 | 8.79 | 9.35 | 9.35 | 9.35 | 7.0% | 10.00 | 10.80 | 11.66 |
| Sanitation | 102.60 | 116.00 | 124.80 | 134.80 | 134.80 | 134.80 | 8.0% | 145.58 | 157.23 | 169.81 |
| Refuse removal | 69.11 | 78.09 | 90.49 | 97.73 | 97.73 | 97.73 | 8.0% | 105.55 | 113.99 | 123.11 |
| sub-total | 290.75 | 328.67 | 326.05 | 356.04 | 356.04 | 356.04 | 8.0% | 384.63 | 415.40 | 448.64 |
| VAT on Services | 25.11 | 28.32 | 31.37 | 33.86 | 33.86 | 33.86 | | 36.56 | 39.48 | 42.64 |
| Total small household bill: | 315.86 | 356.99 | 357.42 | 389.90 | 389.90 | 389.90 | 8.0% | 421.19 | 454.89 | 491.28 |
| % increase/-decrease | | 13.0% | 0.1% | 9.1% | – | – | 8.0% | 8.0% | 8.0% | 8.0% |

1.5 Operating Expenditure Framework

The City's expenditure framework for the 2015/16 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan. The weakness here however is that there is no Municipal wide asset repairs and maintenance plan. Repairs and Maintenance is done in silo's hence it lacks in synergistic benefit;
- The Budget makes a marginal surplus (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 is informed by Section 18 and 19 of the MFMA;
- An attempt to align the capital programme to the asset renewal strategy and backlog eradication is made in this budget, however lacks in not been driven by a municipal wide asset refurbishment and replacement 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 2015/16 budget and MTREF (classified per main type of operating expenditure):

Table 14 Summary of operating expenditure by standard classification item

| Description R thousand | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---------------------------------|------------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Expenditure By Type | | | | | | | | | |
| Employee related costs | 395 706 | 437 126 | 480 990 | 583 141 | 561 455 | 561 455 | 615 819 | 670 313 | 726 335 |
| Remuneration of councillors | 15 863 | 17 148 | 21 408 | 23 176 | 23 176 | 23 176 | 24 729 | 26 584 | 28 711 |
| Debt impairment | 3 000 | 3 647 | 67 969 | 3 050 | 3 050 | 3 050 | 3 050 | 3 050 | 3 050 |
| Depreciation & asset impairment | 78 242 | 108 389 | 244 340 | 182 390 | 182 390 | 182 390 | 205 014 | 281 661 | 337 173 |
| Finance charges | 82 481 | 79 985 | 71 145 | 77 614 | 77 614 | 77 614 | 79 806 | 78 062 | 74 619 |
| Bulk purchases | 834 060 | 937 247 | 1 051 626 | 1 096 502 | 1 065 919 | 1 065 919 | 1 134 058 | 1 191 432 | 1 254 842 |
| Other materials | 43 312 | 21 145 | 22 740 | 34 702 | 35 939 | 35 939 | 45 366 | 38 792 | 48 740 |
| Contracted services | 100 102 | 136 837 | 167 825 | 159 669 | 178 565 | 178 565 | 201 840 | 188 827 | 215 663 |
| Transfers and grants | 5 543 | 7 178 | 9 473 | 13 749 | 8 539 | 8 539 | 13 884 | 14 647 | 15 423 |
| Other expenditure | 79 886 | 105 977 | 158 890 | 189 254 | 191 292 | 191 292 | 191 022 | 200 718 | 203 448 |
| Loss on disposal of PPE | – | 470 | – | – | – | – | – | – | – |
| Total Expenditure | 1 638 196 | 1 855 148 | 2 296 407 | 2 363 247 | 2 327 940 | 2 327 940 | 2 514 588 | 2 694 084 | 2 908 004 |

The budgeted allocation for **employee related costs** for the 2015/16 financial year totals R616 million, which equals 24 per cent of the total operating expenditure. The Salary and Wage Collective Agreement for the period 01 July 2012 to 30 June 2015 has come to an end.

In terms of the MFMA Circular no. 75, National Treasury has advised municipalities to budget for a 5.8 per cent cost-of-living increase adjustment to be implemented with effect from 01 July 2015. However, in light of the salary increases being demanded by the unions, Council has budgeted for a 7 per cent for the 2015/16 financial year. An annual increase of 6.5 and 7 per cent has been included in the two outer years of the MTREF.

The challenge with the organizational structure is that it is designed for that of an aspirant metro and hence has many vacancies (R106m worth) which cannot be filled as there is no corresponding increase in the economy i.e. in the tax base. Consequently the associated risk is that there may be many organizational and municipal service delivery activities, which pre-restructuring were performed by one official and with the current vacuum of vacancies some of those functions may now not be performed.

The possible risk in the total Human Resource structure is if one adds both contracted services and employee related costs together, this figure amounts to 32.5 per cent of the operating budget, which although the 33 per cent norm for local government, does indicate a lack of skills within the Administration and a tendency to outsource.

One of the solutions here may appear contradictory on “face value”, but will no doubt have the long term desired effect and that is of Municipal Grading for the administration. The correct grading will result in higher salaries for middle to senior management staff, but in the medium to long term will result in the employment and retention of suitably qualified and experienced personnel.

However, it has become apparent that no progress has been evident on the Municipal Grading and further delays are expected. In light of this development, an amount of R 15 million has been included in employee related costs which will be used to fund previously unfunded posts as determined by Senior Management as critical.

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). Although, the gazette for 2015 remuneration has not yet been released, guidance received from the Department of Co-operative Governance indicates that an increase of 6 per cent would be applicable from 1 July 2014 to 30 June 2015. Therefore, an increase of 7 per cent has been budgeted for the 2015/16 financial year.

The provision of debt impairment was determined based on an annual collection rate of 98 per cent and the Debt Write-off Policy of the City. For the 2015/16 financial year this amount is R3, 050 million. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues. The accounting requirement of not writing bad debt to the provision but rather depicting an actual expense in the year of the write off may cause the City to review the estimates upwards in line with actual consumer trends at period reviews of the debtors. The amounts budgeted for also do not include the subsequent measure of Traffic fines which was a material impairment with the implementation of iGRAP 1.

Provision for depreciation and asset impairment has been informed by the Municipality's Financial Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R205 million for the 2015/16 financial and equates to 8 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. An associated risk however is that an Accounting Standards Board directive, Directive 7, was used to bring on R7 billion rand's worth of assets in the 2010/11 financial year. The risk here is that R70 million worth of depreciation on these assets is not brought into the expenditure as it is treated offset or depreciation on revalued assets. An opinion from the ASB is currently being sought as to how to treat this depreciation more appropriately.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges on the budget make up 3 per cent (R79 million) of operating expenditure excluding annual redemption but including depreciation for 2015/16 and decreases to R78 million. The actual interest and redemption of borrowings which is a true reflection of finance costs, even though not reflected as such in the budget, is R200 million for 2014/15 and R220 million for 2015/16 or 9% of operating expenditure for both years respectively. It is very good to see that the 8% actual interest and redemption of borrowings remains a constant for the outer years. The City has reached its prudential limits for borrowing – hence the planned borrowing to finance the capital budget does not result in finance charges as a percentage of operational expenditure increasing – rather it is kept close to 8 per cent over the MTREF.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Mhlathuze Water Board. The annual price increases have been factored into the budget appropriations. Of the R1 134 million total electricity comprises R998 and water R136 million. The expenditures includes distribution losses.

Other materials comprises the purchase, of materials for maintenance. In line with the City's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the City's infrastructure. An overall 26 % increase was made for materials costs in the Repairs and Maintenance votes for 2015/16. The appropriation against this group of

expenditure has grown, however further effort will be made in the outer years to increase this appropriation over and above the inflationary boundaries. It needs to be noted that this line item excludes Fuel & Oil (R 17.9 million), Consumables (R 1.7m) and Small Tools & Materials (R 0.6m)

Contracted Services has increased by 8 per cent and needs to be looked at critically, but in conjunction with Employee Related Costs. There is a direct relationship between the efficiency and effectiveness of personnel versus that of the private sector, with the common fact between both sectors lying with level of management of resources they have at their disposal. A council resolution has been factored into this report so as to elicit the Administration to put forward proposals on improving the capacity with the Municipality and reduce its dependency on Contracted Services. 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. No growth has been allowed here for the 2015/16 year with a 5 per cent allowed in the 2016/17 year.

Further details relating to contracted services can be seen in Table 68 MBRR SA1 (see pages 132 to 136).

The following figure gives a breakdown of the main expenditure categories for the 2015/16 financial year.

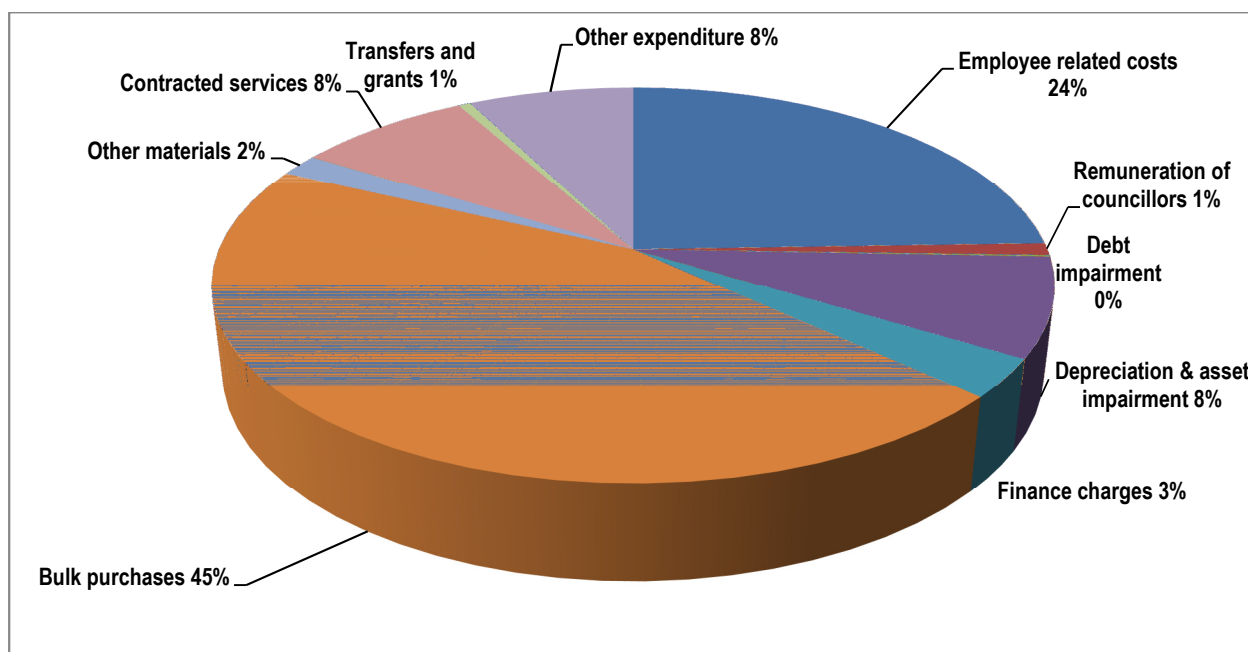


Figure 1 Main operational expenditure categories for the 2015/16 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the City's current infrastructure, the 2015/16 budget and MTREF provide for extensive growth in the area of asset maintenance. The weakness however in this environment is that there is no Municipal wide asset renewal strategy and repairs and maintenance plan of the City. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 15 Operational repairs and maintenance

| Description | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| R thousand | | | | | | | | | |
| Repairs and Maintenance by Expenditure Item | | | | | | | | | |
| Employee related costs | 153 900 | 193 041 | 250 282 | 252 353 | 256 253 | 256 253 | 273 418 | 303 305 | 318 935 |
| Other materials | 43 312 | 21 145 | 22 740 | 34 702 | 35 939 | 35 939 | 45 366 | 38 792 | 48 740 |
| Contracted Services | 19 319 | 44 293 | 52 390 | 57 725 | 67 156 | 67 156 | 88 379 | 75 634 | 97 755 |
| Total Repairs and Maintenance Expenditure | 216 531 | 258 480 | 325 411 | 344 780 | 359 348 | 359 348 | 407 163 | 417 730 | 465 430 |

During the compilation of the 2015/16 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the ageing of the City's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was substantially increased by 13,3 per cent in the 2015/16 financial year, from R 345 million to R 407 million. In relation to the total operating expenditure, **repairs and maintenance** as a percentage of Total operating expenditure comprises the following **16.2; 15.5 and 16 per cent** of the respective financial years MTREF. In addition, repairs and maintenance as a percentage of PPE comprises of **9.1; 9.4 and 10.6 per cent** of the respective financial years MTREF

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

Table 16 Repairs and maintenance per asset class

| Description | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| R thousand | | | | | | | | | |
| Repairs and maintenance expenditure by Asset Class/Sub-class | | | | | | | | | |
| Infrastructure | 145 192 | 177 319 | 227 954 | 240 963 | 252 717 | 252 717 | 294 402 | 303 021 | 334 737 |
| Infrastructure - Road transport | 41 967 | 58 242 | 78 340 | 88 799 | 88 631 | 88 631 | 109 481 | 107 346 | 120 829 |
| Infrastructure - Electricity | 39 211 | 42 715 | 60 448 | 66 048 | 72 514 | 72 514 | 81 991 | 90 799 | 95 573 |
| Infrastructure - Water | 39 004 | 46 869 | 58 269 | 51 156 | 53 859 | 53 859 | 58 562 | 61 014 | 67 490 |
| Infrastructure - Sanitation | 23 588 | 25 976 | 30 896 | 33 744 | 36 502 | 36 502 | 43 060 | 42 685 | 49 326 |
| Infrastructure - Other | 1 421 | 3 517 | - | 1 216 | 1 211 | 1 211 | 1 308 | 1 177 | 1 519 |
| Community | 43 195 | 50 821 | 61 803 | 60 930 | 60 311 | 60 311 | 63 869 | 66 296 | 73 276 |
| Other assets | 28 144 | 30 340 | 35 655 | 42 888 | 46 321 | 46 321 | 48 892 | 48 413 | 57 416 |
| Total Repairs and Maintenance Expenditure | 216 531 | 258 480 | 325 411 | 344 780 | 359 348 | 359 348 | 407 163 | 417 730 | 465 430 |
| R&M as a % of PPE | 5.0% | 6.2% | 7.8% | 8.0% | 8.1% | 8.1% | 9.1% | 9.4% | 10.6% |
| R&M as % Operating Expenditure | 13.2% | 13.9% | 14.2% | 14.6% | 15.4% | 15.4% | 16.2% | 15.5% | 16.0% |

For the 2014/15 financial year, 72 per cent or R294 million of total repairs and maintenance will be spent on infrastructure assets. Road Transport infrastructure has received a significant proportion of this allocation totalling 27 per cent (R109 million), followed by electricity infrastructure at 20 per cent (R82 million), water at 14 per cent (R59 million) and sanitation at 11 per cent (R43 million). Community assets has been allocated R63 million of total repairs and maintenance equating to 16 per cent.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are indigent and poor or face other circumstances that limit their ability to pay for services.

The existing relief measures employed for our indigent and poor, handicapped and pension consumer relief are as follows:

- 50 KWH (units) of electricity free for applicants whose usage of electricity amounts to an average of no more than 1 800 units per annum.
- Free water for consumers that consume 200 Liters and less per day for a month **or** the first 6 000 litres of water per month.
- When a consumer use **more** than the 200 Liters per day for a month then they **pay for all water consumed**
- Free rates if property value is less than R110 000.
- Free refuse charge if property is valued less than R110 000.
- Free sewer charge if property is valued less than R110 000.
- All rural communities have strategically placed refuse skips wherein refuse can be placed free of charge.
- By implication the very nature of property valuation allows rates payable by communities living in less formal area to be minimal.
- Targeted indigent support for very poor and child run households.

Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 32 MBRR A10 (Basic Service Delivery Measurement) on page 67.

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 together with the tiered tariff approach.

It bears noting that the limitation of the Municipal Property Rates Act on Traditional Areas reduces the ability of the Municipality to generate revenue required for the provision of services in general. The Municipality estimates that of the 86 609 households the traditional households can be assumed to be 55 915 when excluding properties in the Valuation Rolls which are 30694.

When we assume to apply the current Property Rates Policy of the municipality on the Traditional Area: 80 per cent of properties can be assumed to be lower than the R 400 000 valuation on a conservative approach revenue limitation of R 24 344 102 can be assumed.

The tiered municipal tariffs also provide for an element of cross subsidisation on the tariffs themselves as per the below table:

Summary

| Source | Free | Subsidy | TOTAL |
|------------|--------------------|--------------------|--------------------|
| Waste | 15 267 187 | 1 316 595 | 16 583 782 |
| Sanitation | 20 301 785 | 6 641 659 | 26 943 445 |
| Rates | 0 | 8 066 066 | 8 066 066 |
| Rates | 0 | 19 859 046 | 19 859 046 |
| Water | 70 373 262 | 90 771 385 | 161 144 647 |
| Elec | 821 506 | 53 101 004 | 53 922 510 |
| | 106 763 741 | 179 755 754 | 286 519 495 |

The municipality is receiving equitable share of R 229 925 million in 2015/216 while the municipal social package is R 286 519 million. The municipality has requested National Treasury to amended Table A10 in the 2014/15 bench marking exercise to ensure that details as per above table can be displayed.

1.6 Capital expenditure

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

Table 17 2015/16 Medium-term capital budget per vote

| Vote Description R thousand | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Capital Expenditure - Standard | | | | | | | | | |
| <i>Governance and administration</i> | 18 909 | 22 235 | 33 076 | 53 162 | 97 523 | 97 523 | 20 428 | 21 501 | 21 417 |
| Executive and council | – | – | 352 | 211 | 167 | 167 | 94 | 116 | 116 |
| Budget and treasury office | 269 | 195 | 132 | 5 464 | – | – | 794 | 958 | 958 |
| Corporate services | 18 640 | 22 040 | 32 591 | 47 487 | 97 355 | 97 355 | 19 540 | 20 427 | 20 343 |
| <i>Community and public safety</i> | 2 216 | 15 937 | 33 791 | 117 319 | 120 897 | 120 897 | 58 528 | 60 489 | 60 515 |
| Community and social services | 593 | 4 470 | 12 847 | 26 938 | 29 728 | 29 728 | 16 470 | 14 005 | 14 013 |
| Sport and recreation | 895 | 2 276 | 9 301 | 32 162 | 32 406 | 32 406 | 27 502 | 29 628 | 29 636 |
| Public safety | 89 | 2 920 | 5 114 | 27 663 | 26 127 | 26 127 | 14 364 | 16 806 | 16 816 |
| Housing | 623 | 6 046 | 5 756 | 22 442 | 24 824 | 24 824 | – | – | – |
| Health | 17 | 225 | 773 | 8 115 | 7 812 | 7 812 | 192 | 50 | 50 |
| <i>Economic and environmental services</i> | 2 509 | 7 247 | 32 321 | 20 775 | 22 656 | 22 656 | 31 064 | 33 866 | 33 876 |
| Planning and development | 271 | 219 | 86 | 168 | 107 | 107 | 296 | 406 | 406 |
| Road transport | 2 237 | 7 028 | 32 236 | 20 607 | 22 548 | 22 548 | 30 694 | 33 363 | 33 373 |
| Environmental protection | – | – | – | – | – | – | 74 | 97 | 97 |
| <i>Trading services</i> | 55 100 | 67 359 | 205 187 | 228 605 | 256 932 | 256 932 | 205 858 | 174 675 | 184 576 |
| Electricity | 8 277 | 15 544 | 61 607 | 56 031 | 64 602 | 64 602 | 29 748 | 33 775 | 30 288 |
| Water | 4 747 | 15 048 | 79 627 | 88 125 | 117 343 | 117 343 | 111 314 | 70 007 | 80 665 |
| Waste water management | 42 023 | 36 584 | 62 646 | 79 452 | 70 987 | 70 987 | 49 730 | 55 020 | 57 742 |
| Waste management | 53 | 183 | 1 307 | 4 998 | 4 000 | 4 000 | 15 066 | 15 873 | 15 882 |
| <i>Other</i> | 8 309 | 2 258 | – | – | 300 | 300 | – | – | – |
| Total Capital Expenditure - Standard | 87 042 | 115 036 | 304 375 | 419 862 | 498 307 | 498 307 | 315 878 | 290 531 | 300 384 |
| Funded by: | | | | | | | | | |
| National Government | 39 679 | 40 345 | 110 841 | 119 456 | 189 588 | 189 588 | 159 878 | 117 531 | 127 384 |
| Provincial Government | 9 452 | 11 087 | 15 246 | 37 765 | 34 702 | 34 702 | – | – | – |
| District Municipality | – | 97 | 110 | – | – | – | – | – | – |
| Other transfers and grants | 7 | 131 | 133 | – | – | – | – | – | – |
| Transfers recognised - capital | 49 138 | 51 659 | 126 329 | 157 221 | 224 290 | 224 290 | 159 878 | 117 531 | 127 384 |
| Public contributions & donations | 3 165 | 4 531 | 62 602 | 11 182 | 8 523 | 8 523 | – | – | – |
| Borrowing | 22 907 | 33 829 | 69 347 | 144 738 | 142 572 | 142 572 | 92 000 | 100 000 | 100 000 |
| Internally generated funds | 11 833 | 25 017 | 46 097 | 106 721 | 122 922 | 122 922 | 64 000 | 73 000 | 73 000 |
| Total Capital Funding | 87 042 | 115 036 | 304 375 | 419 862 | 498 307 | 498 307 | 315 878 | 290 531 | 300 384 |

For 2015/16 an amount of R235 million has been appropriated for the development of infrastructure which represents 74 per cent of the total capital budget. In the outer years this amount totals R208 million, 72 per cent and R 183 million, 73 per cent respectively for each of the financial years. Water infrastructure receives the highest allocation of R111 million in 2015/16 which equates to 35 per cent followed by waste water infrastructure at 15 per cent, R50 million, road transport at 9.7 per cent, R31 million and then electricity infrastructure at 9.4 per cent, R31 million.

Total new assets represent 41 per cent or R 130 million of the total capital budget while asset renewal equates to 59 per cent or R 186 million. Further detail relating to asset classes and proposed capital expenditure is contained in Table 31 MBRR A9 (Asset Management) on page 65. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c and d provides a detailed breakdown of the capital programme relating to new asset construction; capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages 122, 123, 124 and 125).

Furthermore pages 127 to 129 contain a detail breakdown of the capital budget per project over the medium-term.

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

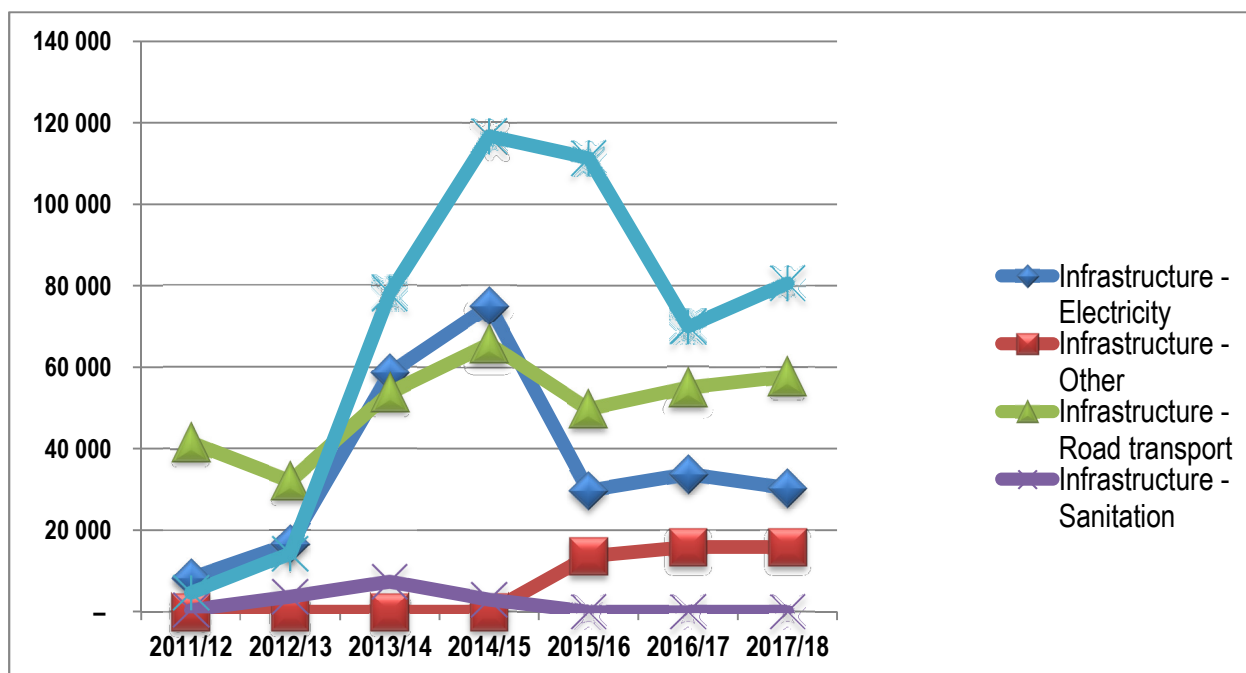


Figure 2 Capital Infrastructure Programme

1.7 Standard Chart of Accounts (SCOA)

As Council is aware, this Municipality is performing a pilot exercise for the National Treasury for the financial accounting reform called SCOA (Standard Chart of Accounts).

This SCOA reform essentially enforces a situation of consistency and improved financial management, where:

1. All Municipalities in South Africa report in GFS classification format (World Bank Classification);
2. All primary tariffs in a municipality will be cost reflective;
3. All expenditure whether technical or administrative, be associated with the correct function and projects;
4. The whole municipal budget in future can be reported on in terms of Projects (Activities) or by Function;
5. The old municipal classification will remain, hence costs can be reported in such format as well, but will have to be associated with pre-determined projects;
6. All users of the financial system will not be faced with the dilemma of having to choose vote numbers and try relate that to an activity, they just select their functional area and accordingly choose the predetermined (Budgeted) activities for goods and services. Should that activity not be budgeted for then it will not appear on the system. This enforces proper planning and not simply a vote with a "dam of money" to do with what the official wants in an ad-hoc manner.

The new financial system will go live on the 1 July 2015, if after testing by the users in May 2015, is found to be working and that transactions can be processed from A to Z.

The project status at the time of writing the report can be graphically presented as follows:

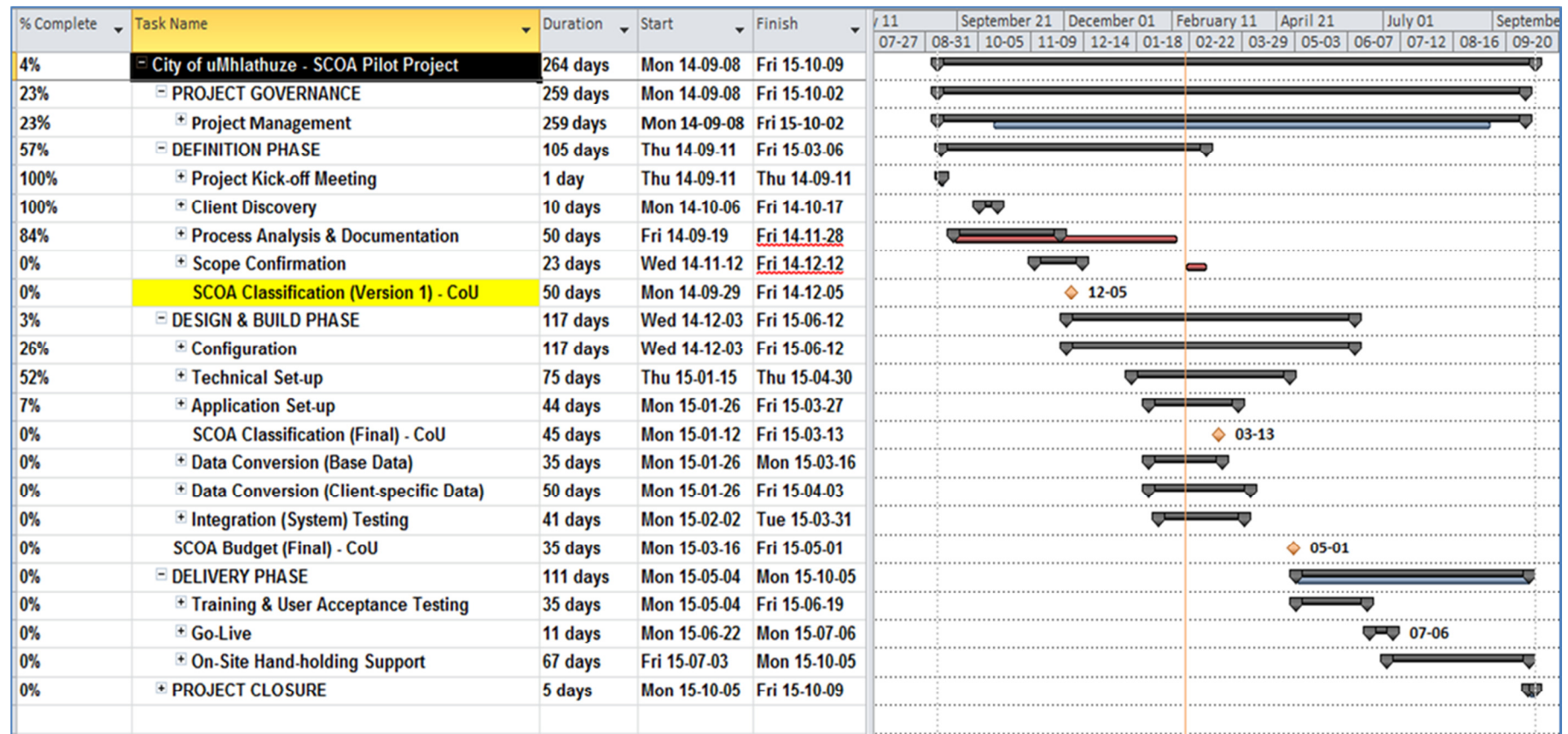


Figure 3 SCOA pilot site project plan

The primary outcomes of this accounting reform will ensure consistent and comparable reporting throughout the Country, this to ensure that the National Government is better informed when taking decisions at macro level for Local Government.

Secondly the reforms should allow for improved financial management at a management/administrative level, which in turn leads to improved service delivery..

Officials working on the project at this point are confident that these two primary outcomes will be achieved.

Given that we are at pilot stage, a decision has been made by the National Treasury not to change the format of the Budget Tables, hence for at least the next two years they will remain the same and the tables in this report will remain unchanged.

However, in the administrative environment for the Supply Chain Unit, Works Order Environment, Expenditure Division and Fleet Management Division financial process's within these functional areas of the Municipality will change substantially.

1.8 Annual Budget Tables

The following pages present the ten **main** budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2015/16 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the following page.

Table 18 MBRR Table A1 - Budget Summary

| Description | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|--|------------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| R thousands | | | | | | | | | |
| Financial Performance | | | | | | | | | |
| Property rates | 204 614 | 238 007 | 279 679 | 314 000 | 326 453 | 326 453 | 360 000 | 393 800 | 429 904 |
| Service charges | 1 225 242 | 1 388 278 | 1 640 754 | 1 742 161 | 1 649 222 | 1 649 222 | 1 836 669 | 1 970 149 | 2 127 243 |
| Investment revenue | 4 012 | 14 499 | 21 060 | 10 605 | 16 700 | 16 700 | 21 982 | 22 641 | 23 320 |
| Transfers recognised - operational | 183 050 | 202 114 | 232 086 | 260 509 | 246 226 | 246 226 | 249 431 | 259 006 | 275 826 |
| Other own revenue | 47 517 | 146 098 | 133 869 | 43 284 | 49 939 | 49 939 | 51 445 | 54 357 | 57 435 |
| Total Revenue (excluding capital transfers and contributions) | 1 664 435 | 1 988 995 | 2 307 447 | 2 370 559 | 2 288 540 | 2 288 540 | 2 519 526 | 2 699 952 | 2 913 728 |
| Employee costs | 395 706 | 437 126 | 480 990 | 583 141 | 561 455 | 561 455 | 615 819 | 670 313 | 726 335 |
| Remuneration of councillors | 15 863 | 17 148 | 21 408 | 23 176 | 23 176 | 23 176 | 24 729 | 26 584 | 28 711 |
| Depreciation & asset impairment | 78 242 | 108 389 | 244 340 | 182 390 | 182 390 | 182 390 | 205 014 | 281 661 | 337 173 |
| Finance charges | 82 481 | 79 985 | 71 145 | 77 614 | 77 614 | 77 614 | 79 806 | 78 062 | 74 619 |
| Materials and bulk purchases | 877 372 | 958 392 | 1 074 365 | 1 131 205 | 1 101 858 | 1 101 858 | 1 179 425 | 1 230 223 | 1 303 582 |
| Transfers and grants | 5 543 | 7 178 | 9 473 | 13 749 | 8 539 | 8 539 | 13 884 | 14 647 | 15 423 |
| Other expenditure | 182 988 | 246 931 | 394 684 | 351 973 | 372 908 | 372 908 | 395 912 | 392 595 | 422 160 |
| Total Expenditure | 1 638 196 | 1 855 148 | 2 296 407 | 2 363 247 | 2 327 940 | 2 327 940 | 2 514 588 | 2 694 084 | 2 908 004 |
| Surplus/(Deficit) | 26 239 | 133 847 | 11 040 | 7 311 | (39 399) | (39 399) | 4 938 | 5 868 | 5 724 |
| Transfers recognised - capital | 49 138 | 51 659 | 186 865 | 119 456 | 225 405 | 225 405 | 159 878 | 117 531 | 127 384 |
| Surplus/(Deficit) after capital transfers & contributions | 75 377 | 185 507 | 197 906 | 126 767 | 186 006 | 186 006 | 164 816 | 123 399 | 133 108 |
| Capital expenditure & funds sources | | | | | | | | | |
| Capital expenditure | 87 042 | 115 036 | 304 375 | 419 862 | 498 307 | 498 307 | 315 878 | 290 531 | 300 384 |
| Transfers recognised - capital | 49 138 | 51 659 | 126 329 | 157 221 | 224 290 | 224 290 | 159 878 | 117 531 | 127 384 |
| Public contributions & donations | 3 165 | 4 531 | 62 602 | 11 182 | 8 523 | 8 523 | - | - | - |
| Borrowing | 22 907 | 33 829 | 69 347 | 144 738 | 142 572 | 142 572 | 92 000 | 100 000 | 100 000 |
| Internally generated funds | 11 833 | 25 017 | 46 097 | 106 721 | 122 922 | 122 922 | 64 000 | 73 000 | 73 000 |
| Total sources of capital funds | 87 042 | 115 036 | 304 375 | 419 862 | 498 307 | 498 307 | 315 878 | 290 531 | 300 384 |
| Financial position | | | | | | | | | |
| Total current assets | 439 226 | 600 772 | 835 646 | 795 143 | 765 341 | 765 341 | 783 629 | 924 187 | 1 113 762 |
| Total non current assets | 4 489 526 | 4 291 791 | 4 348 342 | 4 446 565 | 4 561 539 | 4 561 539 | 4 602 189 | 4 581 067 | 4 544 286 |
| Total current liabilities | 439 207 | 533 399 | 621 527 | 574 408 | 574 407 | 574 407 | 595 405 | 618 462 | 658 080 |
| Total non current liabilities | 950 854 | 829 668 | 835 059 | 935 768 | 952 466 | 952 466 | 923 044 | 913 129 | 885 961 |
| Community wealth/Equity | 3 538 691 | 3 529 496 | 3 727 401 | 3 731 532 | 3 800 007 | 3 800 007 | 3 867 369 | 3 973 663 | 4 114 007 |
| Cash flows | | | | | | | | | |
| Net cash from (used) operating | 193 014 | 286 612 | 404 704 | 324 461 | 383 049 | 383 049 | 385 672 | 422 008 | 488 365 |
| Net cash from (used) investing | (155 156) | (119 614) | (243 092) | (241 691) | (358 420) | (358 420) | (342 134) | (285 361) | (288 163) |
| Net cash from (used) financing | (203) | (75 318) | 122 | (34 890) | (34 890) | (34 890) | (40 119) | (25 642) | (42 829) |
| Cash/cash equivalents at the year end | 77 214 | 168 894 | 404 509 | 447 777 | 394 248 | 394 248 | 401 984 | 512 990 | 670 363 |
| Cash backing/surplus reconciliation | | | | | | | | | |
| Cash and investments available | 157 214 | 242 775 | 404 509 | 424 050 | 394 248 | 394 248 | 401 984 | 512 990 | 670 363 |
| Application of cash and investments | 86 546 | 98 580 | 93 086 | 220 904 | 220 327 | 220 327 | 191 178 | 187 744 | 178 548 |
| Balance - surplus (shortfall) | 70 668 | 144 196 | 311 423 | 203 146 | 173 921 | 173 921 | 210 807 | 325 245 | 491 815 |
| Asset management | | | | | | | | | |
| Asset register summary (WDV) | 4 489 080 | 4 252 807 | 4 348 183 | 4 383 041 | 4 464 566 | 4 464 566 | 4 506 932 | 4 487 992 | 4 453 392 |
| Depreciation & asset impairment | 78 242 | 108 389 | 244 340 | 182 390 | 182 390 | 182 390 | 205 014 | 281 661 | 337 173 |
| Renewal of Existing Assets | 25 187 | 62 189 | 113 536 | 178 589 | 221 981 | 221 981 | 185 539 | 153 746 | 165 429 |
| Repairs and Maintenance | 216 531 | 258 480 | 325 411 | 344 780 | 359 348 | 359 348 | 407 163 | 417 730 | 465 430 |
| Free services | | | | | | | | | |
| Cost of Free Basic Services provided | 58 681 | 66 907 | 76 310 | 86 027 | 86 027 | 86 027 | 106 764 | 115 305 | 124 529 |
| Revenue cost of free services provided | 30 206 | 33 333 | 37 765 | 37 605 | 37 605 | 37 605 | 38 703 | 41 799 | 45 143 |
| Households below minimum service level | | | | | | | | | |
| Water: | 3 | 14 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Sanitation/sewerage: | 26 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 |
| Energy: | 62 | 67 | 67 | 76 | 76 | 76 | 76 | 76 | 76 |
| Refuse: | 27 | 26 | 26 | 22 | 22 | 22 | 22 | 22 | 22 |

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the City's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality has been paying much attention to managing this aspect of its finances, and consequently many of its obligations are now cash-backed. This places the municipality in a very positive financial position. To strengthen this favourable position, Council has Adopted an Investment, Working Capital and Capital Replacement Reserves Policy.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase however it needs to be noted that this table does not cater for the cross subsidisation value of the lower end tariffs in the tiered structure of basic service charges. This implies that the values reflected as Free Basic Services and the revenue cost are in reality much higher should one include the cross-subsidisation that takes place within the lower end of the tariffs. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 19 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

| Standard Classification Description | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|--|------------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| R thousand | | | | | | | | | |
| Revenue - Standard | | | | | | | | | |
| <i>Governance and administration</i> | 247 502 | 300 755 | 353 377 | 344 317 | 417 774 | 417 774 | 404 000 | 437 718 | 475 789 |
| Executive and council | 268 | 228 | 1 033 | 165 | 165 | 165 | 2 955 | 1 134 | 1 220 |
| Budget and treasury office | 220 449 | 280 077 | 322 143 | 335 480 | 358 890 | 358 890 | 394 207 | 429 295 | 466 798 |
| Corporate services | 26 785 | 20 451 | 30 201 | 8 671 | 58 718 | 58 718 | 6 839 | 7 289 | 7 771 |
| <i>Community and public safety</i> | 27 660 | 43 182 | 112 577 | 42 195 | 72 569 | 72 569 | 34 985 | 36 078 | 37 222 |
| Community and social services | 6 226 | 6 270 | 14 979 | 9 765 | 13 095 | 13 095 | 3 087 | 3 261 | 3 436 |
| Sport and recreation | 4 390 | 6 026 | 8 430 | 2 311 | 9 237 | 9 237 | 18 593 | 18 790 | 19 000 |
| Public safety | 4 971 | 12 600 | 62 501 | 9 727 | 11 277 | 11 277 | 12 193 | 12 865 | 13 572 |
| Housing | 2 909 | 9 042 | 12 161 | 8 226 | 33 090 | 33 090 | 1 100 | 1 150 | 1 200 |
| Health | 9 164 | 9 244 | 14 506 | 12 166 | 5 870 | 5 870 | 12 | 13 | 14 |
| <i>Economic and environmental services</i> | 11 430 | 13 613 | 25 755 | 12 295 | 12 024 | 12 024 | 27 733 | 28 430 | 29 166 |
| Planning and development | 1 981 | 2 439 | 2 271 | 1 412 | 1 649 | 1 649 | 1 834 | 1 932 | 2 036 |
| Road transport | 9 449 | 11 174 | 23 483 | 10 884 | 10 375 | 10 375 | 25 899 | 26 498 | 27 131 |
| <i>Trading services</i> | 1 418 129 | 1 680 349 | 2 002 064 | 2 090 766 | 2 010 738 | 2 010 738 | 2 212 090 | 2 314 631 | 2 498 278 |
| Electricity | 970 954 | 1 133 941 | 1 366 436 | 1 400 658 | 1 309 708 | 1 309 708 | 1 406 287 | 1 505 487 | 1 621 530 |
| Water | 256 843 | 333 876 | 387 261 | 357 476 | 373 172 | 373 172 | 470 063 | 451 603 | 492 785 |
| Waste water management | 129 010 | 143 179 | 160 331 | 229 357 | 226 334 | 226 334 | 221 534 | 234 758 | 252 019 |
| Waste management | 61 322 | 69 353 | 88 037 | 103 275 | 101 523 | 101 523 | 114 206 | 122 784 | 131 943 |
| <i>Other</i> | 8 851 | 2 755 | 538 | 441 | 841 | 841 | 596 | 626 | 656 |
| Total Revenue - Standard | 1 713 573 | 2 040 655 | 2 494 312 | 2 490 015 | 2 513 946 | 2 513 946 | 2 679 404 | 2 817 483 | 3 041 112 |
| Expenditure - Standard | | | | | | | | | |
| <i>Governance and administration</i> | (24 001) | 45 809 | 305 947 | 62 069 | 50 728 | 50 728 | 47 966 | 53 645 | 58 744 |
| Executive and council | 12 289 | 19 514 | 75 936 | 414 | 4 005 | 4 005 | 816 | 865 | 914 |
| Budget and treasury office | (78 876) | (15 330) | 72 794 | 1 349 | 5 910 | 5 910 | 4 406 | 4 494 | 4 804 |
| Corporate services | 42 586 | 41 625 | 157 218 | 60 306 | 40 812 | 40 812 | 42 745 | 48 287 | 53 026 |
| <i>Community and public safety</i> | 205 216 | 242 388 | 274 724 | 328 527 | 323 814 | 323 814 | 352 212 | 379 748 | 411 652 |
| Community and social services | 30 539 | 35 715 | 46 652 | 49 705 | 50 455 | 50 455 | 60 299 | 63 448 | 68 041 |
| Sport and recreation | 75 708 | 90 024 | 82 422 | 117 104 | 113 827 | 113 827 | 125 570 | 135 293 | 148 676 |
| Public safety | 74 892 | 86 315 | 115 108 | 113 528 | 118 984 | 118 984 | 140 046 | 151 988 | 163 945 |
| Housing | 3 780 | 7 607 | 6 256 | 15 313 | 15 601 | 15 601 | 16 410 | 17 898 | 18 908 |
| Health | 20 296 | 22 727 | 24 286 | 32 878 | 24 947 | 24 947 | 9 886 | 11 122 | 12 082 |
| <i>Economic and environmental services</i> | 109 725 | 147 279 | 197 832 | 210 139 | 191 625 | 191 625 | 236 361 | 259 755 | 294 879 |
| Planning and development | 18 824 | 27 512 | 27 667 | 38 151 | 42 491 | 42 491 | 41 343 | 44 432 | 47 521 |
| Road transport | 82 201 | 108 939 | 169 840 | 156 144 | 149 134 | 149 134 | 195 018 | 215 322 | 247 358 |
| Environmental protection | 8 701 | 10 827 | 325 | 15 843 | - | - | - | - | - |
| <i>Trading services</i> | 1 347 183 | 1 419 403 | 1 517 164 | 1 761 610 | 1 760 870 | 1 760 870 | 1 877 314 | 2 000 155 | 2 141 922 |
| Electricity | 943 872 | 954 591 | 1 066 981 | 1 204 958 | 1 153 502 | 1 153 502 | 1 211 487 | 1 283 481 | 1 355 260 |
| Water | 280 843 | 282 283 | 266 614 | 322 351 | 377 118 | 377 118 | 397 688 | 427 442 | 465 994 |
| Waste water management | 47 579 | 100 211 | 123 924 | 137 708 | 133 907 | 133 907 | 162 473 | 175 521 | 197 705 |
| Waste management | 74 889 | 82 319 | 59 644 | 96 593 | 96 344 | 96 344 | 105 667 | 113 710 | 122 963 |
| <i>Other</i> | 72 | 269 | 740 | 903 | 903 | 903 | 736 | 781 | 807 |
| Total Expenditure - Standard | 1 638 196 | 1 855 148 | 2 296 407 | 2 363 247 | 2 327 940 | 2 327 940 | 2 514 589 | 2 694 084 | 2 908 004 |
| Surplus/(Deficit) for the year | 75 377 | 185 507 | 197 906 | 126 767 | 186 006 | 186 006 | 164 816 | 123 399 | 133 108 |

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

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. **Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.**
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water functions and the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure. However, if the capital revenues (Transfers recognised – capital) is removed from the calculation of the surpluses for each trading service, water service is running at an R 19m deficit.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

Table 20 MBRR Table A2A - Budgeted Financial Performance (revenue and expenditure by standard classification - Detail)

| Standard Classification Description R thousand | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Revenue - Standard | | | | | | | | | |
| Municipal governance and administration | 247 502 | 300 755 | 353 377 | 344 317 | 417 774 | 417 774 | 404 000 | 437 718 | 475 789 |
| Executive and council | 268 | 228 | 1 033 | 165 | 165 | 165 | 2 955 | 1 134 | 1 220 |
| Mayor and Council | 268 | 228 | 1 033 | 165 | 165 | 165 | 2 955 | 1 134 | 1 220 |
| Budget and treasury office | 220 449 | 280 077 | 322 143 | 335 480 | 358 890 | 358 890 | 394 207 | 429 295 | 466 798 |
| Corporate services | 26 785 | 20 451 | 30 201 | 8 671 | 58 718 | 58 718 | 6 839 | 7 289 | 7 771 |
| Human Resources | 2 077 | 1 755 | 1 010 | 346 | 346 | 346 | 356 | 375 | 396 |
| Information Technology | (99) | 947 | 1 367 | 1 426 | 16 489 | 16 489 | 297 | 312 | 331 |
| Property Services | 19 483 | 13 548 | 20 970 | 2 728 | 5 931 | 5 931 | 1 507 | 1 590 | 1 677 |
| Other Admin | 5 324 | 4 200 | 6 854 | 4 171 | 35 952 | 35 952 | 4 679 | 5 012 | 5 368 |
| Community and public safety | 27 660 | 43 182 | 112 577 | 42 195 | 72 569 | 72 569 | 34 985 | 36 078 | 37 222 |
| Community and social services | 6 226 | 6 270 | 14 979 | 9 765 | 13 095 | 13 095 | 3 087 | 3 261 | 3 436 |
| Libraries and Archives | 3 713 | 3 619 | 6 662 | 7 055 | 7 090 | 7 090 | 278 | 293 | 309 |
| Museums & Art Galleries etc | 127 | 136 | 289 | 307 | 307 | 307 | 8 | 8 | 8 |
| Community halls and Facilities | 1 962 | 2 079 | 7 571 | 1 896 | 5 171 | 5 171 | 2 305 | 2 435 | 2 569 |
| Cemeteries & Crematoriums | 425 | 436 | 457 | 507 | 527 | 527 | 497 | 524 | 550 |
| Sport and recreation | 4 390 | 6 026 | 8 430 | 2 311 | 9 237 | 9 237 | 18 593 | 18 790 | 19 000 |
| Public safety | 4 971 | 12 600 | 62 501 | 9 727 | 11 277 | 11 277 | 12 193 | 12 865 | 13 572 |
| Police | 3 822 | 11 136 | 60 206 | 9 146 | 10 696 | 10 696 | 11 565 | 12 201 | 12 872 |
| Fire | 1 149 | 1 464 | 786 | 581 | 581 | 581 | 628 | 664 | 700 |
| Street Lighting | – | – | 1 510 | – | – | – | – | – | – |
| Housing | 2 909 | 9 042 | 12 161 | 8 226 | 33 090 | 33 090 | 1 100 | 1 150 | 1 200 |
| Health | 9 164 | 9 244 | 14 506 | 12 166 | 5 870 | 5 870 | 12 | 13 | 14 |
| Clinics | 4 819 | 4 842 | 9 645 | 7 296 | 5 453 | 5 453 | 6 | 6 | 6 |
| Other | 4 345 | 4 401 | 4 861 | 4 871 | 417 | 417 | 7 | 7 | 7 |
| Economic and environmental services | 11 430 | 13 613 | 25 755 | 12 295 | 12 024 | 12 024 | 27 733 | 28 430 | 29 166 |
| Planning and development | 1 981 | 2 439 | 2 271 | 1 412 | 1 649 | 1 649 | 1 834 | 1 932 | 2 036 |
| Economic Development/Planning | 1 981 | 2 439 | 2 271 | 1 412 | 1 649 | 1 649 | 1 834 | 1 932 | 2 036 |
| Road transport | 9 449 | 11 174 | 23 483 | 10 884 | 10 375 | 10 375 | 25 899 | 26 498 | 27 131 |
| Roads | – | 1 255 | 13 116 | 826 | 68 | 68 | 15 071 | 15 075 | 15 079 |
| Vehicle Licensing and Testing | 9 449 | 9 919 | 10 367 | 10 057 | 10 307 | 10 307 | 10 828 | 11 423 | 12 051 |

Table A2A - Budgeted Financial Performance (revenue and expenditure by standard classification - Detail) – (Continued)

| Standard Classification Description | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|--|------------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| R thousand | | | | | | | | | |
| Revenue - Standard | | | | | | | | | |
| <i>Trading services</i> | 1 418 129 | 1 680 349 | 2 002 064 | 2 090 766 | 2 010 738 | 2 010 738 | 2 212 090 | 2 314 631 | 2 498 278 |
| Electricity | 970 954 | 1 133 941 | 1 366 436 | 1 400 658 | 1 309 708 | 1 309 708 | 1 406 287 | 1 505 487 | 1 621 530 |
| <i>Electricity Distribution</i> | 970 954 | 1 133 941 | 1 366 436 | 1 400 658 | 1 309 708 | 1 309 708 | 1 406 287 | 1 505 487 | 1 621 530 |
| Water | 256 843 | 333 876 | 387 261 | 357 476 | 373 172 | 373 172 | 470 063 | 451 603 | 492 785 |
| <i>Water Distribution</i> | 256 843 | 333 876 | 387 261 | 357 476 | 373 172 | 373 172 | 470 063 | 451 603 | 492 785 |
| Waste water management | 129 010 | 143 179 | 160 331 | 229 357 | 226 334 | 226 334 | 221 534 | 234 758 | 252 019 |
| <i>Sewerage</i> | 129 010 | 143 179 | 160 331 | 229 357 | 226 334 | 226 334 | 221 534 | 234 758 | 252 019 |
| Waste management | 61 322 | 69 353 | 88 037 | 103 275 | 101 523 | 101 523 | 114 206 | 122 784 | 131 943 |
| <i>Solid Waste</i> | 61 322 | 69 353 | 88 037 | 103 275 | 101 523 | 101 523 | 114 206 | 122 784 | 131 943 |
| <i>Other</i> | 8 851 | 2 755 | 538 | 441 | 841 | 841 | 596 | 626 | 656 |
| Air Transport | 8 851 | 2 755 | 538 | 441 | 841 | 841 | 596 | 626 | 656 |
| Total Revenue - Standard | 1 713 573 | 2 040 655 | 2 494 312 | 2 490 015 | 2 513 946 | 2 513 946 | 2 679 404 | 2 817 483 | 3 041 112 |
| Expenditure - Standard | | | | | | | | | |
| <i>Municipal governance and administration</i> | (24 001) | 45 809 | 305 947 | 62 069 | 50 728 | 50 728 | 47 966 | 53 645 | 58 744 |
| Executive and council | 12 289 | 19 514 | 75 936 | 414 | 4 005 | 4 005 | 816 | 865 | 914 |
| <i>Mayor and Council</i> | 9 511 | 15 990 | 64 286 | 414 | 3 986 | 3 986 | 816 | 865 | 914 |
| <i>Municipal Manager</i> | 2 778 | 3 525 | 11 650 | – | 19 | 19 | – | – | – |
| Budget and treasury office | (78 876) | (15 330) | 72 794 | 1 349 | 5 910 | 5 910 | 4 406 | 4 494 | 4 804 |
| Corporate services | 42 586 | 41 625 | 157 218 | 60 306 | 40 812 | 40 812 | 42 745 | 48 287 | 53 026 |
| <i>Human Resources</i> | 3 131 | 2 433 | 19 129 | 4 476 | 5 323 | 5 323 | 3 933 | 4 203 | 4 507 |
| <i>Information Technology</i> | (100) | 947 | 26 281 | 2 552 | 3 189 | 3 189 | 2 843 | 3 044 | 3 292 |
| <i>Property Services</i> | 4 428 | 5 484 | 4 749 | 7 754 | 7 864 | 7 864 | 5 068 | 5 391 | 5 688 |
| <i>Other Admin</i> | 35 126 | 32 761 | 107 059 | 45 524 | 24 437 | 24 437 | 30 902 | 35 649 | 39 539 |
| Community and public safety | 205 216 | 242 388 | 274 724 | 328 527 | 323 814 | 323 814 | 352 212 | 379 748 | 411 652 |
| Community and social services | 30 539 | 35 715 | 46 652 | 49 705 | 50 455 | 50 455 | 60 299 | 63 448 | 68 041 |
| <i>Libraries and Archives</i> | 11 356 | 12 954 | 12 129 | 16 908 | 16 878 | 16 878 | 17 552 | 19 028 | 20 380 |
| <i>Museums & Art Galleries etc</i> | 1 127 | 1 217 | 869 | 1 648 | 1 632 | 1 632 | 6 672 | 7 040 | 7 420 |
| <i>Community halls and Facilities</i> | 11 648 | 15 413 | 27 902 | 22 800 | 23 494 | 23 494 | 26 407 | 27 329 | 29 263 |
| <i>Cemeteries & Crematoriums</i> | 6 408 | 6 131 | 5 752 | 8 349 | 8 451 | 8 451 | 9 668 | 10 052 | 10 978 |
| Sport and recreation | 75 708 | 90 024 | 82 422 | 117 104 | 113 827 | 113 827 | 125 570 | 135 293 | 148 676 |

Table A2A - Budgeted Financial Performance (revenue and expenditure by standard classification - Detail) – (Continued)

| Standard Classification Description R thousand | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|------------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Public safety | 74 892 | 86 315 | 115 108 | 113 528 | 118 984 | 118 984 | 140 046 | 151 988 | 163 945 |
| <i>Police</i> | 24 182 | 30 529 | 77 478 | 40 152 | 42 623 | 42 623 | 51 627 | 54 854 | 58 647 |
| <i>Fire</i> | 33 675 | 36 240 | 33 719 | 46 223 | 49 416 | 49 416 | 57 635 | 64 248 | 71 297 |
| <i>Street Lighting</i> | 16 317 | 18 807 | 3 571 | 25 692 | 26 042 | 26 042 | 29 468 | 31 260 | 32 045 |
| <i>Other</i> | 719 | 739 | 340 | 1 461 | 904 | 904 | 1 317 | 1 625 | 1 955 |
| Housing | 3 780 | 7 607 | 6 256 | 15 313 | 15 601 | 15 601 | 16 410 | 17 898 | 18 908 |
| Health | 20 296 | 22 727 | 24 286 | 32 878 | 24 947 | 24 947 | 9 886 | 11 122 | 12 082 |
| <i>Clinics</i> | 15 665 | 16 800 | 16 399 | 23 696 | 17 116 | 17 116 | 2 272 | 2 432 | 2 595 |
| <i>Other</i> | 4 631 | 5 928 | 7 888 | 9 182 | 7 831 | 7 831 | 7 614 | 8 691 | 9 487 |
| Economic and environmental services | 109 725 | 147 279 | 197 832 | 210 139 | 191 625 | 191 625 | 236 361 | 259 755 | 294 879 |
| Planning and development | 18 824 | 27 512 | 27 667 | 38 151 | 42 491 | 42 491 | 41 343 | 44 432 | 47 521 |
| <i>Economic Development/Planning</i> | 18 824 | 27 512 | 27 667 | 38 151 | 42 491 | 42 491 | 41 343 | 44 432 | 47 521 |
| Road transport | 82 201 | 108 939 | 169 840 | 156 144 | 149 134 | 149 134 | 195 018 | 215 322 | 247 358 |
| <i>Roads</i> | 75 038 | 100 811 | 163 082 | 146 187 | 139 496 | 139 496 | 183 899 | 203 439 | 234 715 |
| <i>Vehicle Licensing and Testing</i> | 7 163 | 8 128 | 6 758 | 9 957 | 9 638 | 9 638 | 11 119 | 11 884 | 12 644 |
| Environmental protection | 8 701 | 10 827 | 325 | 15 843 | – | – | – | – | – |
| <i>Pollution Control</i> | 7 555 | 9 469 | – | 14 500 | – | – | – | – | – |
| <i>Biodiversity & Landscape</i> | 706 | 856 | – | 974 | – | – | – | – | – |
| <i>Other</i> | 440 | 501 | 325 | 370 | – | – | – | – | – |
| Trading services | 1 347 183 | 1 419 403 | 1 517 164 | 1 761 610 | 1 760 870 | 1 760 870 | 1 877 314 | 2 000 155 | 2 141 922 |
| Electricity | 943 872 | 954 591 | 1 066 981 | 1 204 958 | 1 153 502 | 1 153 502 | 1 211 487 | 1 283 481 | 1 355 260 |
| <i>Electricity Distribution</i> | 192 436 | 108 178 | 104 247 | 125 844 | 144 966 | 144 966 | 146 728 | 158 975 | 168 549 |
| <i>Electricity Generation</i> | 751 435 | 846 414 | 962 734 | 1 079 114 | 1 008 536 | 1 008 536 | 1 064 759 | 1 124 507 | 1 186 711 |
| Water | 280 843 | 282 283 | 266 614 | 322 351 | 377 118 | 377 118 | 397 688 | 427 442 | 465 994 |
| <i>Water Distribution</i> | 280 843 | 282 283 | 266 614 | 322 351 | 377 118 | 377 118 | 397 688 | 427 442 | 465 994 |
| <i>Water Storage</i> | – | – | – | – | – | – | – | – | – |
| Waste water management | 47 579 | 100 211 | 123 924 | 137 708 | 133 907 | 133 907 | 162 473 | 175 521 | 197 705 |
| <i>Sewerage</i> | 46 286 | 98 885 | 123 172 | 135 996 | 132 212 | 132 212 | 160 595 | 173 485 | 195 519 |
| <i>Public Toilets</i> | 1 293 | 1 326 | 752 | 1 712 | 1 695 | 1 695 | 1 878 | 2 037 | 2 186 |
| Waste management | 74 889 | 82 319 | 59 644 | 96 593 | 96 344 | 96 344 | 105 667 | 113 710 | 122 963 |
| <i>Solid Waste</i> | 74 889 | 82 319 | 59 644 | 96 593 | 96 344 | 96 344 | 105 667 | 113 710 | 122 963 |
| <i>Other</i> | 72 | 269 | 740 | 903 | 903 | 903 | 736 | 781 | 807 |
| Air Transport | 72 | 269 | 740 | 903 | 903 | 903 | 736 | 781 | 807 |
| Total Expenditure - Standard | 1 638 196 | 1 855 148 | 2 296 407 | 2 363 247 | 2 327 940 | 2 327 940 | 2 514 589 | 2 694 084 | 2 908 004 |
| Surplus/(Deficit) for the year | 75 377 | 185 507 | 197 906 | 126 767 | 186 006 | 186 006 | 164 816 | 123 399 | 133 108 |

Table 21 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

| Vote Description R thousand | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|--|------------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Revenue by Vote | | | | | | | | | |
| Vote 1 - CITY DEVELOPMENT | 22 613 | 23 352 | 33 877 | 10 871 | 39 174 | 39 174 | 2 934 | 3 082 | 3 236 |
| Vote 2 - COMMUNITY SERVICES - HEALTH AND PUBLIC SAFETY | 84 907 | 101 143 | 179 281 | 135 231 | 131 983 | 131 983 | 137 244 | 147 090 | 157 586 |
| Vote 3 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES | 9 157 | 10 571 | 16 204 | 10 517 | 17 549 | 17 549 | 19 801 | 20 065 | 20 341 |
| Vote 4 - CORPORATE SERVICES - ADMINISTRATION | 12 239 | 7 306 | 6 289 | 5 081 | 20 769 | 20 769 | 7 228 | 5 642 | 5 973 |
| Vote 5 - CORPORATE SERVICES - HUMAN RESOURCES | 2 077 | 1 755 | 1 010 | 346 | 346 | 346 | 356 | 375 | 396 |
| Vote 6 - FINANCIAL SERVICES | 220 677 | 280 644 | 322 852 | 336 236 | 359 646 | 359 646 | 394 563 | 429 672 | 467 195 |
| Vote 7 - INFRASTRUCTURE AND TECHNICAL SERVICES - ELECTRICAL SUPPLY SERVICES | 970 954 | 1 133 941 | 1 367 946 | 1 400 658 | 1 309 708 | 1 309 708 | 1 406 287 | 1 505 487 | 1 621 530 |
| Vote 8 - INFRASTRUCTURE AND TECHNICAL SERVICES - WATER AND SANITATION | 383 930 | 474 242 | 544 076 | 581 823 | 591 921 | 591 921 | 676 473 | 675 507 | 733 665 |
| Vote 9 - INFRASTRUCTURE AND TECHNICAL SERVICES - TRANSPORT, ROADS AND STORMWATER | 1 133 | 2 263 | 14 082 | 1 826 | 1 068 | 1 068 | 16 071 | 16 135 | 16 199 |
| Vote 10 - INFRASTRUCTURE AND TECHNICAL SERVICES - ENGINEERING SUPPORT SERVICES | 2 377 | 2 965 | 5 719 | 5 288 | 38 524 | 38 524 | 15 429 | 11 174 | 11 478 |
| Vote 11 - OFFICE OF THE MUNICIPAL MANAGER | 3 509 | 2 473 | 2 976 | 2 138 | 3 258 | 3 258 | 3 018 | 3 255 | 3 512 |
| Total Revenue by Vote | 1 713 573 | 2 040 655 | 2 494 312 | 2 490 015 | 2 513 946 | 2 513 946 | 2 679 404 | 2 817 484 | 3 041 112 |
| Expenditure by Vote to be appropriated | | | | | | | | | |
| Vote 1 - CITY DEVELOPMENT | 25 151 | 38 758 | 37 416 | 58 894 | 63 784 | 63 784 | 61 019 | 65 790 | 70 046 |
| Vote 2 - COMMUNITY SERVICES - HEALTH AND PUBLIC SAFETY | 165 630 | 185 349 | 204 111 | 234 194 | 227 319 | 227 319 | 240 684 | 260 954 | 283 100 |
| Vote 3 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES | 104 023 | 121 383 | 109 594 | 160 280 | 156 659 | 156 659 | 177 766 | 192 464 | 211 936 |
| Vote 4 - CORPORATE SERVICES - ADMINISTRATION | 17 891 | 26 921 | 127 170 | 12 489 | 15 959 | 15 959 | 13 518 | 12 226 | 11 395 |
| Vote 5 - CORPORATE SERVICES - HUMAN RESOURCES | 3 131 | 2 433 | 19 129 | 4 476 | 5 323 | 5 323 | 3 933 | 4 203 | 4 507 |
| Vote 6 - FINANCIAL SERVICES | (78 504) | (15 409) | 82 985 | 1 493 | 5 209 | 5 209 | 5 138 | 5 262 | 5 624 |
| Vote 7 - INFRASTRUCTURE AND TECHNICAL SERVICES - ELECTRICAL SUPPLY SERVICES | 960 189 | 973 399 | 1 070 553 | 1 230 650 | 1 179 544 | 1 179 544 | 1 240 955 | 1 314 741 | 1 387 305 |
| Vote 8 - INFRASTRUCTURE AND TECHNICAL SERVICES - WATER AND SANITATION | 329 228 | 383 826 | 381 798 | 458 129 | 497 690 | 497 690 | 537 313 | 583 289 | 642 703 |
| Vote 9 - INFRASTRUCTURE AND TECHNICAL SERVICES - TRANSPORT, ROADS AND STORMWATER | 75 899 | 101 516 | 163 999 | 147 305 | 140 615 | 140 615 | 185 052 | 204 446 | 236 016 |
| Vote 10 - INFRASTRUCTURE AND TECHNICAL SERVICES - ENGINEERING SUPPORT SERVICES | 18 245 | 23 617 | 78 322 | 43 809 | 25 468 | 25 468 | 37 867 | 38 521 | 42 335 |
| Vote 11 - OFFICE OF THE MUNICIPAL MANAGER | 17 314 | 13 356 | 21 332 | 11 530 | 10 371 | 10 371 | 11 345 | 12 189 | 13 037 |
| Total Expenditure by Vote | 1 638 196 | 1 855 148 | 2 296 407 | 2 363 247 | 2 327 940 | 2 327 940 | 2 514 589 | 2 694 084 | 2 908 004 |
| Surplus/(Deficit) for the year | 75 377 | 185 507 | 197 906 | 126 767 | 186 006 | 186 006 | 164 816 | 123 400 | 133 108 |

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 City. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 22 MBRR Table A3A - Budgeted Financial Performance (revenue and expenditure by municipal vote - Detail)

| Vote Description | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| R thousand | | | | | | | | | |
| Revenue by Vote | | | | | | | | | |
| Vote 1 - CITY DEVELOPMENT | 22 613 | 23 352 | 33 877 | 10 871 | 39 174 | 39 174 | 2 934 | 3 082 | 3 236 |
| 1.1 - CITY DEVELOPMENT (013) | 1 981 | 2 439 | 2 271 | 1 412 | 1 649 | 1 649 | 1 834 | 1 932 | 2 036 |
| 1.2 - TOWNSHIP DEVELOPMENT (045) | 17 724 | 11 871 | 19 445 | 1 233 | 4 435 | 4 435 | — | — | — |
| 1.3 - PIONEER COURT RENTAL SCHEME (015) | 449 | 426 | 134 | — | — | — | — | — | — |
| 1.4 - HOUSING (028) | 2 460 | 8 617 | 12 027 | 8 226 | 33 090 | 33 090 | 1 100 | 1 150 | 1 200 |
| Vote 2 - COMMUNITY SERVICES - HEALTH AND PUBLIC SAFETY | 84 907 | 101 143 | 179 281 | 135 231 | 131 983 | 131 983 | 137 244 | 147 090 | 157 586 |
| 2.1 - FIRE BRIGADE (005) | 1 149 | 1 464 | 786 | 581 | 581 | 581 | 628 | 664 | 700 |
| 2.2 - TRAFFIC (006) | 3 440 | 11 136 | 60 206 | 9 146 | 10 696 | 10 696 | 11 565 | 12 201 | 12 872 |
| 2.3 - DISASTER MANAGEMENT (007) | — | — | — | — | — | — | — | — | — |
| 2.4 - HEALTH ADMINISTRATION (008) | 4 345 | 4 401 | 4 861 | 4 871 | 417 | 417 | 7 | 7 | 7 |
| 2.5 - CLINICS (009) | 4 819 | 4 842 | 9 645 | 7 296 | 5 453 | 5 453 | 6 | 6 | 6 |
| 2.6 - CRIME PREVENTION (010) | 381 | — | — | — | — | — | — | — | — |
| 2.7 - LICENCES TRAFFIC (012) | 9 449 | 9 919 | 10 367 | 10 057 | 10 307 | 10 307 | 10 828 | 11 423 | 12 051 |
| 2.8 - COMMUTER FACILITIES (029) | — | 27 | 5 380 | 5 | 3 005 | 3 005 | 6 | 6 | 6 |
| 2.9 - STREET CLEANING (032) | 382 | 369 | 177 | 5 | 5 | 5 | 6 | 6 | 6 |
| 2.10 - REFUSE REMOVAL (033) | 60 916 | 68 973 | 87 839 | 103 250 | 101 500 | 101 500 | 114 185 | 122 761 | 131 919 |
| 2.11 - WASTE DISPOSAL (036) | 24 | 11 | 20 | 20 | 18 | 18 | 16 | 17 | 18 |
| 2.12 - PUBLIC CONVENIENCES (037) | — | — | — | — | — | — | — | — | — |
| Vote 3 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL | 9 157 | 10 571 | 16 204 | 10 517 | 17 549 | 17 549 | 19 801 | 20 065 | 20 341 |
| 3.1 - CEMETERY (002) | 425 | 436 | 457 | 507 | 527 | 527 | 497 | 524 | 550 |
| 3.2 - LIBRARY (004) | 3 713 | 3 619 | 6 662 | 7 055 | 7 090 | 7 090 | 278 | 293 | 309 |
| 3.3 - MUNICIPAL HALLS (016) | 503 | 354 | 366 | 338 | 388 | 388 | 426 | 449 | 474 |
| 3.4 - PARKS, SPORT AND RECREATION (018) | — | — | — | — | — | — | — | — | — |
| 3.5 - PARKS AND GARDENS (023) | 3 082 | 4 665 | 4 852 | 989 | 2 605 | 2 605 | 2 756 | 2 901 | 3 056 |
| 3.6 - SPORT DEVELOPMENT AND SPORTFIELDS (024) | 124 | 94 | 89 | 95 | 1 211 | 1 211 | 15 101 | 15 107 | 15 111 |
| 3.7 - STADIUM (025) | — | — | 120 | — | — | — | — | — | — |
| 3.8 - CARAVAN PARK (026) | 640 | 678 | 708 | 730 | 750 | 750 | 230 | 248 | 268 |
| 3.9 - BEACH FACILITIES (027) | 118 | 154 | 2 196 | 5 | 4 181 | 4 181 | 6 | 6 | 6 |
| 3.10 - SWIMMING POOLS (042) | 416 | 426 | 465 | 491 | 491 | 491 | 501 | 529 | 558 |
| 3.11 - MUSEUMS, ARTS AND CRAFT (064) | 127 | 136 | 289 | 307 | 307 | 307 | 8 | 8 | 8 |
| 3.12 - PARKS DISTRIBUTION (073) | 10 | 9 | — | — | — | — | — | — | — |

Table A3A - Budgeted Financial Performance (revenue and expenditure by municipal vote - Detail) – (Continued)

| Vote Description | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| R thousand | | | | | | | | | |
| Revenue by Vote | | | | | | | | | |
| Vote 4 - CORPORATE SERVICES - ADMINISTRATION | 12 239 | 7 306 | 6 289 | 5 081 | 20 769 | 20 769 | 7 228 | 5 642 | 5 973 |
| 4.1 - ADMINISTRATION (001) | – | – | – | – | – | – | – | – | – |
| 4.2 - HOUSING RENTAL SCHEMES (003) | 1 760 | 1 677 | 1 525 | 1 495 | 1 495 | 1 495 | 1 507 | 1 590 | 1 677 |
| 4.3 - MUNICIPAL BUILDINGS (019) | 1 459 | 1 698 | 1 825 | 1 553 | 1 778 | 1 778 | 1 874 | 1 981 | 2 089 |
| 4.4 - COUNCIL GENERAL EXPENDITURE (030) | 268 | 228 | 1 033 | 165 | 165 | 165 | 2 955 | 1 134 | 1 220 |
| 4.5 - AIRPORT (058) | 8 851 | 2 755 | 538 | 441 | 841 | 841 | 596 | 626 | 656 |
| 4.6 - PRINTING AND PHOTOCOPYING (078) | – | – | – | – | – | – | – | – | – |
| 4.7 - IT SERVICES (082) | (99) | 947 | 1 367 | 1 426 | 16 489 | 16 489 | 297 | 312 | 331 |
| Vote 5 - CORPORATE SERVICES - HUMAN RESOURCES | 2 077 | 1 755 | 1 010 | 346 | 346 | 346 | 356 | 375 | 396 |
| 5.1 - MANAGEMENT SERVICES (014) | – | – | – | – | – | – | – | – | – |
| 5.2 - HUMAN RESOURCES AND LOSS CONTROL (021) | – | – | – | – | – | – | – | – | – |
| 5.3 - TRAINING AND INDUSTRIAL RELATIONS (077) | 2 077 | 1 755 | 1 010 | 346 | 346 | 346 | 356 | 375 | 396 |
| Vote 6 - FINANCIAL SERVICES | 220 677 | 280 644 | 322 852 | 336 236 | 359 646 | 359 646 | 394 563 | 429 672 | 467 195 |
| 6.1 - SUNDRIES (020) | – | – | – | – | – | – | – | – | – |
| 6.2 - FINANCIAL SERVICES (040) | 220 449 | 280 077 | 322 143 | 335 480 | 358 890 | 358 890 | 394 207 | 429 295 | 466 798 |
| 6.3 - SUPPLY CHAIN MANAGEMENT UNIT (066) | 228 | 568 | 709 | 755 | 755 | 755 | 357 | 376 | 397 |
| Vote 7 - INFRASTRUCTURE AND TECHNICAL SERVICES - ELECTRICITY | 970 954 | 1 133 941 | 1 367 946 | 1 400 658 | 1 309 708 | 1 309 708 | 1 406 287 | 1 505 487 | 1 621 530 |
| 7.1 - STREET LIGHTING (041) | – | – | 1 510 | – | – | – | – | – | – |
| 7.2 - ELECTRICITY ADMINISTRATION (054) | – | – | – | – | – | – | – | – | – |
| 7.3 - ELECTRICITY DISTRIBUTION (055) | 970 954 | 1 132 601 | 1 363 045 | 1 400 658 | 1 309 708 | 1 309 708 | 1 406 287 | 1 505 487 | 1 621 530 |
| 7.4 - ELECTRICITY MARKETING AND CUSTOMER SERVICES (057) | – | – | – | – | – | – | – | – | – |
| 7.5 - ELECTRICITY DISTRIBUTION ACCOUNT (072) | – | 4 | – | – | – | – | – | – | – |
| 7.6 - ELECTRICITY PLANNING AND DEVELOPMENT (081) | – | 1 317 | 3 391 | – | – | – | – | – | – |
| 7.7 - ELECTRICITY SUPPORT SERVICES (083) | – | 19 | – | – | – | – | – | – | – |
| 7.8 - PROCESS CONTROL SYSTEMS (050) | – | – | – | – | – | – | – | – | – |
| 7.9 - TRAFFIC TECHNICAL DISTRIBUTION ACCOUNT (079) | – | – | – | – | – | – | – | – | – |
| Vote 8 - INFRASTRUCTURE AND TECHNICAL SERVICES - WATER | 383 930 | 474 242 | 544 076 | 581 823 | 591 921 | 591 921 | 676 473 | 675 507 | 733 665 |
| 8.1 - SEWERAGE NETWORKS (034) | 123 697 | 137 006 | 158 573 | 225 131 | 220 765 | 220 765 | 212 144 | 227 403 | 244 415 |
| 8.2 - SEWERAGE PURIFICATION NETWORKS (035) | – | – | – | – | – | – | – | – | – |
| 8.3 - SEWERAGE PUMPSTATIONS (043) | – | – | – | 27 | 27 | 27 | 28 | 29 | 31 |
| 8.4 - WATER RURAL AREAS (046) | – | 8 452 | 44 666 | 40 566 | 33 566 | 33 566 | 33 748 | 36 055 | 39 264 |
| 8.5 - WATER AND SANITATION INFRASTRUCTURE PLANNING (049) | – | 837 | 687 | – | – | – | – | – | – |
| 8.6 - WATER PURIFICATION WORKS (059) | – | – | – | 5 | 5 | 5 | 6 | 6 | 6 |
| 8.7 - WATER DISTRIBUTION (060) | 239 872 | 305 977 | 314 531 | 290 725 | 309 994 | 309 994 | 403 077 | 382 753 | 418 775 |
| 8.8 - CLARIFIED WATER (061) | 13 415 | 14 195 | 17 751 | 15 250 | 17 000 | 17 000 | 20 365 | 21 792 | 23 321 |
| 8.9 - SCIENTIFIC SERVICES (062) | 5 188 | 6 008 | 7 869 | 8 425 | 8 815 | 8 815 | 5 306 | 5 571 | 5 850 |
| 8.10 - INDUSTRIAL EFFLUENT PIPELINE (063) | 1 757 | 1 757 | – | 1 694 | 1 750 | 1 750 | 1 800 | 1 899 | 2 003 |
| 8.11 - WATER AND SANITATION DISTRIBUTION ACCOUNT (074) | – | 9 | – | – | – | – | – | – | – |
| 8.12 - SEWERAGE PUMPSTATIONS DISTRIBUTION ACCOUNT (087) | – | – | – | – | – | – | – | – | – |

Table A3A - Budgeted Financial Performance (revenue and expenditure by municipal vote - Detail) – (Continued)

| Vote Description | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|--|------------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| R thousand | | | | | | | | | |
| Revenue by Vote | | | | | | | | | |
| Vote 9 - INFRASTRUCTURE AND TECHNICAL SERVICES - TRANSPORT | 1 133 | 2 263 | 14 082 | 1 826 | 1 068 | 1 068 | 16 071 | 16 135 | 16 199 |
| 9.1 - URBAN ROADS AND RAIL (022) | – | 1 255 | 13 116 | 826 | 68 | 68 | 15 071 | 15 075 | 15 079 |
| 9.2 - RURAL ROADS (056) | – | – | – | – | – | – | – | – | – |
| 9.3 - ROADS AND STORMWATER DISTRIBUTION ACCOUNT (068) | – | – | – | – | – | – | – | – | – |
| 9.4 - RAILWAY SIDINGS (069) | 1 133 | 1 008 | 965 | 1 000 | 1 000 | 1 000 | 1 000 | 1 060 | 1 120 |
| Vote 10 - INFRASTRUCTURE AND TECHNICAL SERVICES - ENGINEERING | 2 377 | 2 965 | 5 719 | 5 288 | 38 524 | 38 524 | 15 429 | 11 174 | 11 478 |
| 10.1 - ENGINEERING SERVICES (038) | 127 | 60 | 35 | 32 | 42 | 42 | 48 | 50 | 53 |
| 10.2 - PROCESS CONTROL SYSTEMS (050) | – | – | – | – | – | – | – | – | – |
| 10.3 - PROJECT MANAGEMENT (065) | 1 923 | 2 813 | 3 515 | 5 011 | 7 586 | 7 586 | 15 124 | 10 854 | 11 139 |
| 10.4 - MECHANICAL SERVICES (067) | – | – | – | – | – | – | – | – | – |
| 10.5 - EQUIPMENT DISTRIBUTION ACCOUNT (070) | – | – | – | 10 | 10 | 10 | 11 | 11 | 12 |
| 10.6 - VEHICLE DISTRIBUTION ACCOUNT (071) | 327 | 85 | 2 140 | 224 | 30 875 | 30 875 | 235 | 246 | 261 |
| 10.7 - BUILDING DISTRIBUTION ACCOUNT (075) | – | 6 | – | – | – | – | – | – | – |
| 10.8 - RADIO EQUIPMENT ACCOUNT (076) | – | – | 29 | 11 | 11 | 11 | 12 | 12 | 13 |
| Vote 11 - OFFICE OF THE MUNICIPAL MANAGER | 3 509 | 2 473 | 2 976 | 2 138 | 3 258 | 3 258 | 3 018 | 3 255 | 3 512 |
| 11.1 - OFFICE OF THE MUNICIPAL MANAGER (011) | 3 509 | 2 473 | 2 655 | 2 138 | 3 158 | 3 158 | 3 018 | 3 255 | 3 512 |
| 11.2 - MUNICIPAL MANAGER (039) | – | – | – | – | – | – | – | – | – |
| 11.3 - INTERNAL AUDIT (080) | – | – | 320 | – | 100 | 100 | – | – | – |
| Total Revenue by Vote | 1 713 573 | 2 040 655 | 2 494 312 | 2 490 015 | 2 513 946 | 2 513 946 | 2 679 404 | 2 817 484 | 3 041 112 |
| Expenditure by Vote | | | | | | | | | |
| Vote 1 - CITY DEVELOPMENT | 25 151 | 38 758 | 37 416 | 58 894 | 63 784 | 63 784 | 61 019 | 65 790 | 70 046 |
| 1.1 - CITY DEVELOPMENT (013) | 19 264 | 28 014 | 27 992 | 38 522 | 42 491 | 42 491 | 41 343 | 44 432 | 47 521 |
| 1.2 - TOWNSHIP DEVELOPMENT (045) | 2 106 | 3 137 | 3 168 | 5 059 | 5 693 | 5 693 | 3 266 | 3 460 | 3 617 |
| 1.3 - PIONEER COURT RENTAL SCHEME (015) | – | – | – | – | – | – | – | – | – |
| 1.4 - HOUSING (028) | 3 780 | 7 607 | 6 256 | 15 313 | 15 601 | 15 601 | 16 410 | 17 898 | 18 908 |
| Vote 2 - COMMUNITY SERVICES - HEALTH AND PUBLIC SAFETY | 165 630 | 185 349 | 204 111 | 234 194 | 227 319 | 227 319 | 240 684 | 260 954 | 283 100 |
| 2.1 - FIRE BRIGADE (005) | 33 675 | 36 240 | 33 719 | 46 223 | 49 416 | 49 416 | 57 635 | 64 248 | 71 297 |
| 2.2 - TRAFFIC (006) | 23 678 | 30 272 | 76 567 | 36 122 | 38 893 | 38 893 | 46 799 | 49 582 | 52 920 |
| 2.3 - DISASTER MANAGEMENT (007) | 719 | 739 | 340 | 1 461 | 904 | 904 | 1 317 | 1 625 | 1 955 |
| 2.4 - HEALTH ADMINISTRATION (008) | 7 095 | 8 176 | 7 888 | 12 664 | 7 831 | 7 831 | 7 614 | 8 691 | 9 487 |
| 2.5 - CLINICS (009) | 15 665 | 16 800 | 16 399 | 23 696 | 17 116 | 17 116 | 2 272 | 2 432 | 2 595 |
| 2.6 - CRIME PREVENTION (010) | 503 | 257 | 911 | 4 030 | 3 730 | 3 730 | 4 828 | 5 273 | 5 727 |
| 2.7 - LICENCES TRAFFIC (012) | 7 163 | 8 128 | 6 758 | 9 957 | 9 638 | 9 638 | 11 119 | 11 884 | 12 644 |
| 2.8 - COMMUTER FACILITIES (029) | 949 | 1 093 | 1 134 | 1 735 | 1 753 | 1 753 | 1 556 | 1 474 | 1 326 |
| 2.9 - STREET CLEANING (032) | 18 772 | 20 914 | 21 593 | 27 820 | 30 021 | 30 021 | 34 639 | 36 970 | 39 396 |
| 2.10 - REFUSE REMOVAL (033) | 56 080 | 61 405 | 37 832 | 68 468 | 66 018 | 66 018 | 70 752 | 76 449 | 82 615 |
| 2.11 - WASTE DISPOSAL (036) | 37 | (1) | 218 | 305 | 305 | 305 | 277 | 292 | 952 |
| 2.12 - PUBLIC CONVENIENCES (037) | 1 293 | 1 326 | 752 | 1 712 | 1 695 | 1 695 | 1 878 | 2 037 | 2 186 |

Table A3A - Budgeted Financial Performance (revenue and expenditure by municipal vote - Detail) – (Continued)

| Vote Description R thousand | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Expenditure by Vote | | | | | | | | | |
| Vote 3 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL | 104 023 | 121 383 | 109 594 | 160 280 | 156 659 | 156 659 | 177 766 | 192 464 | 211 936 |
| 3.1 - CEMETERY (002) | 6 409 | 6 132 | 5 752 | 8 351 | 8 451 | 8 451 | 9 668 | 10 052 | 10 978 |
| 3.2 - LIBRARY (004) | 11 356 | 12 954 | 12 129 | 16 908 | 16 878 | 16 878 | 17 552 | 19 028 | 20 380 |
| 3.3 - MUNICIPAL HALLS (016) | 8 719 | 10 200 | 8 422 | 15 296 | 15 871 | 15 871 | 18 304 | 21 052 | 24 483 |
| 3.4 - PARKS, SPORT AND RECREATION (018) | 5 831 | 6 347 | 6 374 | 8 429 | 8 952 | 8 952 | 9 628 | 10 462 | 11 308 |
| 3.5 - PARKS AND GARDENS (023) | 36 743 | 44 585 | 5 934 | 55 796 | 54 871 | 54 871 | 57 137 | 59 963 | 64 974 |
| 3.6 - SPORT DEVELOPMENT AND SPORTFIELDS (024) | 11 576 | 16 362 | 16 379 | 21 560 | 22 239 | 22 239 | 24 279 | 28 561 | 33 444 |
| 3.7 - STADIUM (025) | 26 | 151 | 31 | 155 | 142 | 142 | 143 | 138 | 162 |
| 3.8 - CARAVAN PARK (026) | – | – | 43 | 11 | 11 | 11 | 43 | 43 | 43 |
| 3.9 - BEACH FACILITIES (027) | 9 848 | 10 064 | 9 456 | 14 109 | 14 147 | 14 147 | 15 335 | 15 947 | 17 429 |
| 3.10 - SWIMMING POOLS (042) | 12 381 | 13 363 | 11 735 | 18 013 | 16 372 | 16 372 | 19 002 | 20 176 | 21 313 |
| 3.11 - MUSEUMS, ARTS AND CRAFT (064) | 1 127 | 1 217 | 869 | 1 648 | 1 632 | 1 632 | 6 672 | 7 040 | 7 420 |
| 3.12 - PARKS DISTRIBUTION (073) | 7 | 8 | 32 470 | 4 | (2 908) | (2 908) | 4 | 4 | 4 |
| Vote 4 - CORPORATE SERVICES - ADMINISTRATION | 17 891 | 26 921 | 127 170 | 12 489 | 15 959 | 15 959 | 13 518 | 12 226 | 11 395 |
| 4.1 - ADMINISTRATION (001) | 4 105 | 3 250 | 14 357 | 156 | (312) | (312) | 774 | 803 | 856 |
| 4.2 - HOUSING RENTAL SCHEMES (003) | 2 322 | 2 347 | 1 581 | 2 695 | 2 171 | 2 171 | 1 802 | 1 931 | 2 071 |
| 4.3 - MUNICIPAL BUILDINGS (019) | 1 980 | 4 120 | 18 346 | 5 769 | 5 870 | 5 870 | 6 547 | 4 803 | 3 454 |
| 4.4 - COUNCIL GENERAL EXPENDITURE (030) | 9 511 | 15 990 | 64 286 | 414 | 3 986 | 3 986 | 816 | 865 | 914 |
| 4.5 - AIRPORT (058) | 72 | 269 | 740 | 903 | 903 | 903 | 736 | 781 | 807 |
| 4.6 - PRINTING AND PHOTOCOPYING (078) | – | – | 1 580 | – | 152 | 152 | – | – | – |
| 4.7 - IT SERVICES (082) | (100) | 947 | 26 281 | 2 552 | 3 189 | 3 189 | 2 843 | 3 044 | 3 292 |
| Vote 5 - CORPORATE SERVICES - HUMAN RESOURCES | 3 131 | 2 433 | 19 129 | 4 476 | 5 323 | 5 323 | 3 933 | 4 203 | 4 507 |
| 5.1 - MANAGEMENT SERVICES (014) | 1 054 | 681 | 1 403 | 1 554 | 1 842 | 1 842 | 1 907 | 2 037 | 2 166 |
| 5.2 - HUMAN RESOURCES AND LOSS CONTROL (021) | 0 | (2) | 5 662 | 999 | 611 | 611 | 669 | 715 | 774 |
| 5.3 - TRAINING AND INDUSTRIAL RELATIONS (077) | 2 077 | 1 753 | 12 063 | 1 922 | 2 870 | 2 870 | 1 356 | 1 450 | 1 568 |
| Vote 6 - FINANCIAL SERVICES | (78 504) | (15 409) | 82 985 | 1 493 | 5 209 | 5 209 | 5 138 | 5 262 | 5 624 |
| 6.1 - SUNDRIES (020) | – | – | – | – | – | – | – | – | – |
| 6.2 - FINANCIAL SERVICES (040) | (78 876) | (15 330) | 72 794 | 1 349 | 5 910 | 5 910 | 4 406 | 4 494 | 4 804 |
| 6.3 - SUPPLY CHAIN MANAGEMENT UNIT (066) | 371 | (80) | 10 191 | 144 | (702) | (702) | 733 | 768 | 820 |

Table A3A - Budgeted Financial Performance (revenue and expenditure by municipal vote - Detail) – (Continued)

| Vote Description R thousand | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Expenditure by Vote | | | | | | | | | |
| Vote 7 - INFRASTRUCTURE AND TECHNICAL SERVICES - ELECTRICITY | 960 189 | 973 399 | 1 070 553 | 1 230 650 | 1 179 544 | 1 179 544 | 1 240 955 | 1 314 741 | 1 387 305 |
| 7.1 - STREET LIGHTING (041) | 16 317 | 18 807 | 3 571 | 25 692 | 26 042 | 26 042 | 29 468 | 31 260 | 32 045 |
| 7.2 - ELECTRICITY ADMINISTRATION (054) | 751 435 | 846 414 | 962 734 | 1 079 114 | 1 008 536 | 1 008 536 | 1 064 759 | 1 124 507 | 1 186 711 |
| 7.3 - ELECTRICITY DISTRIBUTION (055) | 185 922 | 99 106 | 62 607 | 115 989 | 118 969 | 118 969 | 119 724 | 131 798 | 137 771 |
| 7.4 - ELECTRICITY MARKETING AND CUSTOMER SERVICES (057) | 6 514 | 7 732 | 6 771 | 9 850 | 11 648 | 11 648 | 14 351 | 15 044 | 16 478 |
| 7.5 - ELECTRICITY DISTRIBUTION ACCOUNT (072) | (0) | 4 | 21 541 | 1 | 981 | 981 | 1 | 1 | 1 |
| 7.6 - ELECTRICITY PLANNING AND DEVELOPMENT (081) | 0 | 1 317 | 6 471 | 5 | (1 800) | (1 800) | 5 | 6 | 6 |
| 7.7 - ELECTRICITY SUPPORT SERVICES (083) | 0 | 19 | 6 857 | – | (150) | (150) | – | – | – |
| 7.8 - PROCESS CONTROL SYSTEMS (050) | – | – | – | – | 13 928 | 13 928 | 12 647 | 12 126 | 14 293 |
| 7.9 - TRAFFIC TECHNICAL DISTRIBUTION ACCOUNT (079) | – | – | – | – | 1 391 | 1 391 | – | – | – |
| Vote 8 - INFRASTRUCTURE AND TECHNICAL SERVICES - WATER | 329 228 | 383 826 | 381 798 | 458 129 | 497 690 | 497 690 | 537 313 | 583 289 | 642 703 |
| 8.1 - SEWERAGE NETWORKS (034) | 30 258 | 35 690 | 38 702 | 44 665 | 43 881 | 43 881 | 51 106 | 64 268 | 77 532 |
| 8.2 - SEWERAGE PURIFICATION NETWORKS (035) | 34 020 | 38 008 | 35 683 | 52 148 | 52 138 | 52 138 | 65 093 | 64 870 | 68 529 |
| 8.3 - SEWERAGE PUMPSTATIONS (043) | 17 702 | 19 139 | 15 798 | 26 168 | 27 743 | 27 743 | 32 000 | 33 621 | 38 168 |
| 8.4 - WATER RURAL AREAS (046) | 24 097 | 30 828 | 19 795 | 51 687 | 50 219 | 50 219 | 43 879 | 49 672 | 57 021 |
| 8.5 - WATER AND SANITATION INFRASTRUCTURE PLANNING (049) | – | (12 086) | 4 220 | 4 765 | 4 754 | 4 754 | 4 988 | 5 362 | 5 656 |
| 8.6 - WATER PURIFICATION WORKS (059) | 100 996 | 129 230 | 116 581 | 135 564 | 178 064 | 178 064 | 191 623 | 198 064 | 212 481 |
| 8.7 - WATER DISTRIBUTION (060) | 102 355 | 116 490 | 79 152 | 104 914 | 100 535 | 100 535 | 110 732 | 128 118 | 141 381 |
| 8.8 - CLARIFIED WATER (061) | 10 467 | 12 549 | 11 239 | 15 108 | 15 108 | 15 108 | 17 578 | 18 221 | 18 868 |
| 8.9 - SCIENTIFIC SERVICES (062) | 9 088 | 13 540 | 11 504 | 21 335 | 21 501 | 21 501 | 18 400 | 19 183 | 21 178 |
| 8.10 - INDUSTRIAL EFFLUENT PIPELINE (063) | 246 | 438 | 1 567 | 1 714 | 1 714 | 1 714 | 1 850 | 1 843 | 1 819 |
| 8.11 - WATER AND SANITATION DISTRIBUTION ACCOUNT (074) | (0) | 4 | 40 261 | 6 | 2 236 | 2 236 | 6 | 7 | 7 |
| 8.12 - SEWERAGE PUMPSTATIONS DISTRIBUTION ACCOUNT (087) | (0) | (5) | 7 296 | 55 | (203) | (203) | 58 | 61 | 64 |

Table A3A - Budgeted Financial Performance (revenue and expenditure by municipal vote - Detail) – (Continued)

| Vote Description R thousand | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|--|------------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Expenditure by Vote | | | | | | | | | |
| Vote 9 - INFRASTRUCTURE AND TECHNICAL SERVICES - TRANSP | 75 899 | 101 516 | 163 999 | 147 305 | 140 615 | 140 615 | 185 052 | 204 446 | 236 016 |
| 9.1 - URBAN ROADS AND RAIL (022) | 75 038 | 85 797 | 111 055 | 114 317 | 111 546 | 111 546 | 144 092 | 163 427 | 190 968 |
| 9.2 - RURAL ROADS (056) | – | 15 014 | 16 968 | 31 870 | 33 754 | 33 754 | 39 807 | 40 012 | 43 746 |
| 9.3 - ROADS AND STORMWATER DISTRIBUTION ACCOUNT (068) | (0) | – | 35 059 | – | (5 804) | (5 804) | | | |
| 9.4 - RAILWAY SIDINGS (069) | 861 | 705 | 916 | 1 119 | 1 119 | 1 119 | 1 153 | 1 008 | 1 301 |
| Vote 10 - INFRASTRUCTURE AND TECHNICAL SERVICES - ENGIN | 18 245 | 23 617 | 78 322 | 43 809 | 25 468 | 25 468 | 37 867 | 38 521 | 42 335 |
| 10.1 - ENGINEERING SERVICES (038) | 14 927 | 13 372 | 6 677 | 12 563 | 11 897 | 11 897 | 13 235 | 14 431 | 15 644 |
| 10.2 - PROCESS CONTROL SYSTEMS (050) | – | 5 591 | 5 968 | 10 065 | – | – | – | – | – |
| 10.3 - PROJECT MANAGEMENT (065) | 2 991 | 4 562 | 7 988 | 11 234 | 11 639 | 11 639 | 20 970 | 17 639 | 18 810 |
| 10.4 - MECHANICAL SERVICES (067) | (0) | – | 8 561 | 34 | (68) | (68) | 36 | 38 | 40 |
| 10.5 - EQUIPMENT DISTRIBUTION ACCOUNT (070) | (0) | – | 5 741 | 3 501 | 4 136 | 4 136 | 2 252 | 3 226 | 3 645 |
| 10.6 - VEHICLE DISTRIBUTION ACCOUNT (071) | 327 | 85 | 36 448 | 6 398 | (2 412) | (2 412) | 1 355 | 3 167 | 4 173 |
| 10.7 - BUILDING DISTRIBUTION ACCOUNT (075) | (0) | 6 | 6 732 | – | 340 | 340 | – | – | – |
| 10.8 - RADIO EQUIPMENT ACCOUNT (076) | 0 | 0 | 208 | 14 | (65) | (65) | 20 | 21 | 23 |
| Vote 11 - OFFICE OF THE MUNICIPAL MANAGER | 17 314 | 13 356 | 21 332 | 11 530 | 10 371 | 10 371 | 11 345 | 12 189 | 13 037 |
| 11.1 - OFFICE OF THE MUNICIPAL MANAGER (011) | 14 538 | 9 832 | 6 978 | 11 499 | 10 158 | 10 158 | 11 330 | 12 172 | 13 019 |
| 11.2 - MUNICIPAL MANAGER (039) | 2 778 | 3 525 | 11 650 | – | 19 | 19 | | | |
| 11.3 - INTERNAL AUDIT (080) | (2) | – | 2 704 | 32 | 193 | 193 | 16 | 17 | 18 |
| Total Expenditure by Vote | 1 638 196 | 1 855 148 | 2 296 407 | 2 363 247 | 2 327 940 | 2 327 940 | 2 514 589 | 2 694 084 | 2 908 004 |
| Surplus/(Deficit) for the year | 75 377 | 185 507 | 197 906 | 126 767 | 186 006 | 186 006 | 164 816 | 123 400 | 133 108 |

Table 23 Surplus/ (Deficit) calculations for the trading services

| Description R thousand | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Electricity | | | | | | | | | |
| Total revenue (incl capital grants and transfers) | 970 954 | 1 133 941 | 1 366 436 | 1 400 658 | 1 309 708 | 1 309 708 | 1 406 287 | 1 505 487 | 1 621 530 |
| Operating Expenditure | 943 872 | 954 591 | 1 066 981 | 1 204 958 | 1 153 502 | 1 153 502 | 1 211 487 | 1 283 481 | 1 355 260 |
| Surplus/(Deficit) for the year | 27 082 | 179 349 | 299 454 | 195 700 | 156 206 | 156 206 | 194 800 | 222 006 | 266 271 |
| Percentage Surplus | 2.8% | 15.8% | 21.9% | 14.0% | 11.9% | 11.9% | 13.9% | 14.7% | 16.4% |
| Water | | | | | | | | | |
| Total revenue (incl capital grants and transfers) | 256 843 | 333 876 | 387 261 | 357 476 | 373 172 | 373 172 | 470 063 | 451 603 | 492 785 |
| Operating Expenditure | 280 843 | 282 283 | 266 614 | 322 351 | 377 118 | 377 118 | 397 688 | 427 442 | 465 994 |
| Surplus/(Deficit) for the year | (24 001) | 51 594 | 120 647 | 35 125 | (3 946) | (3 946) | 72 376 | 24 161 | 26 791 |
| Percentage Surplus | -9.3% | 15.5% | 31.2% | 9.8% | -1.1% | -1.1% | 15.4% | 5.4% | 5.4% |
| Waste water management | | | | | | | | | |
| Total revenue (incl capital grants and transfers) | 129 010 | 143 179 | 160 331 | 229 357 | 226 334 | 226 334 | 221 534 | 234 758 | 252 019 |
| Operating Expenditure | 47 579 | 100 211 | 123 924 | 137 708 | 133 907 | 133 907 | 162 473 | 175 521 | 197 705 |
| Surplus/(Deficit) for the year | 81 431 | 42 968 | 36 407 | 91 650 | 92 428 | 92 428 | 59 062 | 59 236 | 54 315 |
| Percentage Surplus | 63.1% | 30.0% | 22.7% | 40.0% | 40.8% | 40.8% | 26.7% | 25.2% | 21.6% |
| Waste management | | | | | | | | | |
| Total revenue (incl capital grants and transfers) | 61 322 | 69 353 | 88 037 | 103 275 | 101 523 | 101 523 | 114 206 | 122 784 | 131 943 |
| Operating Expenditure | 74 889 | 82 319 | 59 644 | 96 593 | 96 344 | 96 344 | 105 667 | 113 710 | 122 963 |
| Surplus/(Deficit) for the year | (13 567) | (12 966) | 28 393 | 6 682 | 5 179 | 5 179 | 8 540 | 9 074 | 8 979 |
| Percentage Surplus | -22.1% | -18.7% | 32.3% | 6.5% | 5.1% | 5.1% | 7.5% | 7.4% | 6.8% |

- It needs to be noted that surpluses reflected above include capital revenues (Transfers recognised – capital), which distorts the real picture of the actual operational surpluses for all trading services.
- The electricity trading surplus is constant over the 2015/16 MTREF from 13.9 per cent or R195 million in 2015/16 to 14.7 per cent by 2016/17.
- The surplus on the water account is distorted in the 2015/16 year by the inclusion of capital grants amounting to R 91,6 million however evens out over the remainder of the MTREF translating into a surplus of 15.4 per cent, 5.4 per cent and 5.4 per cent for each of the respective financial years. The drop in revenue for the 2016/17 MTREF is due to a reduction in the capital revenue allocation in terms of DORA. Refer to Table SA 18 – Transfer and grant receipts.
- Note that the surpluses on these trading accounts are utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, and used to cross-subsidise other municipal services.

Table 24 Surplus/ (Deficit) calculations for other services

| Description R thousand | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Governance and administration | | | | | | | | | |
| Total revenue (incl capital grants and transfers) | 247 502 | 300 755 | 353 377 | 344 317 | 417 774 | 417 774 | 404 000 | 437 718 | 475 789 |
| Operating Expenditure | (24 001) | 45 809 | 305 947 | 62 069 | 50 728 | 50 728 | 47 966 | 53 645 | 58 744 |
| Surplus/(Deficit) for the year | 271 503 | 254 946 | 47 430 | 282 248 | 367 046 | 367 046 | 356 034 | 356 034 | 384 073 |
| Percentage Surplus | 109.7% | 84.8% | 13.4% | 82.0% | 87.9% | 87.9% | 88.1% | 88.1% | 81.3% |
| Community and public safety | | | | | | | | | |
| Total revenue (incl capital grants and transfers) | 24 751 | 34 140 | 100 416 | 33 969 | 39 479 | 39 479 | 33 885 | 34 928 | 36 022 |
| Operating Expenditure | 201 435 | 234 781 | 268 468 | 313 214 | 308 213 | 308 213 | 335 802 | 361 851 | 392 743 |
| Surplus/(Deficit) for the year | (176 684) | (200 642) | (168 052) | (279 245) | (268 734) | (268 734) | (301 917) | (301 917) | (326 923) |
| Percentage Surplus/ (Deficit) | -713.8% | -587.7% | -167.4% | -822.1% | -680.7% | -680.7% | -891.0% | -891.0% | -864.4% |
| Economic and environmental services | | | | | | | | | |
| Total revenue (incl capital grants and transfers) | 11 430 | 13 613 | 25 755 | 12 295 | 12 024 | 12 024 | 27 733 | 28 430 | 29 166 |
| Operating Expenditure | 109 725 | 147 279 | 197 832 | 210 139 | 191 625 | 191 625 | 236 361 | 259 755 | 294 879 |
| Surplus/(Deficit) for the year | (98 295) | (133 665) | (172 077) | (197 843) | (179 601) | (179 601) | (208 628) | (208 628) | (231 325) |
| Percentage Surplus/ (Deficit) | -859.9% | -981.9% | -668.1% | -1609.1% | -1493.7% | -1493.7% | -752.3% | -752.3% | -733.8% |
| Housing | | | | | | | | | |
| Total revenue (incl capital grants and transfers) | 2 909 | 9 042 | 12 161 | 8 226 | 33 090 | 33 090 | 1 100 | 1 150 | 1 200 |
| Operating Expenditure | 3 780 | 7 607 | 6 256 | 15 313 | 15 601 | 15 601 | 16 410 | 17 898 | 18 908 |
| Surplus/(Deficit) for the year | (872) | 1 435 | 5 905 | (7 087) | 17 489 | 17 489 | (15 310) | (15 310) | (16 747) |
| Percentage Surplus/ (Deficit) | -30.0% | 15.9% | 48.6% | -86.2% | 52.9% | 52.9% | -1391.7% | -1391.7% | -1331.2% |

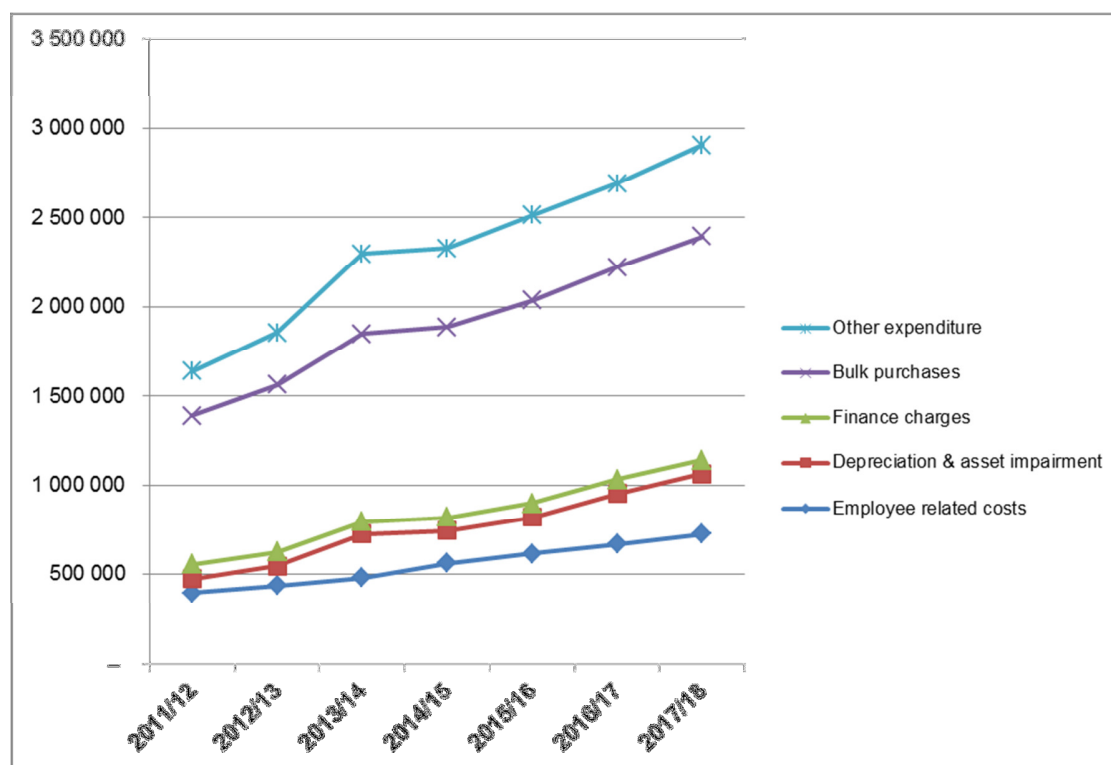
- This table highlights the extent of cross-subsidisation from the trading services to the Community and public safety, Economic and environmental and Housing services.
- Although Council has received Level II Accreditation, the subsidisation of Housing services can be construed as an “unfunded” mandate.

Table 25 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

| Description | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|--|------------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| R thousand | | | | | | | | | |
| Revenue By Source | | | | | | | | | |
| Property rates | 204 614 | 238 007 | 279 679 | 314 000 | 326 453 | 326 453 | 360 000 | 393 800 | 429 904 |
| Property rates - penalties & collection charges | – | – | – | – | – | – | – | – | – |
| Service charges - electricity revenue | 966 962 | 1 091 706 | 1 311 519 | 1 385 000 | 1 295 000 | 1 295 000 | 1 390 000 | 1 488 240 | 1 607 299 |
| Service charges - water revenue | 134 008 | 158 637 | 176 552 | 204 600 | 206 500 | 206 500 | 281 565 | 303 931 | 328 079 |
| Service charges - sanitation revenue | 59 702 | 66 946 | 71 241 | 78 000 | 75 450 | 75 450 | 84 000 | 90 720 | 97 978 |
| Service charges - refuse revenue | 46 088 | 52 520 | 58 414 | 62 000 | 60 200 | 60 200 | 67 800 | 73 224 | 79 082 |
| Service charges - other | 18 483 | 18 468 | 23 028 | 12 561 | 12 072 | 12 072 | 13 304 | 14 033 | 14 805 |
| Rental of facilities and equipment | 16 133 | 16 860 | 13 501 | 8 234 | 11 562 | 11 562 | 10 874 | 11 532 | 12 225 |
| Interest earned - external investments | 4 012 | 14 499 | 21 060 | 10 605 | 16 700 | 16 700 | 21 982 | 22 641 | 23 320 |
| Interest earned - outstanding debtors | 1 639 | 1 778 | 52 | 1 542 | 1 544 | 1 544 | 1 558 | 1 641 | 1 728 |
| Fines | 3 005 | 10 550 | 59 986 | 8 877 | 10 377 | 10 377 | 11 231 | 11 849 | 12 501 |
| Licences and permits | 1 831 | 1 933 | 1 744 | 1 728 | 1 754 | 1 754 | 1 765 | 1 861 | 1 964 |
| Agency services | 5 922 | 6 093 | 6 630 | 6 350 | 6 600 | 6 600 | 7 000 | 7 385 | 7 791 |
| Transfers recognised - operational | 183 050 | 202 114 | 232 086 | 260 509 | 246 226 | 246 226 | 249 431 | 259 006 | 275 826 |
| Other revenue | 13 129 | 108 315 | 44 425 | 16 553 | 18 102 | 18 102 | 19 016 | 20 089 | 21 227 |
| Gains on disposal of PPE | 5 857 | 569 | 7 530 | – | – | – | – | – | – |
| Total Revenue (excluding capital transfers and contributions) | 1 664 435 | 1 988 995 | 2 307 447 | 2 370 559 | 2 288 540 | 2 288 540 | 2 519 526 | 2 699 952 | 2 913 728 |
| Expenditure By Type | | | | | | | | | |
| Employee related costs | 395 706 | 437 126 | 480 990 | 583 141 | 561 455 | 561 455 | 615 819 | 670 313 | 726 335 |
| Remuneration of councillors | 15 863 | 17 148 | 21 408 | 23 176 | 23 176 | 23 176 | 24 729 | 26 584 | 28 711 |
| Debt impairment | 3 000 | 3 647 | 67 969 | 3 050 | 3 050 | 3 050 | 3 050 | 3 050 | 3 050 |
| Depreciation & asset impairment | 78 242 | 108 389 | 244 340 | 182 390 | 182 390 | 182 390 | 205 014 | 281 661 | 337 173 |
| Finance charges | 82 481 | 79 985 | 71 145 | 77 614 | 77 614 | 77 614 | 79 806 | 78 062 | 74 619 |
| Bulk purchases | 834 060 | 937 247 | 1 051 626 | 1 096 502 | 1 065 919 | 1 065 919 | 1 134 058 | 1 191 432 | 1 254 842 |
| Other materials | 43 312 | 21 145 | 22 740 | 34 702 | 35 939 | 35 939 | 45 366 | 38 792 | 48 740 |
| Contracted services | 100 102 | 136 837 | 167 825 | 159 669 | 178 565 | 178 565 | 201 840 | 188 763 | 215 591 |
| Transfers and grants | 5 543 | 7 178 | 9 473 | 13 749 | 8 539 | 8 539 | 13 884 | 14 647 | 15 423 |
| Other expenditure | 79 886 | 105 977 | 158 890 | 189 254 | 191 292 | 191 292 | 191 022 | 200 782 | 203 519 |
| Loss on disposal of PPE | – | 470 | – | – | – | – | – | – | – |
| Total Expenditure | 1 638 196 | 1 855 148 | 2 296 407 | 2 363 247 | 2 327 940 | 2 327 940 | 2 514 588 | 2 694 084 | 2 908 003 |
| Surplus/(Deficit) | 26 239 | 133 847 | 11 040 | 7 311 | (39 399) | (39 399) | 4 938 | 5 868 | 5 724 |
| Transfers recognised - capital | 49 138 | 51 659 | 186 865 | 119 456 | 225 405 | 225 405 | 159 878 | 117 531 | 127 384 |
| Surplus/(Deficit) for the year | 75 377 | 185 507 | 197 906 | 126 768 | 186 006 | 186 006 | 164 816 | 123 399 | 133 108 |

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

1. Total revenue is R2.52 billion in 2015/16 and escalates to R2.7 billion by 2016/17 and R2.9 billion by 2016/18. This represents a year-on-year increase of 10 per cent for the 2015/16 financial year and 7 per cent for the 2016/17 financial year and 8 per cent for the 2017/18 financial year.
2. Revenue to be generated from Property Rates is R 360 million in the 2015/16 financial year and increases to R 394 million by 2016/17 which represents 14 per cent of the operating revenue base of the City and therefore remains significant short of funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 15 per cent for both of the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the City totalling R1.8 billion for the 2015/16 financial year and increasing to R1.9 billion by 2016/17. For the 2015/16 financial year services charges amount to 73 per cent of the total revenue base, however no economic growth has been built into these revenue figures. The growth that is reflected here is mainly be attributed to the increase in the bulk prices of electricity and the effects of the cost of water.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government having only increased marginally over the MTREF by 1.3 per cent and 3.8 per cent for the two outer years.
5. The following graph illustrates the major expenditure items per type.

**Figure 4 Expenditure by major type**

6. Bulk purchases have significantly increased over the 2011/12 to 2015/16 period escalating from R834 million to R1,1 billion. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from Mhlathuze Water including the investment of Tata Steel in the City in 2011/12.
7. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 26 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

| Vote Description R thousand | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Capital expenditure - Vote | | | | | | | | | |
| Multi-year expenditure to be appropriated | | | | | | | | | |
| Vote 1 - CITY DEVELOPMENT | 1 074 | 6 098 | 7 595 | 22 610 | 24 931 | 24 931 | 296 | 406 | 406 |
| Vote 2 - COMMUNITY SERVICES - HEALTH AND P | 7 | 901 | 8 941 | 29 330 | 25 721 | 25 721 | 25 986 | 32 826 | 32 845 |
| Vote 3 - COMMUNITY SERVICES - RECREATIONAL | 220 | 2 797 | 9 579 | 32 594 | 30 803 | 30 803 | 39 472 | 43 633 | 43 649 |
| Vote 4 - CORPORATE SERVICES - ADMINISTRATIO | 10 626 | 9 480 | 5 923 | 4 319 | 4 029 | 4 029 | 12 206 | 10 224 | 10 224 |
| Vote 5 - CORPORATE SERVICES - HUMAN RESOU | - | - | 12 | 94 | 74 | 74 | 133 | 166 | 166 |
| Vote 6 - FINANCIAL SERVICES | 211 | 142 | - | 547 | - | - | 784 | 946 | 946 |
| Vote 7 - INFRASTRUCTURE AND TECHNICAL SER | 8 025 | 12 722 | 65 291 | 48 220 | 39 108 | 39 108 | 29 748 | 33 775 | 30 288 |
| Vote 8 - INFRASTRUCTURE AND TECHNICAL SER | 45 212 | 47 811 | 114 084 | 160 857 | 151 089 | 151 089 | 135 162 | 122 027 | 128 406 |
| Vote 9 - INFRASTRUCTURE AND TECHNICAL SER | 2 312 | 5 025 | 25 670 | 16 124 | 13 344 | 13 344 | 30 694 | 33 363 | 33 373 |
| Vote 10 - INFRASTRUCTURE AND TECHNICAL SE | 15 456 | - | - | 17 181 | 6 155 | 6 155 | 8 748 | 10 095 | 10 011 |
| Vote 11 - OFFICE OF THE MUNICIPAL MANAGER | 68 | 49 | - | 49 | 49 | 49 | - | - | - |
| Capital multi-year expenditure sub-total | 83 211 | 85 024 | 237 096 | 331 924 | 295 302 | 295 302 | 283 229 | 287 461 | 290 314 |
| Single-year expenditure to be appropriated | | | | | | | | | |
| Vote 1 - CITY DEVELOPMENT | 293 | 1 123 | 1 012 | 2 773 | 2 702 | 2 702 | - | - | - |
| Vote 2 - COMMUNITY SERVICES - HEALTH AND P | 151 | 495 | 1 165 | 5 517 | 5 505 | 5 505 | 3 710 | - | - |
| Vote 3 - COMMUNITY SERVICES - RECREATIONAL | 814 | 2 610 | 4 320 | 17 798 | 20 334 | 20 334 | - | - | - |
| Vote 4 - CORPORATE SERVICES - ADMINISTRATIO | 518 | 5 492 | 5 746 | 12 826 | 30 139 | 30 139 | 3 000 | - | - |
| Vote 5 - CORPORATE SERVICES - HUMAN RESOU | 8 | 16 | 5 | - | 20 | 20 | - | - | - |
| Vote 6 - FINANCIAL SERVICES | 79 | 104 | 151 | 4 917 | - | - | - | - | - |
| Vote 7 - INFRASTRUCTURE AND TECHNICAL SER | 252 | 4 760 | 3 992 | 18 871 | 34 896 | 34 896 | - | - | - |
| Vote 8 - INFRASTRUCTURE AND TECHNICAL SER | 1 558 | 3 790 | 28 189 | 5 720 | 36 141 | 36 141 | 25 882 | 3 000 | 10 000 |
| Vote 9 - INFRASTRUCTURE AND TECHNICAL SER | (75) | 1 998 | 6 202 | 3 893 | 9 120 | 9 120 | - | - | - |
| Vote 10 - INFRASTRUCTURE AND TECHNICAL SE | 66 | 9 604 | 16 278 | 15 624 | 64 148 | 64 148 | - | - | - |
| Vote 11 - OFFICE OF THE MUNICIPAL MANAGER | 166 | 22 | 220 | - | - | - | 57 | 70 | 70 |
| Capital single-year expenditure sub-total | 3 831 | 30 012 | 67 280 | 87 938 | 203 005 | 203 005 | 32 649 | 3 070 | 10 070 |
| Total Capital Expenditure - Vote | 87 042 | 115 036 | 304 375 | 419 862 | 498 307 | 498 307 | 315 878 | 290 531 | 300 384 |

Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source – (continued)

| Vote Description R thousand | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Capital Expenditure - Standard | | | | | | | | | |
| Governance and administration | 18 909 | 22 235 | 33 076 | 53 162 | 97 523 | 97 523 | 20 428 | 21 501 | 21 417 |
| Executive and council | – | – | 352 | 211 | 167 | 167 | 94 | 116 | 116 |
| Budget and treasury office | 269 | 195 | 132 | 5 464 | – | – | 794 | 958 | 958 |
| Corporate services | 18 640 | 22 040 | 32 591 | 47 487 | 97 355 | 97 355 | 19 540 | 20 427 | 20 343 |
| Community and public safety | 2 216 | 15 937 | 33 791 | 117 319 | 120 897 | 120 897 | 58 528 | 60 489 | 60 515 |
| Community and social services | 593 | 4 470 | 12 847 | 26 938 | 29 728 | 29 728 | 16 470 | 14 005 | 14 013 |
| Sport and recreation | 895 | 2 276 | 9 301 | 32 162 | 32 406 | 32 406 | 27 502 | 29 628 | 29 636 |
| Public safety | 89 | 2 920 | 5 114 | 27 663 | 26 127 | 26 127 | 14 364 | 16 806 | 16 816 |
| Housing | 623 | 6 046 | 5 756 | 22 442 | 24 824 | 24 824 | – | – | – |
| Health | 17 | 225 | 773 | 8 115 | 7 812 | 7 812 | 192 | 50 | 50 |
| Economic and environmental services | 2 509 | 7 247 | 32 321 | 20 775 | 22 656 | 22 656 | 31 064 | 33 866 | 33 876 |
| Planning and development | 271 | 219 | 86 | 168 | 107 | 107 | 296 | 406 | 406 |
| Road transport | 2 237 | 7 028 | 32 236 | 20 607 | 22 548 | 22 548 | 30 694 | 33 363 | 33 373 |
| Environmental protection | – | – | – | – | – | – | 74 | 97 | 97 |
| Trading services | 55 100 | 67 359 | 205 187 | 228 605 | 256 932 | 256 932 | 205 858 | 174 675 | 184 576 |
| Electricity | 8 277 | 15 544 | 61 607 | 56 031 | 64 602 | 64 602 | 29 748 | 33 775 | 30 288 |
| Water | 4 747 | 15 048 | 79 627 | 88 125 | 117 343 | 117 343 | 111 314 | 70 007 | 80 665 |
| Waste water management | 42 023 | 36 584 | 62 646 | 79 452 | 70 987 | 70 987 | 49 730 | 55 020 | 57 742 |
| Waste management | 53 | 183 | 1 307 | 4 998 | 4 000 | 4 000 | 15 066 | 15 873 | 15 882 |
| Other | 8 309 | 2 258 | – | – | 300 | 300 | – | – | – |
| Total Capital Expenditure - Standard | 87 042 | 115 036 | 304 375 | 419 862 | 498 307 | 498 307 | 315 878 | 290 531 | 300 384 |
| Funded by: | | | | | | | | | |
| National Government | 39 679 | 40 345 | 110 841 | 119 456 | 189 588 | 189 588 | 159 878 | 117 531 | 127 384 |
| Provincial Government | 9 452 | 11 087 | 15 246 | 37 765 | 34 702 | 34 702 | – | – | – |
| District Municipality | – | 97 | 110 | – | – | – | – | – | – |
| Other transfers and grants | 7 | 131 | 133 | – | – | – | – | – | – |
| Transfers recognised - capital | 49 138 | 51 659 | 126 329 | 157 221 | 224 290 | 224 290 | 159 878 | 117 531 | 127 384 |
| Public contributions & donations | 3 165 | 4 531 | 62 602 | 11 182 | 8 523 | 8 523 | – | – | – |
| Borrowing | 22 907 | 33 829 | 69 347 | 144 738 | 142 572 | 142 572 | 92 000 | 100 000 | 100 000 |
| Internally generated funds | 11 833 | 25 017 | 46 097 | 106 721 | 122 922 | 122 922 | 64 000 | 73 000 | 73 000 |
| Total Capital Funding | 87 042 | 115 036 | 304 375 | 419 862 | 498 307 | 498 307 | 315 878 | 290 531 | 300 384 |

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 multi-year appropriations, for 2015/16 R283.2 million has been allocated of the total R315.8 million capital budget, which totals 90 per cent. This allocation escalates to R 287 million in 2016/17 and then to R 290 million in 2017/18.
3. Single-year capital expenditure has been appropriated at R 32.6 million for the 2015/16 financial year and reduces considerably over the MTREF to levels of R 3 million and R 10 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the City. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital and provincial grants and transfers, public contributions and donations, borrowing and internally generated funds from current year surpluses. For 2015/16, capital transfers totals R 160 million (51 per cent) and decreases to R 118 million in the 2016/17 financial year (41 per cent). Borrowing has been provided at R 292 million over the MTREF with internally generated funding totaling R 64 million, R 73 million and R 73 million for each of the respective financial years of the MTREF. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 27 MBRR Table A5A - Budgeted Capital Expenditure by vote, Municipal classification

| Vote Description R thousand | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Capital expenditure - Municipal Vote | | | | | | | | | |
| Multi-year expenditure appropriation | | | | | | | | | |
| Vote 1 - CITY DEVELOPMENT | 1 074 | 6 098 | 7 595 | 22 610 | 24 931 | 24 931 | 296 | 406 | 406 |
| 1.1 - CITY DEVELOPMENT (013) | 29 | 2 | 74 | 168 | 107 | 107 | 296 | 406 | 406 |
| 1.2 - TOWNSHIP DEVELOPMENT (045) | 423 | 50 | 2 029 | - | - | - | - | - | - |
| 1.3 - PIONEER COURT RENTAL SCHEME (015) | - | - | - | - | - | - | - | - | - |
| 1.4 - HOUSING (028) | 623 | 6 046 | 5 493 | 22 442 | 24 824 | 24 824 | - | - | - |
| Vote 2 - COMMUNITY SERVICES - HEALTH AND PUBLIC SAFETY | 7 | 901 | 8 941 | 29 330 | 25 721 | 25 721 | 25 986 | 32 826 | 32 845 |
| 2.1 - FIRE BRIGADE (005) | - | 901 | 1 554 | 14 742 | 13 597 | 13 597 | 14 364 | 16 806 | 16 816 |
| 2.2 - TRAFFIC (006) | 7 | - | - | - | - | - | - | - | - |
| 2.3 - DISASTER MANAGEMENT (007) | - | - | - | - | - | - | - | - | - |
| 2.4 - HEALTH ADMINISTRATION (008) | - | - | 23 | 4 555 | 4 512 | 4 512 | 74 | 97 | 97 |
| 2.5 - CLINICS (009) | - | - | 677 | 1 678 | 2 158 | 2 158 | 192 | 50 | 50 |
| 2.6 - CRIME PREVENTION (010) | - | - | - | - | - | - | - | - | - |
| 2.7 - LICENCES TRAFFIC (012) | - | - | - | 20 | - | - | - | - | - |
| 2.8 - COMMUTER FACILITIES (029) | - | - | 5 380 | 3 542 | 3 000 | 3 000 | - | - | - |
| 2.9 - STREET CLEANING (032) | - | - | - | - | - | - | - | - | - |
| 2.10 - REFUSE REMOVAL (033) | - | - | 1 307 | 4 793 | 2 454 | 2 454 | 11 356 | 15 873 | 15 882 |
| 2.11 - WASTE DISPOSAL (036) | - | - | - | - | - | - | - | - | - |
| 2.12 - PUBLIC CONVENIENCES (037) | - | - | - | - | - | - | - | - | - |
| Vote 3 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES | 220 | 2 797 | 9 579 | 32 594 | 30 803 | 30 803 | 39 472 | 43 633 | 43 649 |
| 3.1 - CEMETERY (002) | - | 637 | 675 | 2 100 | 2 100 | 2 100 | - | - | - |
| 3.2 - LIBRARY (004) | - | 575 | 348 | 3 954 | 3 954 | 3 954 | - | - | - |
| 3.3 - MUNICIPAL HALLS (016) | - | 370 | 2 202 | 2 237 | 2 816 | 2 816 | 11 970 | 14 005 | 14 013 |
| 3.4 - PARKS, SPORT AND RECREATION (018) | - | - | - | - | - | - | - | - | - |
| 3.5 - PARKS AND GARDENS (023) | - | - | 583 | 1 318 | 906 | 906 | - | - | - |
| 3.6 - SPORT DEVELOPMENT AND SPORTFIELDS (024) | - | 531 | 2 219 | 12 431 | 8 901 | 8 901 | 27 502 | 29 628 | 29 636 |
| 3.7 - STADIUM (025) | - | - | - | - | - | - | - | - | - |
| 3.8 - CARAVAN PARK (026) | - | - | - | - | - | - | - | - | - |
| 3.9 - BEACH FACILITIES (027) | - | 178 | 2 405 | 9 440 | 11 098 | 11 098 | - | - | - |
| 3.10 - SWIMMING POOLS (042) | 85 | 204 | 438 | 270 | 236 | 236 | - | - | - |
| 3.11 - MUSEUMS, ARTS AND CRAFT (064) | - | - | - | - | - | - | - | - | - |
| 3.12 - PARKS DISTRIBUTION (073) | 136 | 302 | 709 | 843 | 791 | 791 | - | - | - |

Table A5A - Budgeted Capital Expenditure by vote, Municipal classification – (continued)

| Vote Description R thousand | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Capital expenditure - Municipal Vote | | | | | | | | | |
| Multi-year expenditure appropriation | | | | | | | | | |
| Vote 4 - CORPORATE SERVICES - ADMINISTRATION | 10 626 | 9 480 | 5 923 | 4 319 | 4 029 | 4 029 | 12 206 | 10 224 | 10 224 |
| 4.1 - ADMINISTRATION (001) | - | - | - | 123 | - | - | 133 | 166 | 166 |
| 4.2 - HOUSING RENTAL SCHEMES (003) | - | - | - | - | - | - | - | - | - |
| 4.3 - MUNICIPAL BUILDINGS (019) | 9 | 264 | 709 | 176 | 53 | 53 | 1 500 | - | - |
| 4.4 - COUNCIL GENERAL EXPENDITURE (030) | - | - | - | 44 | - | - | 47 | 58 | 58 |
| 4.5 - AIRPORT (058) | 8 309 | 2 258 | - | - | - | - | - | - | - |
| 4.6 - PRINTING AND PHOTOCOPYING (078) | - | - | - | - | - | - | - | - | - |
| 4.7 - IT SERVICES (082) | 2 309 | 6 957 | 5 214 | 3 977 | 3 977 | 3 977 | 10 526 | 10 000 | 10 000 |
| Vote 5 - CORPORATE SERVICES - HUMAN RESOURCES | - | - | 12 | 94 | 74 | 74 | 133 | 166 | 166 |
| 5.1 - MANAGEMENT SERVICES (014) | - | - | 12 | 20 | - | - | 133 | 166 | 166 |
| 5.2 - HUMAN RESOURCES AND LOSS CONTROL (021) | - | - | - | 30 | 30 | 30 | - | - | - |
| 5.3 - TRAINING AND INDUSTRIAL RELATIONS (077) | - | - | - | 44 | 44 | 44 | - | - | - |
| Vote 6 - FINANCIAL SERVICES | 211 | 142 | - | 547 | - | - | 784 | 946 | 946 |
| 6.1 - SUNDRIES (020) | - | - | - | - | - | - | - | - | - |
| 6.2 - FINANCIAL SERVICES (040) | 211 | 142 | - | 547 | - | - | 784 | 946 | 946 |
| 6.3 - SUPPLY CHAIN MANAGEMENT UNIT (066) | - | - | - | - | - | - | - | - | - |
| Vote 7 - INFRASTRUCTURE AND TECHNICAL SERVICES - ELECTRICAL SUPPLY | 8 025 | 12 722 | 65 291 | 48 220 | 39 108 | 39 108 | 29 748 | 33 775 | 30 288 |
| 7.1 - STREET LIGHTING (041) | - | 1 737 | 2 832 | 10 060 | 9 797 | 9 797 | - | - | - |
| 7.2 - ELECTRICITY ADMINISTRATION (054) | - | - | - | - | - | - | - | - | - |
| 7.3 - ELECTRICITY DISTRIBUTION (055) | 8 025 | 10 984 | 55 863 | 38 054 | 30 170 | 30 170 | 29 748 | 33 775 | 30 288 |
| 7.4 - ELECTRICITY MARKETING AND CUSTOMER SERVICES (057) | - | - | 41 | - | - | - | - | - | - |
| 7.5 - ELECTRICITY DISTRIBUTION ACCOUNT (072) | - | - | - | - | - | - | - | - | - |
| 7.6 - ELECTRICITY PLANNING AND DEVELOPMENT (081) | - | - | 3 319 | - | - | - | - | - | - |
| 7.7 - ELECTRICITY SUPPORT SERVICES (083) | - | - | - | 106 | 74 | 74 | - | - | - |
| 7.8 - PROCESS CONTROL SYSTEMS (050) | - | - | 3 235 | - | (933) | (933) | - | - | - |
| 7.9 - TRAFFIC TECHNICAL DISTRIBUTION ACCOUNT (079) | - | - | - | - | - | - | - | - | - |

Table A5A - Budgeted Capital Expenditure by vote, Municipal classification – (continued)

| Vote Description R thousand | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Capital expenditure - Municipal Vote | | | | | | | | | |
| Single-year expenditure appropriation | | | | | | | | | |
| Vote 1 - CITY DEVELOPMENT | 293 | 1 123 | 1 012 | 2 773 | 2 702 | 2 702 | - | - | - |
| 1.1 - CITY DEVELOPMENT (013) | 243 | 217 | 12 | - | - | - | | | |
| 1.2 - TOWNSHIP DEVELOPMENT (045) | 50 | 906 | 737 | 2 773 | 2 702 | 2 702 | | | |
| 1.3 - PIONEER COURT RENTAL SCHEME (015) | - | - | - | - | - | - | | | |
| 1.4 - HOUSING (028) | - | - | 263 | - | - | - | | | |
| Vote 2 - COMMUNITY SERVICES - HEALTH AND PUBLIC SAFETY | 151 | 495 | 1 165 | 5 517 | 5 505 | 5 505 | 3 710 | - | - |
| 2.1 - FIRE BRIGADE (005) | 82 | 81 | 520 | 1 797 | 1 628 | 1 628 | | | |
| 2.2 - TRAFFIC (006) | - | - | 207 | - | 86 | 86 | | | |
| 2.3 - DISASTER MANAGEMENT (007) | - | - | - | - | - | - | | | |
| 2.4 - HEALTH ADMINISTRATION (008) | 4 | 27 | 14 | 77 | 117 | 117 | | | |
| 2.5 - CLINICS (009) | 13 | 198 | 60 | 1 805 | 1 025 | 1 025 | | | |
| 2.6 - CRIME PREVENTION (010) | - | - | - | 64 | 18 | 18 | | | |
| 2.7 - LICENCES TRAFFIC (012) | - | 6 | 363 | 570 | 84 | 84 | | | |
| 2.8 - COMMUTER FACILITIES (029) | - | - | - | - | - | - | | | |
| 2.9 - STREET CLEANING (032) | 53 | 20 | - | - | - | - | | | |
| 2.10 - REFUSE REMOVAL (033) | - | 163 | - | 205 | 1 677 | 1 677 | 2 210 | | |
| 2.11 - WASTE DISPOSAL (036) | - | - | - | - | - | - | | | |
| 2.12 - PUBLIC CONVENIENCES (037) | - | - | - | 1 000 | 869 | 869 | 1 500 | | |
| Vote 3 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES | 814 | 2 610 | 4 320 | 17 798 | 20 334 | 20 334 | - | - | - |
| 3.1 - CEMETERY (002) | 3 | 129 | - | - | - | - | | | |
| 3.2 - LIBRARY (004) | 136 | 194 | 256 | 5 434 | 5 233 | 5 233 | | | |
| 3.3 - MUNICIPAL HALLS (016) | - | 1 225 | 1 082 | 4 485 | 4 621 | 4 621 | | | |
| 3.4 - PARKS, SPORT AND RECREATION (018) | - | - | - | - | - | - | | | |
| 3.5 - PARKS AND GARDENS (023) | - | - | 798 | 712 | 350 | 350 | | | |
| 3.6 - SPORT DEVELOPMENT AND SPORTFIELDS (024) | 644 | 590 | 519 | 5 397 | 8 820 | 8 820 | | | |
| 3.7 - STADIUM (025) | - | - | 120 | - | - | - | | | |
| 3.8 - CARAVAN PARK (026) | - | - | - | - | - | - | | | |
| 3.9 - BEACH FACILITIES (027) | 14 | - | - | 28 | 86 | 86 | | | |
| 3.10 - SWIMMING POOLS (042) | - | 333 | 120 | 1 003 | 922 | 922 | | | |
| 3.11 - MUSEUMS, ARTS AND CRAFT (064) | - | - | 34 | 19 | 6 | 6 | | | |
| 3.12 - PARKS DISTRIBUTION (073) | 17 | 139 | 1 391 | 720 | 295 | 295 | | | |

Table A5A - Budgeted Capital Expenditure by vote, Municipal classification – (continued)

| Vote Description R thousand | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Capital expenditure - Municipal Vote | | | | | | | | | |
| Single-year expenditure appropriation | | | | | | | | | |
| Vote 4 - CORPORATE SERVICES - ADMINISTRATION | 518 | 5 492 | 5 746 | 12 826 | 30 139 | 30 139 | 3 000 | - | - |
| 4.1 - ADMINISTRATION (001) | - | 3 | 78 | 54 | 159 | 159 | | | |
| 4.2 - HOUSING RENTAL SCHEMES (003) | - | - | - | - | - | - | | | |
| 4.3 - MUNICIPAL BUILDINGS (019) | 445 | 1 074 | 2 160 | 4 991 | 7 946 | 7 946 | 3 000 | | |
| 4.4 - COUNCIL GENERAL EXPENDITURE (030) | - | - | 132 | 119 | 119 | 119 | | | |
| 4.5 - AIRPORT (058) | - | - | - | - | 300 | 300 | | | |
| 4.6 - PRINTING AND PHOTOCOPYING (078) | - | - | - | - | - | - | | | |
| 4.7 - IT SERVICES (082) | 73 | 4 415 | 3 376 | 7 662 | 21 616 | 21 616 | | | |
| Vote 5 - CORPORATE SERVICES - HUMAN RESOURCES | 8 | 16 | 5 | - | 20 | 20 | - | - | - |
| 5.1 - MANAGEMENT SERVICES (014) | - | 2 | - | - | 20 | 20 | | | |
| 5.2 - HUMAN RESOURCES AND LOSS CONTROL (021) | - | - | - | - | - | - | | | |
| 5.3 - TRAINING AND INDUSTRIAL RELATIONS (077) | 8 | 13 | 5 | - | - | - | | | |
| Vote 6 - FINANCIAL SERVICES | 79 | 104 | 151 | 4 917 | - | - | - | - | - |
| 6.1 - SUNDRIES (020) | - | - | - | - | - | - | | | |
| 6.2 - FINANCIAL SERVICES (040) | 58 | 53 | 132 | 4 917 | - | - | | | |
| 6.3 - SUPPLY CHAIN MANAGEMENT UNIT (066) | 22 | 51 | 18 | - | - | - | | | |
| Vote 7 - INFRASTRUCTURE AND TECHNICAL SERVICES - ELECTRICAL SUPPLY | 252 | 4 760 | 3 992 | 18 871 | 34 896 | 34 896 | - | - | - |
| 7.1 - STREET LIGHTING (041) | - | 200 | - | 1 000 | 1 000 | 1 000 | | | |
| 7.2 - ELECTRICITY ADMINISTRATION (054) | - | 13 | 12 | 2 | - | - | | | |
| 7.3 - ELECTRICITY DISTRIBUTION (055) | 236 | 3 312 | 2 080 | 17 730 | 34 278 | 34 278 | | | |
| 7.4 - ELECTRICITY MARKETING AND CUSTOMER SERVICES (057) | - | - | - | 24 | 16 | 16 | | | |
| 7.5 - ELECTRICITY DISTRIBUTION ACCOUNT (072) | 16 | 2 | 138 | - | 50 | 50 | | | |
| 7.6 - ELECTRICITY PLANNING AND DEVELOPMENT (081) | - | 1 223 | 79 | 69 | 15 | 15 | | | |
| 7.7 - ELECTRICITY SUPPORT SERVICES (083) | - | 10 | 76 | 46 | - | - | | | |
| 7.8 - PROCESS CONTROL SYSTEMS (050) | | | 1 608 | | (462) | (462) | | | |
| 7.9 - TRAFFIC TECHNICAL DISTRIBUTION ACCOUNT (079) | | | | | - | - | | | |

Table A5A - Budgeted Capital Expenditure by vote, Municipal classification – (continued)

| Vote Description R thousand | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Capital expenditure - Municipal Vote | | | | | | | | | |
| Single-year expenditure appropriation | | | | | | | | | |
| Vote 8 - INFRASTRUCTURE AND TECHNICAL SERVICES - WATER AND SANITATION | 1 558 | 3 790 | 28 189 | 5 720 | 36 141 | 36 141 | 25 882 | 3 000 | 10 000 |
| 8.1 - SEWERAGE NETWORKS (034) | – | 902 | 1 563 | 302 | 400 | 400 | | | |
| 8.2 - SEWERAGE PURIFICATION NETWORKS (035) | – | – | – | – | – | – | | | |
| 8.3 - SEWERAGE PUMPSTATIONS (043) | 270 | 174 | 79 | – | – | – | | | |
| 8.4 - WATER RURAL AREAS (046) | – | 1 075 | – | – | – | – | | | |
| 8.5 - WATER AND SANITATION INFRASTRUCTURE PLANNING (049) | – | 255 | 21 | – | – | – | | | |
| 8.6 - WATER PURIFICATION WORKS (059) | 96 | – | – | – | – | – | | | |
| 8.7 - WATER DISTRIBUTION (060) | 1 115 | 888 | 22 078 | 4 450 | 34 198 | 34 198 | 25 882 | 3 000 | 10 000 |
| 8.8 - CLARIFIED WATER (061) | – | – | – | – | – | – | | | |
| 8.9 - SCIENTIFIC SERVICES (062) | 32 | 493 | 2 453 | – | – | – | | | |
| 8.10 - INDUSTRIAL EFFLUENT PIPELINE (063) | – | – | – | – | – | – | | | |
| 8.11 - WATER AND SANITATION DISTRIBUTION ACCOUNT (074) | 45 | 2 | 231 | 276 | 415 | 415 | | | |
| 8.12 - SEWERAGE PUMPSTATIONS DISTRIBUTION ACCOUNT (087) | – | – | 1 765 | 692 | 1 128 | 1 128 | | | |
| Vote 9 - INFRASTRUCTURE AND TECHNICAL SERVICES - TRANSPORT, ROADS AND RAIL | (75) | 1 998 | 6 202 | 3 893 | 9 120 | 9 120 | – | – | – |
| 9.1 - URBAN ROADS AND RAIL (022) | (79) | 1 998 | 6 202 | 3 893 | 9 120 | 9 120 | | | |
| 9.2 - RURAL ROADS (056) | – | – | – | – | – | – | | | |
| 9.3 - ROADS AND STORMWATER DISTRIBUTION ACCOUNT (068) | 4 | – | – | – | – | – | | | |
| 9.4 - RAILWAY SIDINGS (069) | – | – | – | – | – | – | | | |
| Vote 10 - INFRASTRUCTURE AND TECHNICAL SERVICES - ENGINEERING SERVICES | 66 | 9 604 | 16 278 | 15 624 | 64 148 | 64 148 | – | – | – |
| 10.1 - ENGINEERING SERVICES (038) | – | 20 | – | 24 | 14 | 14 | | | |
| 10.2 - PROCESS CONTROL SYSTEMS (050) | 39 | 2 060 | – | 498 | 498 | 498 | | | |
| 10.3 - PROJECT MANAGEMENT (065) | – | 31 | – | – | 100 | 100 | | | |
| 10.4 - MECHANICAL SERVICES (067) | – | 10 | 313 | 169 | 27 | 27 | | | |
| 10.5 - EQUIPMENT DISTRIBUTION ACCOUNT (070) | – | – | 6 137 | 2 240 | 23 504 | 23 504 | | | |
| 10.6 - VEHICLE DISTRIBUTION ACCOUNT (071) | 28 | 7 482 | 9 634 | 12 469 | 39 927 | 39 927 | | | |
| 10.7 - BUILDING DISTRIBUTION ACCOUNT (075) | – | – | – | – | – | – | | | |
| 10.8 - RADIO EQUIPMENT ACCOUNT (076) | – | – | 193 | 224 | 78 | 78 | | | |
| Vote 11 - OFFICE OF THE MUNICIPAL MANAGER | 166 | 22 | 220 | – | – | – | 57 | 70 | 70 |
| 11.1 - OFFICE OF THE MUNICIPAL MANAGER (011) | 166 | 22 | – | – | – | – | – | – | – |
| 11.2 - MUNICIPAL MANAGER (039) | – | – | 220 | – | – | – | 47 | 58 | 58 |
| 11.3 - INTERNAL AUDIT (080) | – | – | – | – | – | – | 10 | 12 | 12 |
| Capital single-year expenditure sub-total | 3 831 | 30 012 | 67 280 | 87 938 | 203 005 | 203 005 | 32 649 | 3 070 | 10 070 |
| Total Capital Expenditure | 87 042 | 115 036 | 304 375 | 419 862 | 498 307 | 498 307 | 315 878 | 290 531 | 300 384 |

Table 28 MBRR Table A6 - Budgeted Financial Position

| Description | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|--|------------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| R thousand | | | | | | | | | |
| ASSETS | | | | | | | | | |
| Current assets | | | | | | | | | |
| Cash | 77 214 | 202 775 | 364 509 | 274 050 | 244 248 | 244 248 | 201 984 | 212 990 | 270 363 |
| Call investment deposits | 80 000 | 40 000 | 40 000 | 150 000 | 150 000 | 150 000 | 200 000 | 300 000 | 400 000 |
| Consumer debtors | 185 750 | 239 463 | 316 529 | 256 385 | 256 385 | 256 385 | 276 096 | 297 627 | 321 126 |
| Other debtors | 30 440 | 42 920 | 41 567 | 25 114 | 25 114 | 25 114 | 28 128 | 31 503 | 35 283 |
| Current portion of long-term receivables | 157 | 111 | 41 | 44 | 44 | 44 | 43 | 45 | 47 |
| Inventory | 65 665 | 75 503 | 72 999 | 89 550 | 89 550 | 89 550 | 77 379 | 82 022 | 86 943 |
| Total current assets | 439 226 | 600 772 | 835 646 | 795 143 | 765 341 | 765 341 | 783 629 | 924 187 | 1 113 762 |
| Non current assets | | | | | | | | | |
| Long-term receivables | 446 | 357 | 159 | 166 | 166 | 166 | 143 | 150 | 158 |
| Investment property | 132 532 | 135 312 | 134 574 | 132 054 | 134 022 | 134 022 | 133 599 | 133 177 | 132 760 |
| Property, plant and equipment | 4 347 280 | 4 142 445 | 4 198 726 | 4 302 173 | 4 413 099 | 4 413 099 | 4 454 257 | 4 435 496 | 4 401 045 |
| Intangible | 6 779 | 11 188 | 12 160 | 9 448 | 11 528 | 11 528 | 11 466 | 9 521 | 7 598 |
| Other non-current assets | 2 489 | 2 489 | 2 724 | 2 724 | 2 724 | 2 724 | 2 724 | 2 724 | 2 724 |
| Total non current assets | 4 489 526 | 4 291 791 | 4 348 342 | 4 446 565 | 4 561 539 | 4 561 539 | 4 602 189 | 4 581 067 | 4 544 286 |
| TOTAL ASSETS | 4 928 751 | 4 892 563 | 5 183 988 | 5 241 708 | 5 326 880 | 5 326 880 | 5 385 818 | 5 505 254 | 5 658 048 |
| LIABILITIES | | | | | | | | | |
| Current liabilities | | | | | | | | | |
| Borrowing | 94 791 | 106 224 | 124 739 | 122 938 | 122 938 | 122 938 | 140 619 | 141 292 | 158 629 |
| Consumer deposits | 38 919 | 39 779 | 44 908 | 43 646 | 43 646 | 43 646 | 47 138 | 50 909 | 54 981 |
| Trade and other payables | 285 226 | 364 078 | 431 489 | 381 429 | 381 429 | 381 429 | 386 360 | 403 738 | 420 686 |
| Provisions | 20 270 | 23 317 | 20 391 | 26 395 | 26 394 | 26 394 | 21 288 | 22 523 | 23 784 |
| Total current liabilities | 439 207 | 533 399 | 621 527 | 574 408 | 574 407 | 574 407 | 595 405 | 618 462 | 658 080 |
| Non current liabilities | | | | | | | | | |
| Borrowing | 732 522 | 625 250 | 601 727 | 686 593 | 686 593 | 686 593 | 645 473 | 619 181 | 575 552 |
| Provisions | 218 332 | 204 419 | 233 332 | 249 175 | 265 873 | 265 873 | 277 571 | 293 948 | 310 409 |
| Total non current liabilities | 950 854 | 829 668 | 835 059 | 935 768 | 952 466 | 952 466 | 923 044 | 913 129 | 885 961 |
| TOTAL LIABILITIES | 1 390 060 | 1 363 067 | 1 456 587 | 1 510 176 | 1 526 873 | 1 526 873 | 1 518 449 | 1 531 591 | 1 544 041 |
| NET ASSETS | 3 538 691 | 3 529 496 | 3 727 401 | 3 731 532 | 3 800 007 | 3 800 007 | 3 867 369 | 3 973 663 | 4 114 007 |
| COMMUNITY WEALTH/EQUITY | | | | | | | | | |
| Accumulated Surplus/(Deficit) | 3 481 844 | 3 479 189 | 3 677 468 | 3 623 709 | 3 692 184 | 3 692 184 | 3 742 238 | 3 844 506 | 3 981 764 |
| Reserves | 56 848 | 50 306 | 49 934 | 107 823 | 107 823 | 107 823 | 125 131 | 129 157 | 132 243 |
| TOTAL COMMUNITY WEALTH/EQUITY | 3 538 691 | 3 529 496 | 3 727 401 | 3 731 532 | 3 800 007 | 3 800 007 | 3 867 369 | 3 973 663 | 4 114 007 |

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes (SA3 which can be found on page 138) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 29 MBRR Table A7 - Budgeted Cash Flow Statement

| Description | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|------------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| R thousand | | | | | | | | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Property rates, penalties & collection charges | 1 434 822 | 1 709 543 | 1 995 248 | 2 036 796 | 1 969 313 | 1 969 313 | 359 300 | 393 062 | 429 126 |
| Service charges | | | | | | | 1 778 785 | 1 902 128 | 2 063 399 |
| Other revenue | | | | | | | 49 887 | 52 716 | 55 707 |
| Government - operating | 182 413 | 192 367 | 236 770 | 260 509 | 246 226 | 246 226 | 249 431 | 259 006 | 275 826 |
| Government - capital | 49 130 | 123 981 | 109 208 | 119 456 | 225 469 | 225 469 | 159 878 | 117 531 | 127 384 |
| Interest | 5 652 | 10 023 | 21 113 | 12 147 | 18 244 | 18 244 | 23 540 | 24 282 | 25 048 |
| Payments | | | | | | | | | |
| Suppliers and employees | (1 395 345) | (1 682 493) | (1 883 468) | (2 023 834) | (1 994 250) | (1 994 250) | (2 146 458) | (2 239 282) | (2 403 637) |
| Finance charges | (82 481) | (65 436) | (71 145) | (77 614) | (77 614) | (77 614) | (79 806) | (78 062) | (74 619) |
| Transfers and Grants | (1 177) | (1 373) | (3 022) | (2 999) | (4 339) | (4 339) | (8 883) | (9 372) | (9 869) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 193 014 | 286 612 | 404 704 | 324 461 | 383 049 | 383 049 | 385 672 | 422 008 | 488 365 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Proceeds on disposal of PPE | – | 22 583 | 7 530 | 10 000 | 40 000 | 40 000 | 10 000 | 10 000 | 10 000 |
| Decrease (Increase) in non-current debtors | – | – | 267 | – | – | – | – | – | – |
| Decrease (increase) other non-current receivables | 155 | – | – | 226 | 226 | 226 | 230 | 240 | 250 |
| Decrease (increase) in non-current investments | (80 000) | (28 989) | – | – | – | – | – | – | – |
| Payments | | | | | | | | | |
| Capital assets | (75 311) | (113 208) | (250 889) | (251 917) | (398 646) | (398 646) | (352 364) | (295 601) | (298 413) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (155 156) | (119 614) | (243 092) | (241 691) | (358 420) | (358 420) | (342 134) | (285 361) | (288 163) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Borrowing long term/refinancing | 78 000 | – | 100 000 | 85 500 | 85 500 | 85 500 | 100 000 | 115 000 | 115 000 |
| Increase (decrease) in consumer deposits | 2 360 | 3 777 | 5 129 | 2 548 | 2 548 | 2 548 | 500 | 650 | 800 |
| Payments | | | | | | | | | |
| Repayment of borrowing | (80 563) | (79 095) | (105 007) | (122 938) | (122 938) | (122 938) | (140 619) | (141 292) | (158 629) |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | (203) | (75 318) | 122 | (34 890) | (34 890) | (34 890) | (40 119) | (25 642) | (42 829) |
| NET INCREASE/(DECREASE) IN CASH HELD | 37 655 | 91 680 | 161 734 | 47 880 | (10 261) | (10 261) | 3 418 | 111 005 | 157 373 |
| Cash/cash equivalents at the year begin: | 39 559 | 77 214 | 242 775 | 399 897 | 404 509 | 404 509 | 398 566 | 401 984 | 512 990 |
| Cash/cash equivalents at the year end: | 77 214 | 168 894 | 404 509 | 447 777 | 394 248 | 394 248 | 401 984 | 512 990 | 670 363 |

Table 30 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

| Description | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| R thousand | | | | | | | | | |
| Cash and investments available | | | | | | | | | |
| Cash/cash equivalents at the year end | 77 214 | 168 894 | 404 509 | 447 777 | 394 248 | 394 248 | 401 984 | 512 990 | 670 363 |
| Other current investments > 90 days | 80 000 | 73 881 | 0 | (23 727) | – | – | – | – | – |
| Non current assets - Investments | – | – | – | – | – | – | – | – | – |
| Cash and investments available: | 157 214 | 242 775 | 404 509 | 424 050 | 394 248 | 394 248 | 401 984 | 512 990 | 670 363 |
| Application of cash and investments | | | | | | | | | |
| Unspent conditional transfers | 47 516 | 113 803 | 92 231 | 116 357 | 116 357 | 116 357 | 105 801 | 105 801 | 105 801 |
| Unspent borrowing | – | – | – | – | – | – | – | – | – |
| Statutory requirements | (7 717) | (16 014) | (9 557) | (21 483) | (21 483) | (21 483) | 2 763 | 3 752 | 4 225 |
| Other working capital requirements | 26 477 | (22 526) | (9 979) | (8 188) | (8 764) | (8 764) | (11 675) | (18 332) | (29 262) |
| Other provisions | 20 270 | 23 317 | 20 391 | 26 395 | 26 394 | 26 394 | 21 288 | 22 523 | 23 784 |
| Long term investments committed | – | – | – | – | – | – | – | – | – |
| Reserves to be backed by cash/investments | – | – | – | 107 823 | 107 823 | 107 823 | 73 000 | 74 000 | 74 000 |
| Total Application of cash and investments: | 86 546 | 98 580 | 93 086 | 220 904 | 220 327 | 220 327 | 191 178 | 187 744 | 178 548 |
| Surplus(shortfall) | 70 668 | 144 196 | 311 423 | 203 146 | 173 921 | 173 921 | 210 807 | 325 245 | 491 815 |

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. It can be seen that the cash levels of the City improved significantly over the 2011/12 to 2015/16 period and the years thereafter owing directly to a myriad of cash flow interventions introduced over the past years.
4. The 2015/16 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
5. Cash and cash equivalents totals R 402 million as at the end of the 2015/16 financial year and escalates to R 670 million by 2016/17.

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

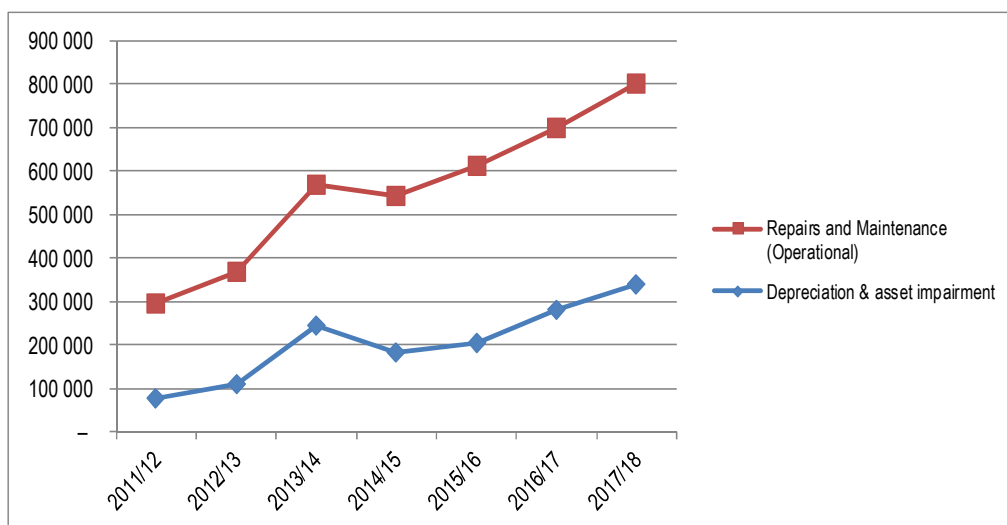
1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available 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 2011/12 to 2015/16 the surplus improved from R71 million to R211 million.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2015/16 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 31 MBRR Table A9 - Asset Management

| Description | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|------------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| R thousand | | | | | | | | | |
| CAPITAL EXPENDITURE | | | | | | | | | |
| Total New Assets | 61 855 | 52 847 | 190 840 | 241 273 | 276 326 | 276 326 | 130 339 | 136 785 | 134 956 |
| Infrastructure - Road transport | 2 615 | 6 782 | 18 333 | 7 296 | 10 486 | 10 486 | 15 000 | 15 000 | 15 000 |
| Infrastructure - Electricity | (2 542) | 3 993 | 27 958 | 45 055 | 54 482 | 54 482 | 9 000 | 9 500 | 6 000 |
| Infrastructure - Water | 3 471 | 3 412 | 69 561 | 68 706 | 84 656 | 84 656 | 31 184 | 31 952 | 30 901 |
| Infrastructure - Sanitation | 41 507 | 32 115 | 53 835 | 73 718 | 65 638 | 65 638 | 49 730 | 55 020 | 57 742 |
| Infrastructure - Other | — | — | — | 3 220 | 2 320 | 2 320 | — | — | — |
| Infrastructure | 45 050 | 46 301 | 169 687 | 197 995 | 217 582 | 217 582 | 104 914 | 111 472 | 109 643 |
| Community | — | 167 | 6 970 | 31 903 | 38 269 | 38 269 | 15 192 | 15 050 | 15 050 |
| Other assets | 16 212 | 6 318 | 14 183 | 9 876 | 18 976 | 18 976 | 10 233 | 10 263 | 10 263 |
| Intangibles | 593 | 61 | — | 1 500 | 1 500 | 1 500 | — | — | — |
| Total Renewal of Existing Assets | 25 187 | 62 189 | 113 536 | 178 589 | 221 981 | 221 981 | 185 539 | 153 746 | 165 429 |
| Infrastructure - Road transport | (79) | 964 | 15 375 | 14 930 | 14 134 | 14 134 | 15 694 | 18 363 | 18 373 |
| Infrastructure - Electricity | 10 800 | 12 599 | 30 667 | 21 646 | 20 563 | 20 563 | 20 748 | 24 275 | 24 288 |
| Infrastructure - Water | 1 227 | 10 834 | 8 625 | 19 125 | 31 993 | 31 993 | 80 130 | 38 055 | 49 764 |
| Infrastructure - Sanitation | 408 | 3 629 | 7 328 | 2 558 | 2 960 | 2 960 | — | — | — |
| Infrastructure - Other | — | — | — | — | — | — | 13 566 | 15 873 | 15 882 |
| Infrastructure | 12 356 | 28 026 | 61 995 | 58 258 | 69 649 | 69 649 | 130 138 | 96 566 | 108 307 |
| Community | 1 352 | 9 865 | 16 032 | 54 197 | 52 280 | 52 280 | 24 472 | 28 633 | 28 649 |
| Heritage assets | — | — | 235 | — | — | — | — | — | — |
| Investment properties | 8 309 | 2 258 | — | — | — | — | — | — | — |
| Other assets | 1 600 | 16 677 | 31 674 | 65 607 | 99 939 | 99 939 | 28 145 | 27 601 | 27 527 |
| Intangibles | 1 570 | 5 363 | 3 599 | 526 | 113 | 113 | 2 784 | 946 | 946 |
| Total Capital Expenditure | | | | | | | | | |
| Infrastructure - Road transport | 2 536 | 7 746 | 33 708 | 22 226 | 24 620 | 24 620 | 30 694 | 33 363 | 33 373 |
| Infrastructure - Electricity | 8 258 | 16 592 | 58 625 | 66 701 | 75 045 | 75 045 | 29 748 | 33 775 | 30 288 |
| Infrastructure - Water | 4 697 | 14 246 | 78 186 | 87 831 | 116 649 | 116 649 | 111 314 | 70 007 | 80 665 |
| Infrastructure - Sanitation | 41 915 | 35 743 | 61 163 | 76 275 | 68 598 | 68 598 | 49 730 | 55 020 | 57 742 |
| Infrastructure - Other | — | — | — | 3 220 | 2 320 | 2 320 | 13 566 | 15 873 | 15 882 |
| Infrastructure | 57 407 | 74 327 | 231 682 | 256 253 | 287 231 | 287 231 | 235 052 | 208 038 | 217 949 |
| Community | 1 352 | 10 032 | 23 001 | 86 099 | 90 549 | 90 549 | 39 664 | 43 683 | 43 699 |
| Heritage assets | — | — | 235 | — | — | — | — | — | — |
| Investment properties | 8 309 | 2 258 | — | — | — | — | — | — | — |
| Other assets | 17 812 | 22 995 | 45 858 | 75 483 | 118 915 | 118 915 | 38 378 | 37 864 | 37 790 |
| Intangibles | 2 163 | 5 424 | 3 599 | 2 026 | 1 613 | 1 613 | 2 784 | 946 | 946 |
| TOTAL CAPITAL EXPENDITURE - Asset class | 87 042 | 115 036 | 304 375 | 419 862 | 498 307 | 498 307 | 315 878 | 290 531 | 300 384 |
| ASSET REGISTER SUMMARY - PPE (WDV) | | | | | | | | | |
| Infrastructure - Road transport | 1 196 016 | 1 116 603 | 1 074 918 | 1 020 543 | 1 022 937 | 1 022 937 | 981 066 | 941 284 | 900 103 |
| Infrastructure - Electricity | 321 393 | 353 183 | 388 594 | 424 516 | 432 860 | 432 860 | 435 842 | 440 548 | 439 210 |
| Infrastructure - Water | 1 244 190 | 1 043 190 | 1 058 728 | 1 074 334 | 1 103 152 | 1 103 152 | 1 141 327 | 1 127 076 | 1 115 924 |
| Infrastructure - Sanitation | 599 705 | 612 600 | 635 705 | 667 154 | 660 476 | 660 476 | 666 919 | 672 690 | 675 256 |
| Infrastructure - Other | 551 280 | 540 666 | 541 523 | 541 062 | 541 062 | 541 062 | 539 869 | 538 971 | 538 325 |
| Infrastructure | 3 912 584 | 3 666 242 | 3 699 468 | 3 727 609 | 3 760 487 | 3 760 487 | 3 765 023 | 3 720 570 | 3 668 818 |
| Community | 202 075 | 196 246 | 204 113 | 253 960 | 256 027 | 256 027 | 280 826 | 305 208 | 325 222 |
| Heritage assets | 69 | 69 | 2 724 | 2 724 | 2 724 | 2 724 | 2 724 | 2 724 | 2 724 |
| Investment properties | 132 532 | 135 312 | 134 574 | 132 054 | 134 022 | 134 022 | 133 599 | 133 177 | 132 760 |
| Other assets | 235 042 | 243 750 | 295 145 | 257 247 | 299 778 | 299 778 | 313 294 | 316 793 | 316 270 |
| Intangibles | 6 779 | 11 188 | 12 160 | 9 448 | 11 528 | 11 528 | 11 466 | 9 521 | 7 598 |
| TOTAL ASSET REGISTER SUMMARY - PPE (WDV) | 4 489 080 | 4 252 807 | 4 348 183 | 4 383 041 | 4 464 566 | 4 464 566 | 4 506 932 | 4 487 992 | 4 453 392 |
| EXPENDITURE OTHER ITEMS | | | | | | | | | |
| Depreciation & asset impairment | 78 242 | 108 389 | 244 340 | 182 390 | 182 390 | 182 390 | 205 014 | 281 661 | 337 173 |
| Repairs and Maintenance by Asset Class | 216 531 | 258 480 | 325 411 | 344 780 | 359 348 | 359 348 | 407 163 | 417 730 | 465 430 |
| Infrastructure - Road transport | 41 967 | 58 242 | 78 340 | 88 799 | 88 631 | 88 631 | 109 481 | 107 346 | 120 829 |
| Infrastructure - Electricity | 39 211 | 42 715 | 60 448 | 66 048 | 72 514 | 72 514 | 81 991 | 90 799 | 95 573 |
| Infrastructure - Water | 39 004 | 46 869 | 58 269 | 51 156 | 53 859 | 53 859 | 58 562 | 61 014 | 67 490 |
| Infrastructure - Sanitation | 23 588 | 25 976 | 30 896 | 33 744 | 36 502 | 36 502 | 43 060 | 42 685 | 49 326 |
| Infrastructure - Other | 1 421 | 3 517 | — | 1 216 | 1 211 | 1 211 | 1 308 | 1 177 | 1 519 |
| Infrastructure | 145 192 | 177 319 | 227 954 | 240 963 | 252 717 | 252 717 | 294 402 | 303 021 | 334 737 |
| Community | 43 195 | 50 821 | 61 803 | 60 930 | 60 311 | 60 311 | 63 869 | 66 296 | 73 276 |
| Other assets | 28 144 | 30 340 | 35 655 | 42 888 | 46 321 | 46 321 | 48 892 | 48 413 | 57 416 |
| TOTAL EXPENDITURE OTHER ITEMS | 294 774 | 366 869 | 569 752 | 527 170 | 541 738 | 541 738 | 612 177 | 699 390 | 802 602 |
| Renewal of Existing Assets as % of total capex | 28.9% | 54.1% | 37.3% | 42.5% | 44.5% | 44.5% | 58.7% | 52.9% | 55.1% |
| Renewal of Existing Assets as % of deprecn" | 32.2% | 57.4% | 46.5% | 97.9% | 121.7% | 121.7% | 90.5% | 54.6% | 49.1% |
| R&M as a % of PPE | 5.0% | 6.2% | 7.8% | 8.0% | 8.1% | 8.1% | 9.1% | 9.4% | 10.6% |
| Renewal and R&M as a % of PPE | 5.0% | 8.0% | 10.0% | 12.0% | 13.0% | 13.0% | 13.0% | 13.0% | 14.0% |

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. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The City meets both these recommendations.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the City's strategy to address the maintenance backlog.



| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|---------------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Depreciation & asset impairment | 78 242 | 108 389 | 244 340 | 182 390 | 205 014 | 281 661 | 337 173 |
| Repairs and Maintenance (Operational) | 216 531 | 258 480 | 325 411 | 359 348 | 407 163 | 417 730 | 465 430 |

Figure 5 Depreciation in relation to repairs and maintenance over the MTREF

Table 32 MBRR Table A10 - Basic Service Delivery Measurement

| Description | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|--|---------------|----------------|----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Outcome | Outcome | Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Household service targets | | | | | | | | | |
| Water: | | | | | | | | | |
| Piped water inside dwelling | 35 563 | 35 752 | 35 752 | 35 752 | 35 752 | 35 752 | 35 752 | 35 752 | 35 752 |
| Piped water inside yard (but not in dwelling) | 34 087 | 35 619 | 35 619 | 41 619 | 41 619 | 41 619 | 41 619 | 41 619 | 41 619 |
| Using public tap (at least min.service level) | 2 010 | 1 039 | 1 039 | 1 039 | 1 039 | 1 039 | 1 039 | 1 039 | 1 039 |
| Other water supply (at least min.service level) | — | — | — | — | — | — | — | — | — |
| Minimum Service Level and Above sub-total | 71 660 | 72 410 | 72 410 | 78 410 | 78 410 | 78 410 | 78 410 | 78 410 | 78 410 |
| Using public tap (< min.service level) | — | — | — | — | — | — | — | — | — |
| Other water supply (< min.service level) | 2 609 | 14 199 | 8 199 | 8 199 | 8 199 | 8 199 | 8 199 | 8 199 | 8 199 |
| No water supply | — | — | — | — | — | — | — | — | — |
| Below Minimum Service Level sub-total | 2 609 | 14 199 | 8 199 | 8 199 | 8 199 | 8 199 | 8 199 | 8 199 | 8 199 |
| Total number of households | 74 269 | 86 609 | 80 609 | 86 609 | 86 609 | 86 609 | 86 609 | 86 609 | 86 609 |
| Sanitation/sewerage: | | | | | | | | | |
| Flush toilet (connected to sewerage) | 32 605 | 32 605 | 32 605 | 32 605 | 32 605 | 32 605 | 32 605 | 32 605 | 32 605 |
| Flush toilet (with septic tank) | — | — | — | — | — | — | — | — | — |
| Chemical toilet | — | — | — | — | — | — | — | — | — |
| Pit toilet (ventilated) | 15 445 | 33 152 | 33 152 | 33 152 | 33 152 | 33 152 | 33 152 | 33 152 | 33 152 |
| Other toilet provisions (> min.service level) | — | — | — | — | — | — | — | — | — |
| Minimum Service Level and Above sub-total | 48 050 | 65 757 | 65 757 | 65 757 | 65 757 | 65 757 | 65 757 | 65 757 | 65 757 |
| Bucket toilet | — | — | — | — | — | — | — | — | — |
| Other toilet provisions (< min.service level) | 26 219 | 20 852 | 20 852 | 20 852 | 20 852 | 20 852 | 20 852 | 20 852 | 20 852 |
| No toilet provisions | — | — | — | — | — | — | — | — | — |
| Below Minimum Service Level sub-total | 26 219 | 20 852 | 20 852 | 20 852 | 20 852 | 20 852 | 20 852 | 20 852 | 20 852 |
| Total number of households | 74 269 | 86 609 | 86 609 | 86 609 | 86 609 | 86 609 | 86 609 | 86 609 | 86 609 |
| Energy: | | | | | | | | | |
| Electricity (at least min.service level) | 2 200 | 2 200 | 2 200 | 2 200 | 2 200 | 2 200 | 2 200 | 2 200 | 2 200 |
| Electricity - prepaid (min.service level) | 30 000 | 32 000 | 32 000 | 33 900 | 33 900 | 33 900 | 33 900 | 33 900 | 33 900 |
| Minimum Service Level and Above sub-total | 32 200 | 34 200 | 34 200 | 36 100 | 36 100 | 36 100 | 36 100 | 36 100 | 36 100 |
| Electricity (< min.service level) | — | — | — | — | — | — | — | — | — |
| Electricity - prepaid (< min. service level) | 62 000 | 67 000 | 67 000 | 76 000 | 76 000 | 76 000 | 76 000 | 76 000 | 76 000 |
| Other energy sources | — | — | — | — | — | — | — | — | — |
| Below Minimum Service Level sub-total | 62 000 | 67 000 | 67 000 | 76 000 | 76 000 | 76 000 | 76 000 | 76 000 | 76 000 |
| Total number of households | 94 200 | 101 200 | 101 200 | 112 100 | 112 100 | 112 100 | 112 100 | 112 100 | 112 100 |
| Refuse: | | | | | | | | | |
| Removed at least once a week | 58 562 | 60 000 | 60 000 | 64 000 | 64 000 | 64 000 | 64 000 | 64 000 | 64 000 |
| Minimum Service Level and Above sub-total | 58 562 | 60 000 | 60 000 | 64 000 | 64 000 | 64 000 | 64 000 | 64 000 | 64 000 |
| Removed less frequently than once a week | — | — | — | — | — | — | — | — | — |
| Using communal refuse dump | — | — | — | — | — | — | — | — | — |
| Using own refuse dump | — | — | — | — | — | — | — | — | — |
| Other rubbish disposal | — | — | — | — | — | — | — | — | — |
| No rubbish disposal | 27 438 | 26 000 | 26 000 | 22 000 | 22 000 | 22 000 | 22 000 | 22 000 | 22 000 |
| Below Minimum Service Level sub-total | 27 438 | 26 000 | 26 000 | 22 000 | 22 000 | 22 000 | 22 000 | 22 000 | 22 000 |
| Total number of households | 86 000 | 86 000 | 86 000 | 86 000 | 86 000 | 86 000 | 86 000 | 86 000 | 86 000 |
| Households receiving Free Basic Service | | | | | | | | | |
| Water (6 kilolitres per household per month) | 74 269 | 86 609 | 86 609 | 58 395 | 58 395 | 58 395 | 58 822 | 63 528 | 68 610 |
| Sanitation (free minimum level service) | 5 046 | 5 104 | 3 100 | 34 168 | 34 168 | 34 168 | 34 535 | 37 298 | 40 282 |
| Electricity/other energy (50kwh per household per month) | 497 | 597 | 600 | 540 | 540 | 540 | 540 | 545 | 547 |
| Refuse (removed at least once a week) | 5 046 | 5 104 | 3 100 | 17 456 | 17 456 | 17 456 | 17 823 | 19 249 | 20 789 |
| Cost of Free Basic Services provided (R'000) | | | | | | | | | |
| Water (6 kilolitres per household per month) | 33 251 | 41 032 | 48 813 | 56 901 | 56 901 | 56 901 | 70 373 | 76 003 | 82 083 |
| Sanitation (free sanitation service) | 6 520 | 6 670 | 6 900 | 7 987 | 7 987 | 7 987 | 20 302 | 21 926 | 23 680 |
| Electricity/other energy (50kwh per household per month) | 710 | 719 | 751 | 857 | 857 | 857 | 822 | 887 | 958 |
| Refuse (removed once a week) | 18 200 | 18 486 | 19 846 | 20 282 | 20 282 | 20 282 | 15 267 | 16 489 | 17 808 |
| Total cost of FBS provided (minimum social package) | 58 681 | 66 907 | 76 310 | 86 027 | 86 027 | 86 027 | 106 764 | 115 305 | 124 529 |
| Highest level of free service provided | | | | | | | | | |
| Property rates (R value threshold) | 75 000 | 75 000 | 110 000 | 110 000 | 110 000 | 110 000 | 110 000 | 110 000 | 110 000 |
| Water (kilolitres per household per month) | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Sanitation (kilolitres per household per month) | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Sanitation (Rand per household per month) | 103 | 116 | 135 | 135 | 135 | 135 | 146 | 146 | 146 |
| Electricity (kwh per household per month) | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 |
| Refuse (average litres per week) | 240 | 240 | 240 | 240 | 240 | 240 | 240 | 240 | 240 |
| Revenue cost of free services provided (R'000) | | | | | | | | | |
| Property rates (R15 000 threshold rebate) | 2 648 | 3 005 | 2 905 | 3 255 | 3 255 | 3 255 | 3 523 | 3 805 | 4 110 |
| Property rates (other exemptions, reductions and rebates) | 23 601 | 25 799 | 31 109 | 30 216 | 30 216 | 30 216 | 30 820 | 33 286 | 35 949 |
| Water | — | — | — | 148 | 148 | 148 | 356 | 384 | 415 |
| Sanitation | 2 365 | 2 707 | 2 175 | 2 175 | 2 175 | 2 175 | 2 175 | 2 349 | 2 537 |
| Electricity/other energy | — | — | — | 235 | 235 | 235 | 252 | 272 | 294 |
| Refuse | 1 593 | 1 822 | 1 576 | 1 576 | 1 576 | 1 576 | 1 577 | 1 703 | 1 839 |
| Total revenue cost of free services provided (total social package) | 30 206 | 33 333 | 37 765 | 37 605 | 37 605 | 37 605 | 38 703 | 41 799 | 45 143 |

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The City continues to make progress with the eradication of backlogs:
 - a. Water services –
 - b. Sanitation services –
 - c. Electricity services –
 - d. Refuse services –
3. The budget provides for a universal approach to the provision of free subsidised services to both indigent and poor households for the 2015/16 MTREF. The cost of free basic services amounts to R 106.7million. It needs to be noted that this table does not cater for the cross subsidisation value of the lower end tariffs in the tiered structure of basic service charges. This implies that the values reflected as Free Basic Services and the revenue cost are in reality much higher should one include the cross-subsidisation that takes place within the lower end of the tariffs. In addition, the municipality continues to make progress in addressing service delivery backlogs.

2 Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

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

The Budget Steering Committee consists of the following Councillors and officials:

- Mayor
- Deputy Mayor
- Speaker
- Chief Whip
- Municipal Manager
- Chief Financial Officer – Chairperson
- Deputy Municipal Managers
- Any other official on invitation

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 City's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 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 2014) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled at the Finance Portfolio Committee the required the budget time schedule on 17 July 2014. The report was subsequently adopted by Council on 26 August 2014. Key dates applicable to the process were:

- **July 2014** – Joint strategic planning session of the Financial Services Management team and the Budget Office. Aim: to assess Council's 2013/14 Financial Statements and current year's (2014/15) revised results and capacity, to determine the impact on future strategies and budgets;
- **July 2014** – Issuing of the 2015/16 Medium Term Revenue and Expenditure Framework (MTREF) guideline addressing various budget assumptions, internal budget processes,

- policies and requirements in terms of the Municipal Budgeting and Reporting Regulations etc.;
- **October 2014** - Submission of the Adjusted Capital and Operating Budget for the 2013/2014 Medium Term Revenue and Expenditure Framework Plan (MTREF), analysed according to activities aligned to Council's strategic objectives, as set out in the draft IDP as well as the Capital and Operating Budget for the 2014/2015 Medium Term Revenue and Expenditure Framework Plan (MTREF);
 - **21 January 2014** – Budget Steering Committee to discuss the 2014/15 Adjustment Budget proposals and the proposed 2015/16 Budget tariff increases;
 - **23 January 2015** - Council considers the 2014/15 Mid-year Review;
 - **23 to 24 February 2015** – National Treasury's Mid-year Budget and Performance Assessment Visit;
 - **24 March 2015** - Tabling in Council of the draft 2015/16 IDP and 2015/16 MTREF for public consultation;
 - **April 2015** – Public consultation;
 - **May 2015** – National Treasury's 2015/16 Tabled MTREF Engagement and Municipal Benchmarking Exercise;
 - **4 May 2015** - Closing date for written comments;
 - **5 to 21 May 2015** – finalisation of the 2015/16 IDP and 2015/16 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
 - **26 May 2015** - Tabling of the 2015/16 MTREF before Council for consideration and approval.

It is anticipated that there will be no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the fourth review of the IDP as Tabled by Council in May 2011. It started in October 2014 after the tabling of the IDP Process Plan for the 2015/16 MTREF on 28 October 2014 (**DMS 978581**).

Integrated Development Planning is an approach to planning that involves the entire municipality and its citizens in finding the best solutions to achieve good long-term development.

uMhlathuze's Integrated Development Plan is a super plan for the organisation which gives an overall framework for development, it's a strategic tool that guides and informs planning, budgeting and managing. Our IDP aims 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 our jurisdiction. It takes into account the existing conditions and problems and resources available for development. The plan looks at economic and social development for the area as a whole. Amongst other things it also sets a framework for how land should be used (SDF), what infrastructure and services are needed and provided.

This is the last IDP Review in the third cycle of IDP Generations. This IDP Review is outcome based and built on the foundations of Government Priorities which includes national Development Plan, Provincial Development Plan, Cabinet Legotla, State of the Nation Address, State of the Province Address and other important government priorities.

Through the IDP these priorities are translated in our STRATEGIC FRAMEWORK and escalated to Strategic Goals, Strategic Objectives, Strategies, Key Performance indicators, which are then further developed into programs and projects. This directly informs the municipal Service Delivery and Budget Implementation Plan.

Key issues to be addressed in the Last IDP Review includes:-

- Overall Summary of key achievements since the adoption of the five year IDP IN 2011,
- Alignment of Municipal Framework with Back to Basics program.
- Revised Municipal Turn Around Strategy
- Cabinet Lekgotla Resolutions
- Comments from MEC on 2014/2016 IDP Review
- Refined Strategic Framework including new KPI and targets
- Financial Planning and Budgeting
- Public Participation, Needs analysis

The IDP has been taken into a business and financial planning process leading up to the 2015/16 MTREF, based on the approved 2014/15 MTREF, Mid-year Review and adjusted 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 2015/16 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and second quarter performance against the 2014/15 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.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2015/16 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 2015/16 MTREF:

- City growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2014/15 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 74 and 75 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The 2015/16 MTREF that will be tabled before Council on 24 March 2015 will be presented to the community for consultation.

An insert will be included in the local newspapers highlighting the Tabled 2015/16 Medium Term Revenue and Expenditure Framework (MTREF) thereby inviting comments from the public.

Furthermore, the Executive Committee will approve a schedule of public meetings to be held at various locations to provide an opportunity for the public to comment on the budget.

A meeting is also scheduled with the AmaKhosi and their leadership in order to strengthen Council's relationship with traditional leaders.

The dual approach that provides for the engagement of Ward Committees firstly and thereafter the broad community, proved to be a success in the previous years' budget public participation processes. It created a sense of ownership and belonging to the Ward Committees and allowed them to assist in various ways during the process of broader community participation.

The administrative planning process also took into consideration the cluster approach that was used in the previous years' budget public participation. The advantage and benefit for the use of clusters is that it creates a shared sense of belonging amongst the citizens as well as an understanding of the diverse issues and needs amongst the community of the Municipality.

The following table set out the meetings that were proposed and prepared by the Community Facilitation section for the 2015/16 budget public participation meetings:

| CLUSTER | WARDS | VENUE | PROPOSED DATES | TIME |
|---------|--------------------|---------------------------------|------------------------------|-------|
| 12 | All Stakeholders | Stakeholders | 08 April 2015 (Wednesday) | 10:00 |
| | Amakhosi | R/Bay Civic Centre (Auditorium) | 09 April 2015 (Thursday) | 10:00 |
| 1 | Ward Committees | R/Bay Civic Centre (Auditorium) | 10 April 2015 (Friday) | 17:00 |
| 10 & 11 | 24, 25, 27, 28, 29 | Ngwelezane Community Hall | 12 April 2015 (Sunday) | 14:00 |
| 6 | 9, 23, portion 24 | Dumisane Makhaye Village | 15 April 2015 (Wednesday) | 17:00 |
| 5 | 1, 2, 3, 4, 26 | Mzingazi Community Hall | 16 April 2015 (Thursday) | 17:00 |
| 7 | 12, 13, 14 | Gobandlovu Community Hall | 18 April 2015 (Saturday) | 14:00 |
| 4 | 10, 11, 30 | Vulindlela Community Hall | 19 April 2015 (Sunday) | 14:00 |
| 8 | 15, 16, 17, 21, 22 | eSikhaleni College | 25 April 2015 (Saturday) | 14:00 |
| 9 | 18, 19, 20 | Port Dunford Community Hall | 26 April 2015 (Sunday) | 14:00 |

| CLUSTER | WARDS | VENUE | PROPOSED DATES | TIME |
|---------|-------------|---------------------------|-------------------------|-------|
| 2 & 3 | 5, 6, 7 & 8 | KwaBhejane Community Hall | 03 May 2015 (Sunday) | 14:00 |

Table 33 Proposed dates for the 2015/16 budget public participation meetings

The above dates are in draft and will be amended accordingly.

The programme is an endeavour to ensure maximum participation, particularly by Council's role-players. The programme is rigorous, extensive and gruelling due to time constraints as previously mentioned, largely exacerbated by public holidays that in the main create extended weekends that would make it difficult to hold meetings on those days, i.e. Easter Weekend, Freedom Day and Workers' Day etc.

The Tabled Budget will also be published on the municipality's website, and detailed copies of the 2015/16 Medium Term Revenue and Expenditure Framework (MTREF) will be made available for inspection at all municipal offices and libraries within the City of uMhlathuze.

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

Submissions that will be received during the community consultation process will be addressed, and where relevant, considered as part of the finalisation of the 2014/15 MTREF. Feedback and responses to the submissions received will be available.

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 City, 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 City strategically complies with the key national and provincial priorities.

The IDP drives the strategic development of the Municipality. The Municipality's budget is influenced by the strategic objectives identified in the IDP. The service delivery budget implementation plan (SDBIP) ensures that the Municipality implements programmes and projects based on the IDP targets and associated budgets. The performance of the Municipality is tabled in its Annual report.

Below is the table which shows the link between IDP, Budget and National and Provincial objectives.

Table 34 Link between Budget and National and Provincial Macroeconomic Objectives

| National KPA | uMhlathuze Strategies | uMhlathuze Mission | MDG | National Plan Priorities | 12 National Outcomes | 5 National Priorities | PGDS Goals |
|--|---|---|--|--------------------------------------|--|--|---------------------------------|
| Good Governance and Public Participation | Good Governance | | Develop a Global Partnership for Development | Inclusive Planning | Responsive, accountable, effective and efficient local government system | Nation Building and Good Governance | Governance and Policy |
| | | | | Unite the Nation Fight Corruption | | | |
| Basic Service Delivery and Infrastructure Provision | Sustainable Infrastructure and Service Delivery | | | Expand Infrastructure | An efficient, competitive and responsive infrastructure network | | Strategic Infrastructure |
| | | Planned Rural Development Interventions | | | Vibrant, equitable, sustainable rural communities contributing towards food security for all | | |
| | | Maintaining Consistent Spatial Development | | | Sustainable human settlements and improved quality of household life | | Spatial Equity |
| | | Commitment to Sustainable Environmental Management | Ensure environmental sustainability | | Protect and enhance our environmental assets and natural resources | | Response to Climate Change |
| Local Economic Development | Social and Economic Development | Job Creation through Economic Development | Eradicate extreme Poverty and Hunger | Create Jobs | | Job Creation | Job Creation |
| | | Improve Citizens Skills Levels and Education | Achieve Universal Primary Education | Quality Education | Skilled and capable workforce to support an inclusive growth path | Education | |
| | | | | | Quality basic education | | |
| | | Improve Quality of Citizens Health | Combat HIV/Aids, malaria and other diseases | Quality Healthcare | A long and healthy life for all South Africans | Health | |
| | | | Reduce Child Mortality | | | | |
| | | Planned Rural Development Interventions | | | Decent employment through inclusive economic growth | Rural development, food security and land reform | |
| | | Creation of Secure and Friendly City through Fighting Crime | Promote Gender Equality and Empower Women | | All people in South Africa are and feel safe | Fighting crime and corruption | |
| Municipal Institutional Development and Transformation | Institutional Development | | | Build a Capable State | Create a better South Africa, a better Africa, and a better world | | Human Resource Development |
| | | | | | An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship | | Human and Community Development |
| Municipal Financial Viability and Management | Sound Financial Management | | | Use Resources Properly | | | |

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

| Strategic Objective | Goal | Goal Code | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | | |
|---|--|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|-------|
| | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 | |
| R thousand | | | | | | | | | | | | |
| Good Governance | Office of the Municipal Manager | A | – | 2 473 | 2 655 | 2 138 | 3 158 | 3 158 | 3 018 | 3 255 | 3 512 | |
| | Risk Management (Internal Audit) | B | – | – | 320 | – | 100 | 100 | – | – | – | |
| | Intergrated Development Planning | C | – | – | – | – | – | – | – | – | – | |
| | Public Communications | D | – | – | – | – | – | – | – | – | – | |
| | Corporate Services | E | 1 459 | 1 698 | 1 825 | 1 553 | 1 778 | 1 778 | 1 874 | 1 981 | 2 089 | |
| | Councillors | F | 268 | 228 | 1 033 | 165 | 165 | 165 | 2 955 | 1 134 | 1 220 | |
| | Councillors support and Public participation | G | 3 509 | – | – | – | – | – | – | – | – | |
| | Public Safety and Security Services | H | – | – | – | – | – | – | – | – | – | |
| | Fire and Rescue Services | I | 1 149 | 1 464 | 786 | 581 | 581 | 581 | 628 | 664 | 700 | |
| | Licensing (Vehicles) | J | 9 449 | 9 919 | 10 367 | 10 057 | 10 307 | 10 307 | 10 828 | 11 423 | 12 051 | |
| | Traffic Operations and Administration | K | 3 441 | 11 136 | 60 206 | 9 146 | 10 696 | 10 696 | 11 565 | 12 201 | 12 872 | |
| | Security Services (Crime prevention and CCTV | L | 381 | – | – | – | – | – | – | – | – | |
| | Disaster Management | M | – | – | – | – | – | – | – | – | – | |
| Sustainable Infrastructure and Service | Water and sanitation | N | 380 665 | 470 210 | 539 037 | 578 409 | 590 692 | 590 692 | 686 292 | 680 790 | 738 955 | |
| | Scientific Services | O | 5 188 | 6 008 | 7 869 | 8 425 | 8 815 | 8 815 | 5 306 | 5 571 | 5 850 | |
| | Water Demand Management and Strategy | P | – | 837 | 687 | – | – | – | – | – | – | |
| | Electricity Supply Services | Q | 970 954 | 1 133 941 | 1 366 436 | 1 400 658 | 1 309 708 | 1 309 708 | 1 406 287 | 1 505 487 | 1 621 530 | |
| | Streetlights, Operations and LV networks | R | – | – | 1 510 | – | – | – | – | – | – | |
| | Transport,Roads and Stormwater | S | 1 133 | 2 263 | 14 082 | 1 826 | 1 068 | 1 068 | 16 071 | 16 135 | 16 199 | |
| | Solid Waste Management | T | 61 322 | 69 353 | 88 037 | 103 275 | 101 523 | 101 523 | 114 206 | 122 784 | 131 943 | |
| | Primary Health (Clinic Services) | U | 4 819 | 4 842 | 9 645 | 7 296 | 5 453 | 5 453 | 6 | 6 | 6 | |
| | Public Health and pollution control | V | 4 345 | 4 401 | 4 861 | 4 871 | 417 | 417 | 7 | 7 | 7 | |
| | Engineering support services | W | 127 | 60 | 35 | 32 | 42 | 42 | 48 | 50 | 53 | |
| | Fleet management services | X | 327 | 85 | 2 140 | 234 | 30 885 | 30 885 | 245 | 258 | 273 | |
| | Process Control System | Y | – | – | 29 | 11 | 11 | 11 | 12 | 12 | 13 | |
| | Municipal Buildings and Structures | Z | – | 6 | – | – | – | – | – | – | – | |
| | Biodiversity (Cemeteries) and Conservation | AA | 434 | 444 | 457 | 507 | 527 | 527 | 497 | 524 | 550 | |
| | Recreational facilities Management | AB | – | – | – | – | – | – | – | – | – | |
| | Sport and recreation development | AC | 4 380 | 6 017 | 8 430 | 2 311 | 9 237 | 9 237 | 18 593 | 18 790 | 19 000 | |
| | Public Libraries | AD | 3 713 | 3 619 | 6 662 | 7 055 | 7 090 | 7 090 | 278 | 293 | 309 | |
| | Museums | AE | 127 | 136 | 289 | 307 | 307 | 307 | 8 | 8 | 8 | |
| | Community halls and Thusong centres | AF | 503 | 354 | 366 | 338 | 388 | 388 | 426 | 449 | 474 | |
| | Social and Economic | Local Economic development | AG | – | – | – | – | – | – | – | – | – |
| | | Dev elopment and Support of markets | AH | – | – | – | – | – | – | – | – | – |
| | | Marketing and Tourism | AI | 8 851 | 2 755 | 538 | 441 | 841 | 841 | 596 | 626 | 656 |
| | | Urban and Rural Planning | AJ | 19 705 | 14 310 | 21 716 | 2 645 | 6 084 | 6 084 | 1 834 | 1 932 | 2 036 |
| | | Human Settlement Programme | AK | 2 909 | 9 042 | 12 161 | 8 226 | 33 090 | 33 090 | 1 100 | 1 150 | 1 200 |
| | | Economic Dev elopment Facilitation | AL | – | – | – | – | – | – | – | – | – |
| | | Public Transport facilities and operations | AM | – | 27 | 5 380 | 5 | 3 005 | 3 005 | 6 | 6 | 6 |
| Human Resources and Industrial Relation Services | | AN | 3 837 | 3 433 | 2 535 | 1 842 | 1 842 | 1 842 | 1 862 | 1 965 | 2 073 | |
| Institutional Development | Information communication and Technology | AO | (99) | 947 | 1 367 | 1 426 | 16 489 | 16 489 | 297 | 312 | 331 | |
| | Expenditure | AP | – | – | – | – | – | – | – | – | – | |
| Sound Financial Management | Revenue | AQ | 220 449 | 280 077 | 322 143 | 335 480 | 358 890 | 358 890 | 394 207 | 429 295 | 466 798 | |
| | Supply chain management | AR | 228 | 568 | 709 | 755 | 755 | 755 | 357 | 376 | 397 | |
| Total Revenue (excluding capital transfers and contributions) | | | 1 713 573 | 2 040 655 | 2 494 312 | 2 490 015 | 2 513 946 | 2 513 946 | 2 679 404 | 2 817 483 | 3 041 112 | |

Table 36 MBRR SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

| Strategic Objective | Goal | Goal Code | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | | |
|--|--|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|--------|
| | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 | |
| R thousand | | | | | | | | | | | | |
| Good Governance | Office of the Municipal Manager | A | 2 776 | 13 280 | 18 532 | 11 382 | 10 028 | 10 028 | 11 180 | 12 014 | 12 852 | |
| | Risk Management (Internal Audit) | B | – | – | 2 704 | 32 | 193 | 193 | 16 | 17 | 18 | |
| | Intergrated Development Planning | C | – | 77 | 96 | 117 | 150 | 150 | 150 | 158 | 167 | |
| | Performance Management | D | 1 166 | 475 | 92 | 148 | 148 | 148 | 87 | 92 | 96 | |
| | Public Communications | E | – | – | – | – | – | – | – | – | – | |
| | Corporate Services | F | 6 085 | 7 370 | 34 282 | 5 925 | 5 710 | 5 710 | 7 321 | 5 606 | 4 310 | |
| | Councillors | G | 7 057 | 15 514 | 64 194 | 266 | 3 838 | 3 838 | 729 | 773 | 818 | |
| | Councillors support and Public participation | H | 14 537 | – | – | – | – | – | – | – | – | |
| | Public Safety and Security Services | I | – | – | – | – | – | – | – | – | – | |
| | Fire and Rescue Services | J | 33 675 | 36 240 | 33 719 | 46 223 | 49 416 | 49 416 | 57 635 | 64 248 | 71 297 | |
| | Licensing (Vehicles) | K | 7 163 | 8 128 | 6 758 | 9 957 | 9 638 | 9 638 | 11 119 | 11 884 | 12 644 | |
| | Traffic Operations and Administration | L | 23 678 | 30 272 | 76 567 | 36 122 | 38 893 | 38 893 | 46 799 | 49 582 | 52 920 | |
| | Security Services (Crime prevention and CCTV | M | 503 | 257 | 911 | 4 030 | 3 730 | 3 730 | 4 828 | 5 273 | 5 727 | |
| | Disaster Management | N | 719 | 739 | 340 | 1 461 | 904 | 904 | 1 317 | 1 625 | 1 955 | |
| Sustainable Infrastructure and Service | Water and sanitation | O | 323 131 | 370 655 | 374 062 | 443 263 | 483 075 | 483 075 | 534 894 | 576 382 | 634 679 | |
| | Scientific Services | P | 9 088 | 13 540 | 11 504 | 21 335 | 21 501 | 21 501 | 18 400 | 19 183 | 21 178 | |
| | Water Demand Management and Strategy | Q | – | 4 193 | 4 220 | 4 765 | 4 754 | 4 754 | 4 988 | 5 362 | 5 656 | |
| | Electricity Supply Services | R | 943 872 | 954 591 | 1 066 981 | 1 204 958 | 1 138 183 | 1 138 183 | 1 198 840 | 1 271 355 | 1 340 967 | |
| | Streetlights, Operations and LV networks | S | 16 317 | 18 807 | 3 571 | 25 692 | 26 042 | 26 042 | 29 468 | 31 260 | 32 045 | |
| | Transport,Roads and Stormwater | T | 75 899 | 101 516 | 163 999 | 147 305 | 140 615 | 140 615 | 185 052 | 204 446 | 236 016 | |
| | Solid Waste Management | U | 74 889 | 82 319 | 59 644 | 96 593 | 96 344 | 96 344 | 105 667 | 113 710 | 122 963 | |
| | Primary Health (Clinic Services) | V | 15 665 | 16 800 | 16 399 | 23 696 | 17 116 | 17 116 | 2 272 | 2 432 | 2 595 | |
| | Public Health and pollution control | W | 8 388 | 9 502 | 8 640 | 14 376 | 9 526 | 9 526 | 9 492 | 10 727 | 11 673 | |
| | Engineering support services | X | 14 927 | 13 372 | 6 677 | 12 563 | 11 897 | 11 897 | 13 235 | 14 431 | 15 644 | |
| | Fleet management services | Y | 327 | 85 | 50 750 | 9 933 | 1 656 | 1 656 | 3 643 | 6 430 | 7 858 | |
| | Process Control System | Z | 0 | 5 592 | 6 175 | 10 078 | 15 253 | 15 253 | 12 666 | 12 147 | 14 316 | |
| | Municipal Buildings and Structures | AA | (0) | 6 | 6 732 | – | 340 | 340 | – | – | – | |
| | Biodiversity (Cemeteries) and Conservation | AB | 6 418 | 6 139 | 38 222 | 8 354 | 5 543 | 5 543 | 9 672 | 10 056 | 10 982 | |
| | Recreational facilities Management | AC | – | – | – | – | – | – | – | – | – | |
| | Sport and recreation development | AD | 76 405 | 90 872 | 49 952 | 118 074 | 116 735 | 116 735 | 125 566 | 135 289 | 148 671 | |
| | Public Libraries | AE | 11 356 | 12 954 | 12 129 | 16 908 | 16 878 | 16 878 | 17 552 | 19 028 | 20 380 | |
| | Museums | AF | 1 127 | 1 217 | 869 | 1 648 | 1 632 | 1 632 | 6 672 | 7 040 | 7 420 | |
| | Community halls and Thusong centres | AG | 8 719 | 10 200 | 8 422 | 15 296 | 15 871 | 15 871 | 18 304 | 21 052 | 24 483 | |
| | Social and Economic | Local Economic development | AH | – | – | – | – | – | – | – | – | – |
| | | Development and Support of markets | AI | – | – | – | – | – | – | – | – | – |
| | | Marketing and Tourism | AJ | 72 | 269 | 740 | 903 | 903 | 903 | 736 | 781 | 807 |
| | | Urban and Rural Planning | AK | 21 370 | 31 151 | 31 160 | 43 581 | 48 183 | 48 183 | 44 609 | 47 893 | 51 138 |
| | | Human Settlement Programme | AL | 3 780 | 7 607 | 6 256 | 15 313 | 15 601 | 15 601 | 16 410 | 17 898 | 18 908 |
| Economic Development Facilitation | | AM | – | – | – | – | – | – | – | – | – | |
| Property Evaluations | | AN | 1 289 | – | – | – | – | – | – | – | – | |
| Public Transport facilities and operations | | AO | 949 | 1 093 | 1 134 | 1 735 | 1 753 | 1 753 | 1 556 | 1 474 | 1 326 | |
| Institutional Development | | Human Resources and Industrial Relation Services | AP | 5 453 | 4 779 | 20 710 | 7 171 | 7 494 | 7 494 | 5 735 | 6 133 | 6 578 |
| | | Information communication and Technology | AQ | (100) | 947 | 26 281 | 2 552 | 3 189 | 3 189 | 2 843 | 3 044 | 3 292 |
| Sound Financial Management | Expenditure | AR | (39 438) | (7 665) | 36 397 | 674 | 2 955 | 2 955 | 2 203 | 2 247 | 2 402 | |
| | Revenue | AS | (39 438) | (7 665) | 36 397 | 674 | 2 955 | 2 955 | 2 203 | 2 247 | 2 402 | |
| | Supply chain management | AT | 371 | (80) | 10 191 | 144 | (702) | (702) | 733 | 768 | 820 | |
| Total Expenditure | | | 1 638 196 | 1 855 148 | 2 296 407 | 2 363 247 | 2 327 940 | 2 327 940 | 2 514 589 | 2 694 084 | 2 908 004 | |

Table 37 MBRR SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

| Strategic Objective | Goal | Goal Code | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | | |
|--|--|------------------------------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|--------|
| | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 | |
| R thousand | | | | | | | | | | | | |
| Good Governance | Office of the Municipal Manager | A | – | – | 220 | 49 | 49 | 49 | – | – | – | |
| | Risk Management (Internal Audit) | B | 60 | – | – | – | – | – | – | – | – | |
| | Intergrated Development Planning | C | 271 | 219 | 86 | 168 | 107 | 107 | – | – | – | |
| | Public Communications | D | 76 | 70 | – | – | – | – | – | – | – | |
| | Corporate Services | E | 34 | 368 | 78 | 729 | 2 751 | 2 751 | 3 000 | 3 327 | 3 327 | |
| | Councillors | F | – | – | 132 | 119 | 119 | 119 | 3 000 | – | – | |
| | Councillors support and Public participation | G | – | – | – | – | – | – | – | – | – | |
| | Public Safety and Security Services | H | – | 272 | – | – | – | – | – | – | – | |
| | Fire and Rescue Services | I | 82 | 983 | 2 074 | 16 559 | 15 269 | 15 269 | – | – | – | |
| | Licensing (Vehicles) | J | – | 6 | 363 | 590 | 84 | 84 | 2 000 | 2 218 | 2 218 | |
| | Traffic Operations and Administration | K | 7 | – | 207 | – | 111 | 111 | – | – | – | |
| | Security Services (Crime prevention and CCTV | L | – | – | – | 64 | 18 | 18 | – | – | – | |
| Sustainable Infrastructure and Service | Water and sanitation | M | 46 770 | 48 608 | 142 273 | 164 596 | 186 321 | 186 321 | 185 252 | 152 044 | 165 397 | |
| | Scientific Services | N | – | 1 209 | 1 514 | 1 300 | 1 300 | 1 300 | – | – | – | |
| | Water Demand Management and Strategy | O | – | 1 814 | – | 681 | – | – | – | – | – | |
| | Electricity Supply Services | P | 8 277 | 15 575 | 61 607 | 56 697 | 64 615 | 64 615 | 9 000 | 9 500 | 6 000 | |
| | Streetlights, Operations and LV networks | Q | – | 1 937 | 2 832 | 11 060 | 10 797 | 10 797 | 3 000 | 3 270 | 3 270 | |
| | Transport,Roads and Stormwater | R | 2 237 | 7 034 | 31 946 | 24 185 | 22 954 | 22 954 | 36 000 | 38 289 | 38 289 | |
| | Solid Waste Management | S | 53 | 239 | 1 604 | 6 058 | 5 005 | 5 005 | – | – | – | |
| | Primary Health (Clinic Services) | T | 13 | 226 | 918 | 3 483 | 1 601 | 1 601 | – | – | – | |
| | Public Health and pollution control | U | 4 | 27 | 37 | 5 632 | 5 499 | 5 499 | 1 500 | – | – | |
| | Engineering support services | V | – | 20 | 633 | 24 | 2 256 | 2 256 | 2 300 | 2 551 | 2 551 | |
| | Fleet management services | W | 15 483 | 7 493 | 16 085 | 25 683 | 68 245 | 68 245 | 31 026 | 32 180 | 32 180 | |
| | Process Control System | X | 39 | 2 060 | 5 037 | 2 089 | 548 | 548 | – | – | – | |
| | Biodiversity (Cemeteries) and Conservation | Y | 3 | 766 | 675 | 2 100 | 2 100 | 2 100 | – | – | – | |
| | Recreational facilities Management | Z | – | 231 | – | – | – | – | – | – | – | |
| | Sport and recreation development | AA | 929 | 2 164 | 9 348 | 23 273 | 28 342 | 28 342 | 21 000 | 21 654 | 21 654 | |
| | Public Libraries | AB | 136 | 770 | 604 | 9 410 | 9 187 | 9 187 | – | – | – | |
| | Museums | AC | – | – | – | – | – | – | – | – | – | |
| | Community halls and Thusong centres | AD | – | 1 621 | 3 284 | 9 872 | 7 437 | 7 437 | 3 000 | 3 327 | 3 327 | |
| | Social and Economic | Local Economic development | AE | 9 | – | – | 44 | – | – | 4 800 | 5 323 | 5 323 |
| | | Development and Support of markets | AF | – | – | 5 380 | 3 542 | 3 000 | 3 000 | 7 000 | 14 630 | 14 630 |
| Marketing and Tourism | | AG | 8 406 | 2 370 | – | 9 258 | 4 475 | 4 475 | – | – | – | |
| Urban and Rural Planning | | AH | 532 | 1 024 | 2 766 | 2 873 | 2 802 | 2 802 | – | – | – | |
| Human Settlement Programme | | AI | 623 | 6 046 | 5 756 | 22 442 | 24 824 | 24 824 | – | – | – | |
| Economic Development Facilitation | | AJ | – | – | – | – | – | – | – | – | – | |
| Human Resources and Industrial Relation Services | | AK | 8 | 16 | 17 | 94 | 1 676 | 1 676 | – | – | – | |
| Institutional Development | Information communication and Technology | AL | 2 382 | 11 372 | 8 590 | 9 927 | 25 593 | 25 593 | 4 000 | 2 218 | 2 218 | |
| Sound Financial Management | Expenditure | AM | 235 | 268 | 84 | 5 464 | – | – | – | – | – | |
| | Revenue | AN | 25 | 180 | 205 | 1 799 | 1 180 | 1 180 | – | – | – | |
| | Supply chain management | AO | 347 | 51 | 18 | – | 43 | 43 | – | – | – | |
| Total Capital Expenditure | | | 87 042 | 115 036 | 304 375 | 419 862 | 498 307 | 498 307 | 315 878 | 290 531 | 300 384 | |

2.3 Measurable performance objectives and indicators

Legislative requirements

Outlined in Section 40 of the Municipal Systems Act of 2000 (MSA), Municipalities must establish mechanisms to monitor and review its Performance Management System (PMS) so as to measure, monitor, review, evaluate and improve performance at organisational, departmental and employee levels. Section 34 of the MSA furthermore point out that the Integrated Development Plan (IDP) has to be reviewed on an annual basis, and that during the IDP review process the Key Performance Areas, Key Performance Indicators and Performance Targets be reviewed and this review will form the basis for the review of the Organisational Performance Management and Performance Contracts of Senior Managers.

The Municipal Planning and Performance Management Regulations (2001) stipulates that a "municipality's performance management system entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role-players" (Chapter 3, Section 7, Municipal Planning and Performance Management Regulations, 2001).

Section 46 of the Municipal Systems Act (Act 32 of 2000), stipulates the following:-

"Annual performance reports

46. (1) *A municipality must prepare for each financial year a performance report reflecting -*
- (a) the performance of the municipality and of each external service provider during that financial year;*
 - (b) a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and*
 - (c) measures taken to improve performance.*
- (2) *An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act."*

Performance Management framework

The first performance management framework was Tabled by the uMhlathuze Municipality on 28 May 2002. The framework was reviewed and amended during 2006/2007 financial year to align with the best practice guidelines suggested by the then Department of Provincial and Local Government and Traditional Affairs of Kwazulu-Natal.

The Performance Management function of uMhlathuze Municipality was previously outsourced to an external service provider and Council resolved during the 2009/2010 financial year to create an internal Performance Management Unit within the Office of the Municipal Manager. The Performance Management unit was capacitated during the 2010/2011 financial year as from 1 October 2010 by the appointment of two permanent employees, i.e. one post of Manager: Performance Management and one post of Performance Management Specialist. During the 2010/2011 Financial year, the Performance Management Unit prepared a new

Performance Management Framework and Policy which was Tabled for 2011/2012 financial year by Council item RPT 150202 and policy on DMS 692062.

The Performance Management Framework and Policy review for the 2012/2013 financial year was Tabled by Council per item RPT 152031 and Council resolution 8593 and is available on Councils official website (www.umhlathuze.gov.za under the "Performance Management" quick link).

Performance indicators and benchmarks

Key performance indicators have been refined in support of the municipality's development priorities and objectives as set out in the revised IDP framework (aligned with the organizational structure and Council's priorities) for the new five year IDP period to ensure consistency in measuring and reporting on long terms strategies and projects. Measurable performance targets with regard to each of these development priorities and objectives are established and reflect on the Organisational Performance Management Scorecard OPMS Scorecard. A process to ensure regular reporting is in place and gets reported quarterly to the Council via the Performance Audit Committee.

Individual performance agreements and performance plans are prepared in line with provisions prescribed in the Performance Regulations (Notice 805, published on 1 August 2006 in the official gazette) and signed by the Municipal Manager and Deputy Municipal Managers (Heads of Department). These agreements are fully implemented and aligned with the Service Delivery and Budget Implementation Plan as required in terms of the Municipal Finance Management Act.

The following diagram illustrates a summary of the newly developed performance management framework for the City of uMhlathuze for performance measurement and reporting, adhering to the guidelines suggested by KwaZulu-Natal Province, Department for Cooperative Governance and Traditional Affairs:

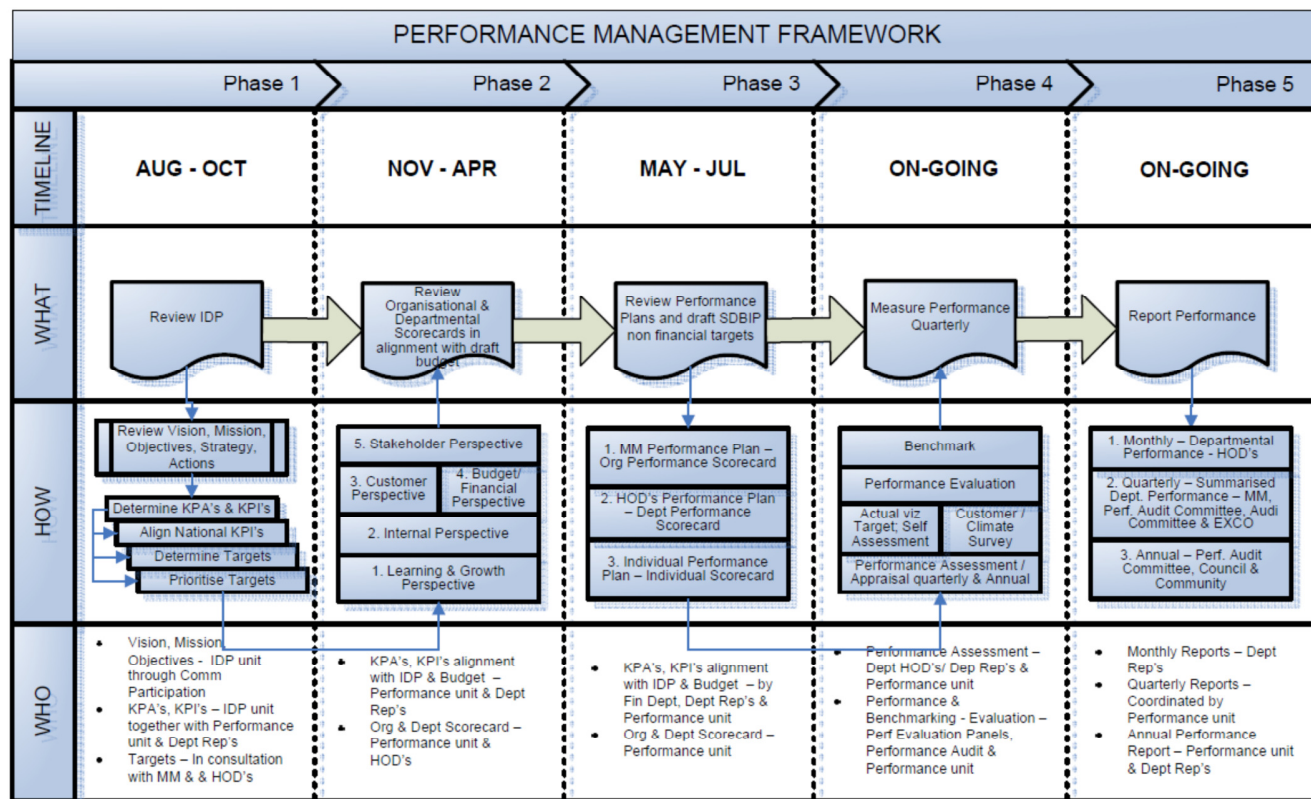


Figure 6 Performance Management Framework

Performance Audit Committee

The Performance Audit Committee was re-affirmed in terms of Section 14(2) (a) of the Local Government: Municipal Planning and Performance Management Regulations of 2001 per Council item RPT 157413, Resolution 9858 dated 23 January 2015 and the members are as follow:

- Dr E M S Ntombela – Chairperson (external member)
- Mr B S Ndaba (external member)
- Mrs N M C Zulu (external member)
- Cllr E F Mbatha (Mayor)
- Cllr N V Gumbi (Deputy Mayor)

The Performance Audit Committee has meet quarterly to consider the reported annual performance achievements reported on the OPMS scorecard as well as the Performance Achievements reported in terms of the Service Delivery Budget Implementation Plan. The

minutes of meetings are documented and made available on the GroupWise electronic document management system.

Performance Evaluation Panels

Performance Evaluation Panels have been re-confirmed for the assessment of performance of the Municipal Manager as well as Managers directly accountable to the Municipal Manager per Council Resolution CR9082 of 28 February 2014. Performance Assessment Panels for the assessment of Section 57 employees were established as follows:

For purposes of evaluating the annual performance of the municipal manager, an evaluation panel constituted of the following persons was established -

- (i) Executive Mayor or Mayor;
- (ii) Chairperson of the Performance Audit Committee or the Audit Committee in the absence of a Performance Audit Committee;
- (iii) Member of the Mayoral or Executive Committee or in respect of a plenary type Municipality, another member of Council;
- (iv) Mayor and/or Municipal Manager from another Municipality; and
- (v) Member of a Ward Committee as nominated by the Executive Mayor or Mayor."

| | |
|-----------------|--|
| Clr E F Mbatha | Mayor/Chairperson |
| Clr N V Gumbi | Deputy Mayor |
| Dr EMS Ntombela | Chairperson of the Performance Audit Committee |
| Clr T Mchunu | A Mayor from another Municipality (uThungulu) |
| Mr V N Khuzwayo | Ward Committee member (nominated by the Mayor) |

For purposes of evaluating the annual performance of managers directly accountable to the Municipal Manager, an Evaluation Panel constituted of the following persons was established:

- (i) Municipal Manager;
- (ii) Chairperson of the Performance Audit Committee or the Audit Committee in the absence of a Performance Audit Committee;
- (iii) Member of the Mayoral or Executive Committee or in respect of a plenary type Municipality, another member of Council; and
- (iv) Municipal Manager from another Municipality."

| | |
|-----------------|---|
| Dr N J Sibeko | Chairperson |
| Clr E F Mbatha | Mayor |
| Clr N V Gumbi | Deputy Mayor |
| Dr EMS Ntombela | Chairperson of the Performance Audit Committee |
| Mr M Nkosi | A Municipal Manager from another Municipality (uThungulu) |

Performance Evaluation sessions are conducted at the end of each quarter. The first and the third quarter assessment are informal assessments. Formal assessments are conducted on the Second and Fourth quarter. The final(Fourth) and formal performance evaluation sessions of the Municipal Manager and Managers Directly accountable to the Municipal Manager covering the financial year are performed in November to allow sufficient time for validation and auditing of information reported on the completed financial year. The minutes of all meetings are available on the GroupWise electronic document management system. The final performance evaluation results and scores are reported via the Performance Audit Committee to the Executive Committee and Council before submission of the Annual Financial Statements and the Annual Report.

Auditing of Performance Information

The Municipal Systems Act, 2000, Section 45 requires that the results of performance measurements in terms of section 41 (1)(c), must be audited as part of the internal auditing process and annually by the Auditor-General. All auditing must comply with section 14 of the Municipal Planning and Performance Management Regulations, 2001 (Regulation 796).

Council has during 2012 created an internal post of Internal Audit Executive within the office of the Municipal Manager to coordinate and manage the Internal Audit function within the municipality. Business Innovation Groups has been appointed by uMhlathuze municipality as the Internal Auditors. As part of their scope, auditing of the Performance Management System and Audit of Performance Information is performed and reports received for each quarter.

Customer Satisfaction

Council appointed Urban Econ Development Economists to conduct the 2013 Customer Satisfaction Survey. The Comprehensive feedback and analysis report was communicated to Council via the Performance Audit Committee per Council Resolution 9014; RPT 155166 dated 3 December 2013. The comprehensive analysis feedback report is available on Council's official website. (www.umhlathuze.gov.za under the "Performance Management" quick link)

Annual Organisational Performance Information

The annual Organisational Performance Targets are compiled in a table format (as prescribed by KZN CoGTA) and reported on a quarterly basis to track performance. The Organisational Performance report is presented to the Auditor General for auditing together with the Annual Financial Statements by 30 August of each year.

The Organisational Performance Scorecard (Tables) once finalized and approved is read in conjunction with the uMhlathuze Annual Report, including the Annual Financial Statements as well as Auditor General Report on the Annual Financial Statements and Performance Information.

The number of households served with basic services as reflected in the table below also includes the performance of external service providers delivering basic services to the community as contemplated in section 46(1)(a) of the Municipal Systems Act (No. 32 of 2000). Water distribution to the community by uMhlathuze is delivered through water purification by WSSA and through purified water purchased from the Mhlathuze Water Board. Electricity is distributed to communities by uMhlathuze municipality through purchasing electricity from ESKOM. The remainder of basic services to communities, i.e. solid waste removal (refuse collection) and sanitation is delivered in-house by the uMhlathuze municipality. The uMhlathuze municipality is fortunate not to be reliant on external service providers, i.e. water, sanitation, solid waste removal services delivered by the district municipality like most other local municipalities do.

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

Table 38 MBRR SA7 - Measurable performance objectives

| Description | Unit of measurement | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|--|---------------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Vote 1 - Water and Sanitation Services | | | | | | | | | | |
| Function 1 - Delivery of Basic Water Services | | | | | | | | | | |
| Sub-function 1 - House Connection | | | | | | | | | | |
| Connection | % of Household | 47.9% | 43.4% | 51.0% | 50.0% | 51.0% | 51.0% | 51.0% | 51.0% | 51.0% |
| Sub-function 2 - Yard Connection | | | | | | | | | | |
| Connection | % of Household | 43.0% | 42.9% | 44.6% | 44.0% | 46.9% | 46.9% | 49.0% | 51.0% | 52.0% |
| Sub-function 3 - Communal Supply > | | | | | | | | | | |
| Water Connection | % of Household | 3.4% | 2.2% | 4.3% | 1.0% | 4.3% | 4.3% | 0.0% | 0.0% | 0.0% |
| Function 2 - Basic Sanitation Services | | | | | | | | | | |
| Sub-function 1 - Waterborne Sewerage | | | | | | | | | | |
| Sewerage Services | % of Household | 43.9% | 39.3% | 50.0% | 50.0% | 52.0% | 52.0% | 54.0% | 55.0% | 56.0% |
| Sub-function 2 - VIP's | | | | | | | | | | |
| Sewerage | % of Household | 16.0% | 25.4% | 27.0% | 40.6% | 35.0% | 35.0% | 45.0% | 50.0% | 55.0% |
| Vote 2 - Electricity Supply | | | | | | | | | | |
| Function 1 - Electricity Connection | | | | | | | | | | |
| Sub-function 1 - Household Connection | | | | | | | | | | |
| Municipality Household Connection | % of Household | 99.0% | 93.0% | 93.0% | 95.0% | 95.0% | 95.0% | 99.0% | 99.0% | 99.0% |
| Sub-function 2 - Free Household | | | | | | | | | | |
| Free Connections | % of Household | 1.7% | 1.7% | 1.7% | 1.7% | 1.7% | 1.7% | 1.7% | 1.7% | 1.7% |
| Sub-function 3 - Eskom Supply | | | | | | | | | | |
| Household Connections | % of Household | 70.0% | 70.0% | 87.0% | 90.0% | 90.0% | 90.0% | 93.0% | 94.0% | 95.0% |
| Vote 3 - Solid Waste Removal | | | | | | | | | | |
| Function 1 - Weekly Refuse Removal Services | | | | | | | | | | |
| Sub-function 1 - Urban 240 litre Bin | | | | | | | | | | |
| Litre Refuse Bin Services | % of Household | 55.0% | 56.0% | 71.0% | 71.0% | 74.0% | 74.0% | 74.0% | 74.0% | 74.0% |
| Sub-function 2 - Free Basic Refuse | | | | | | | | | | |
| Insert measure/s description | % of Household | 13.0% | 16.0% | 18.0% | 21.0% | 21.0% | 21.0% | 24.0% | 25.0% | 26.0% |

The following table sets out the municipalities main performance objectives and benchmarks for the 2014/15 MTREF.

Table 39 MBRR SA8 - Performance indicators and benchmarks

| Description of financial indicator | Basis of calculation | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|--|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| <u>Borrowing Management</u> | | | | | | | | | | |
| Capital Charges to Operating Expenditure | Interest & Principal Paid /Operating Expenditure | 10.0% | 8.6% | 7.7% | 8.5% | 8.6% | 8.6% | 8.8% | 8.1% | 8.0% |
| Capital Charges to Own Revenue | Finance charges & Repayment of borrowing /Own Revenue | 11.0% | 8.9% | 8.5% | 9.5% | 9.8% | 9.8% | 9.7% | 9.0% | 8.8% |
| Borrowed funding of 'own' capital expenditure | Borrowing/Capital expenditure excl. transfers and grants and contributions | 224.5% | 0.0% | 86.6% | 34.0% | 32.2% | 32.2% | 64.1% | 66.5% | 66.5% |
| <u>Safety of Capital</u> | | | | | | | | | | |
| Gearing | Long Term Borrowing/ Funds & Reserves | 20.7% | 17.7% | 16.1% | 18.4% | 18.1% | 18.1% | 16.7% | 15.6% | 14.0% |
| <u>Liquidity</u> | | | | | | | | | | |
| Current Ratio | Current assets/current liabilities | 1.0 | 1.1 | 1.3 | 1.4 | 1.3 | 1.3 | 1.3 | 1.5 | 1.7 |
| Current Ratio adjusted for aged debtors | Current assets less debtors > 90 days/current liabilities | 1.0 | 1.1 | 1.3 | 1.4 | 1.3 | 1.3 | 1.3 | 1.5 | 1.7 |
| Liquidity Ratio | Monetary Assets/Current Liabilities | 0.4 | 0.5 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | 0.8 | 1.0 |
| <u>Revenue Management</u> | | | | | | | | | | |
| Annual Debtors Collection Rate (Payment Level %) | Last 12 Mths Receipts/Last 12 Mths Billing | | 97.5% | 96.5% | 97.5% | 97.0% | 97.2% | 0.0% | 16.0% | 16.3% |
| Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue) | | 97.5% | 96.5% | 97.5% | 97.0% | 97.2% | 97.2% | 16.0% | 16.3% | 16.4% |
| Outstanding Debtors to Revenue Longstanding Debtors Recovered | Total Outstanding Debtors to Annual Revenue Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old | 13.0% | 14.2% | 15.5% | 11.9% | 12.3% | 12.3% | 12.1% | 12.2% | 12.2% |
| <u>Creditors Management</u> | | | | | | | | | | |
| Creditors System Efficiency | % of Creditors Paid Within Terms (within' MFMA' s 65(e)) | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Creditors to Cash and Investments | | 307.9% | 148.2% | 83.9% | 59.2% | 67.2% | 67.2% | 69.1% | 57.3% | 46.3% |
| <u>Other Indicators</u> | | | | | | | | | | |
| | Total Volume Losses (kW) | 257369799 | 144883099 | 159686916 | 43778391 | 43778391 | 43778391 | 43778391 | 43778391 | 43778391 |
| | Total Cost of Losses (Rand '000) | | | | | | | | | |
| Electricity Distribution Losses (2) | | 123 538 | 85 481 | 93 102 | 35 367 | 35 367 | 35 367 | 38 022 | 40 882 | 40 882 |
| | % Volume (units purchased and generated less units sold)/units purchased and generated | | | | | | | | | |

Table 39 MBRR SA8 - Performance indicators and benchmarks (continued)

| Description of financial indicator | Basis of calculation | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|--|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Water Distribution Losses (2) | Total Volume Losses (kℓ) | 13 485 | 14 345 | 17 504 | 14 345 | 14 345 | 14 345 | 14 345 | 14 345 | 14 345 |
| | Total Cost of Losses (Rand '000) | 16046563 | 20370474 | 25087109 | 23261913 | 23261913 | 23261913 | 24505864 | 26765153 | 26765153 |
| | % Volume (units purchased and generated less units sold)/units purchased and generated | | | | | | | | | |
| Employee costs | Employee costs/(Total Revenue - capital revenue) | 23.8% | 22.0% | 20.8% | 24.6% | 24.5% | 24.5% | 24.4% | 24.8% | 24.9% |
| Remuneration | Total remuneration/(Total Revenue - capital revenue) | 24.7% | 23.0% | 21.8% | 25.6% | 25.5% | 25.5% | 25.4% | 25.8% | 25.9% |
| Repairs & Maintenance | R&M/(Total Revenue excluding capital revenue) | 13.0% | 13.0% | 14.1% | 14.5% | 15.7% | 15.7% | 16.2% | 15.5% | 16.0% |
| Finance charges & Depreciation | FC&D/(Total Revenue - capital revenue) | 9.7% | 9.5% | 13.7% | 11.0% | 11.4% | 11.4% | 11.3% | 13.3% | 14.1% |
| IDP regulation financial viability indicators | | | | | | | | | | |
| i. Debt coverage | (Total Operating Revenue - Operating Grants)/Debt service payments due within financial year) | 16.6 | 14.2 | 15.4 | 14.9 | 14.9 | 14.9 | 13.7 | 13.3 | 14.4 |
| ii. O/S Service Debtors to Revenue | Total outstanding service debtors/annual revenue received for services | 15.0% | 17.2% | 18.5% | 13.6% | 14.2% | 14.2% | 13.8% | 13.9% | 13.9% |
| iii. Cost coverage | (Available cash + Investments)/monthly fixed operational expenditure | 0.7 | 1.3 | 2.7 | 2.8 | 2.5 | 2.5 | 2.4 | 2.9 | 3.6 |

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, City of uMhlathuze's borrowing strategy is primarily informed by the Finance charges to Operating Expenditure. The structure of the City's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2014/15 MTREF:

- **Finance Charges and redemption to Operating Expenditure and to own Revenue** is a measure of the cost of borrowing in relation to the operating expenditure and own revenue. It can be seen that the cost of borrowing has remained constant from 10 to 8 per cent in 2011/12 to 2017/18. In addition the mix of capital funding for the MTREF is remaining constant whereby borrowed funds over capital expenditure excluding grant expenditure, remains at a favourable average level of 59 per cent. While borrowing is considered a prudent financial instrument in financing capital infrastructure development such funding will be confined to assets with a useful life exceeding 10 years as well as limiting such financing to assets that generate revenue.

2.3.1.2 Safety of Capital

The **gearing ratio** is a measure of the total long term borrowings over funds and reserves. During the 2011/12 financial year this ratio peaked at 21 per cent and then stabilised to between 16.7 and 14 per cent over the MTREF.

2.3.1.3 Liquidity

- **Current ratio** is a measure of the current assets divided by the current liabilities and as a benchmark the City has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2015/16 MTREF the current ratio is 1,3:1 and 1,5:1 and 1,7:1 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- The **liquidity ratio** is a measure of the ability of the municipality to utilize cash and cash equivalents to meet its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2011/12 financial year the ratio was 0.4 and as part of the financial planning strategy it has been increased to 0.7 in the 2015/16 financial year. This amounts to vast improvement over the period. As the debtors' collection rate is at 98 per cent it is envisaged that cash will be available to meet its monthly current liabilities.

2.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been continued from previous years to maintain cash inflow. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection with specific focus in the “traditional areas”.

2.3.1.5 Creditors Management

- The City has managed to ensure that creditors are settled within the legislated 30 days of invoice. By maintaining stringent cash flow recovery interventions introduced in 2009/10, the Municipality has managed to this legislative obligation.

2.3.1.6 Other Indicators

- Employee costs as a percentage of operating revenue increases slightly over the MTREF. Although the ratio is 24.4 per cent for the 2015/16 MTREF, this may appear favourable however needs to be read in conjunction with the comments under section 1.5 – Operating Expenditure Framework as well as the comments under the Executive Summary.
- Repairs and maintenance as percentage of operating revenue remains constant over the MTREF owing directly to continued effort to ensure that resources in the repairs and maintenance cost centres are maximised.

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

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. These are done in a universal and targeted approach. The universal approach is through the tariff structures and provides for 6kl free water and 50 kwh electricity free for users below a threshold. In addition, no rates and no refuse removal and no sewer are debited against consumers that have a property valued below the prescribed threshold.

The targeted approach is where individual customers are found that despite the universal approach still cannot afford their accounts. These customers' accounts are then written off.

Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 32 MBRR A10 (Basic Service Delivery Measurement) on page 67.

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

2.4 Overview of budget related-policies

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

2.4.1 Review of credit control and debt collection procedures/policies

The Credit Control & Debt Collection Policy was reviewed and approved by Council in July 2012 and is still in place and very effective. The Tabled policy is credible, sustainable, and manageable and informed by affordability and value for money, hence there is no need to review any components of the policy.

The 2015/16 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 98 per cent on current billings.

2.4.2 Asset Management, Infrastructure Investment and Funding Policy

The consumption of assets is measured with their level of depreciation. To ensure future sustainability of the Municipality's infrastructure, service delivery and revenue base; investment in existing infrastructure is paramount. The strategy in the framework is to give more priority and emphasis on renewal of existing infrastructure. Over the next three years, there is a decrease in investment on new assets in order to give effect to priority of renewing existing assets. In addition to the renewal of existing assets, the need for the repairs and maintenance of existing assets is considered in the framework hence a move by the Municipality to invest more in repairs and maintenance.

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

2.4.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the City continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

2.4.4 Supply Chain Management Policy

The Supply Chain Management Policy was Tabled by Council on the 4 October 2005. The Fourth amendment of the Supply Chain Management Policy was done in terms of Supply Chain Management Regulations clause 3(1)(b) and was Tabled by Council on 31 July 2013.

The slow spend on the 2013/14 Adjusted Capital Budget was of serious concern to Administration, however procurement plan was been prepared to expedite the implementation of the procurement process for the 2014/15 MTREF. Monthly monitoring of the procurement plan is being undertaken through the Capital Spend Project Team.

2.4.5 Virement Policy

The Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the City's system of delegations. The Virement Policy was approved by Council via resolution 6737 on 6 July 2010 and was subsequently amended on 4 October 2011 and again on 28 May 2013.

In light of the imminent implementation of SCOA a review of the virement policy will be undertaken in the 2015/16 financial year.

2.4.6 Investment, Working Capital and Capital Replacement Reserves Policy

The City's Investment, Working Capital and Capital Replacement Reserves Policy was amended by Council on 10 October 2013. The aim of the policy is to ensure that the City's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

2.4.7 Tariff of Charges Policy

The City's tariff policy provides a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policy is amended and approved annually with the MTREF.

All the above policies are available on the City's website, as well as the following budget related policies:

- Property Rates Policy; and
- Fraud Prevention policy.

2.5 Overview of budget assumptions

2.5.1 External factors

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

2.5.2 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 2015/16 MTREF:

- National Government macro-economic targets as per MFMA circular 74 and 75;
- The general inflationary outlook and the impact on City's residents and businesses;

- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 24.4 per cent of total operating expenditure in the 2015/16 MTREF.

2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The City engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2015/16 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments.

2.5.4 Collection rate for revenue services

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

The rate of revenue collection is currently expressed as a percentage (98 per cent) of annual billings. Cash flow is assumed to be 98 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.5 Growth or decline in tax base of the municipality

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

2.5.6 Salary increases

The Salary and Wage Collective Agreement for the period 01 July 2012 to 30 June 2015 has come to an end.

In terms of the MFMA Circular no. 75, National Treasury has advised municipalities to budget for a 5.8 per cent cost-of-living increase adjustment to be implemented with effect from 01 July 2015. However, in light of the salary increases being demanded by the unions, Council has budgeted for a 7 per cent for the 2015/16 financial year. An annual increase of 6.5 and 7 per cent has been included in the two outer years of the MTREF.

2.5.7 Impact of national, provincial and local policies

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

- Creating jobs;
- Enhancing education and skill development;

- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

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

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

The slow spend on the 2013/14 Adjusted Capital Budget was of serious concern to Administration, however procurement plan was been prepared to expedite the implementation of the procurement process for the 2014/15 MTREF. Monthly monitoring of the procurement plan is being undertaken through the Capital Spend Project Team.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

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

Table 40 Breakdown of the operating revenue over the medium-term

| Description R thousand | 2015/16 Medium Term Revenue & Expenditure Framework | | | | | |
|--|---|-------------|---------------------------|-------------|---------------------------|-------------|
| | Budget Year 2015/16 | % | Budget Year +1 2016/17 | % | Budget Year +2 2017/18 | % |
| Revenue By Source | | | | | | |
| Property rates | 360 000 | 14% | 393 800 | 15% | 429 904 | 15% |
| Service charges | 1 836 669 | 73% | 1 970 149 | 73% | 2 127 243 | 73% |
| Interest earned - external investments | 21 982 | 1% | 22 641 | 1% | 23 320 | 1% |
| Transfers recognised - operational | 249 431 | 10% | 259 006 | 10% | 275 826 | 9% |
| Other own revenue | 51 444 | 2% | 54 356 | 2% | 57 435 | 2% |
| Total Operating Revenue (excluding capital transfers and contributions) | 2 519 526 | 100% | 2 699 952 | 100% | 2 913 728 | 100% |
| Total Operating Expenditure | 2 514 588 | | 2 694 084 | | 2 908 004 | |
| Surplus/(Deficit) | 4 938 | | 5 868 | | 5 724 | |

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

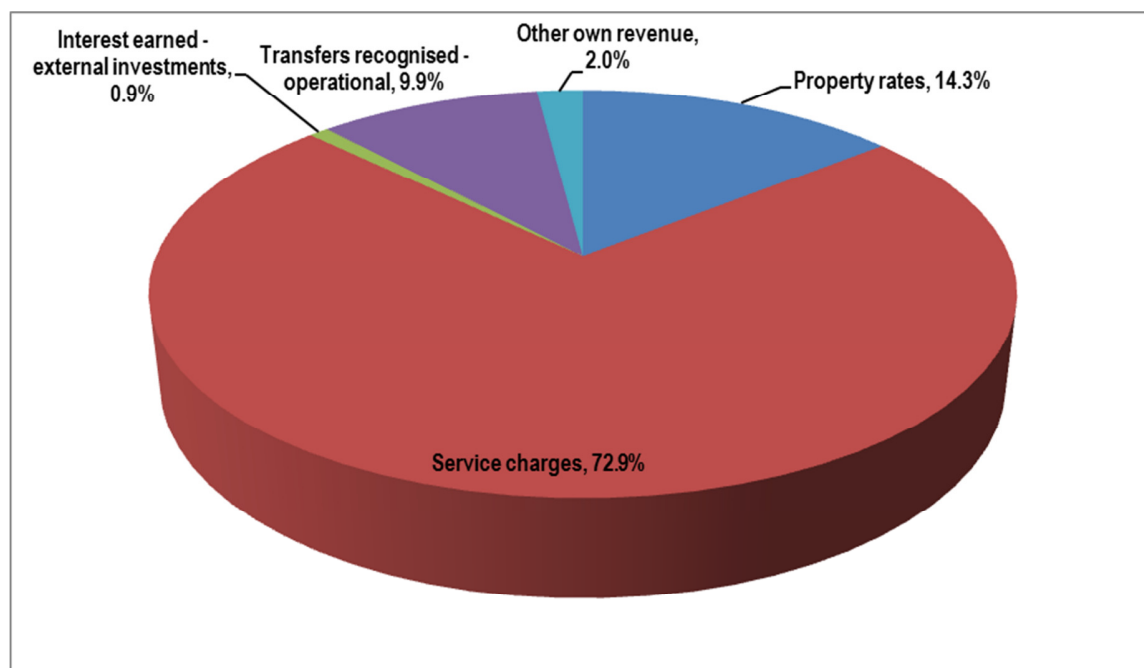


Figure 7 Breakdown of operating revenue over the 2015/16 MTREF

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 City derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc.).

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the City and continued economic development;
- Efficient revenue management, which aims to ensure an above 98 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by calculating the revenue requirement of each service this had to be adjusted to cater for affordable tariffs;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs where economically possible;
- Revenue enhancement, investment and cash management;
- Pricing risk strategy to ensure that rates and general grows to a level that can sustain the municipality;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the City which has been extensively reviewed to ensure that customer are clear on how the municipality will raise revenue

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

The proposed tariff increases for the 2015/16 MTREF on the different revenue categories are:

Table 41 Proposed tariff increases over the medium-term

| Revenue category | 2014/15 proposed revenue increase | 2015/16 proposed revenue increase | 2016/17 proposed revenue increase | 2015/16 additional revenue for each 1% increase | 2015/16 additional revenue per service | 2015/16 Total Budgeted revenue |
|------------------|--|--|--|---|---|--------------------------------------|
| | % | % | % | R'000 | R'000 | R'000 |
| Property rates | 10.28 | 9.39 | 9.17 | 3 600 | 33 547 | 360 000 |
| Sanitation | 11.33 | 8.00 | 8.00 | 840 | 8 550 | 84 000 |
| Solid Waste | 0.13 | 8.00 | 8.00 | 678 | 7 600 | 67 800 |
| Water | 36.35 | 7.94 | 7.95 | 2 816 | 75 065 | 281 565 |
| Electricity | 7.34 | 7.07 | 8.00 | 13 900 | 95 000 | 1 390 000 |
| TOTAL | | | | 21 834 | 219 762 | 2 183 365 |

Revenue to be generated from property rates is R360 million in the 2015/16 financial year and increases to R394 million by 2016/17 which represents 14 per cent of the operating revenue base of the City. It remains relatively constant over the medium-term.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the City totalling R1.8 billion for the 2015/16 financial year and increasing to R1.9 billion by 2016/17 and then R2.1 billion by 2017/18. For the 2015/16 financial year services charges amount to 73 per cent of the total revenue base and remains constant over the medium-term.

Operational grants and subsidies amount to R249 million, R259 million and R 275 million for each of the respective financial years of the MTREF, or 9.9, 9.6 and 9.5 per cent of operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing over the MTREF by 3.8 per cent and 6.5 per cent for the two outer years.

Investment revenue contributes negligibly to the revenue base of the City with a budget allocation of R11 million, R11.5 million and R12 million for the respective three financial years of the 2015/16 MTREF. It needs to be noted that whilst a healthy working capital is important for a Municipality, the practise in this Municipality comes from a historical trend of utilising cash reserves to fund service delivery initiatives instead of generating interest returns.

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

Table 42 MBRR SA15 – Detail Investment Information

| Investment type | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|-------------------------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| R thousand | | | | | | | | | |
| Parent municipality | | | | | | | | | |
| Deposits - Bank | 80 000 | 40 000 | 40 000 | 150 000 | 150 000 | 150 000 | 200 000 | 300 000 | 400 000 |
| Municipality sub-total | 80 000 | 40 000 | 40 000 | 150 000 | 150 000 | 150 000 | 200 000 | 300 000 | 400 000 |
| Consolidated total: | 80 000 | 40 000 | 40 000 | 150 000 | 150 000 | 150 000 | 200 000 | 300 000 | 400 000 |

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2015/16 medium-term capital programme:

Table 43 Sources of capital revenue over the MTREF

| Vote Description | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| R thousand | | | | | | | | | |
| Funded by: | | | | | | | | | |
| National Government | 39 679 | 40 345 | 110 841 | 119 456 | 189 588 | 189 588 | 159 878 | 117 531 | 127 384 |
| Provincial Government | 9 452 | 11 087 | 15 246 | 37 765 | 34 702 | 34 702 | – | – | – |
| District Municipality | – | 97 | 110 | – | – | – | – | – | – |
| Other transfers and grants | 7 | 131 | 133 | – | – | – | – | – | – |
| Transfers recognised - capital | 49 138 | 51 659 | 126 329 | 157 221 | 224 290 | 224 290 | 159 878 | 117 531 | 127 384 |
| Public contributions & donations | 3 165 | 4 531 | 62 602 | 11 182 | 8 523 | 8 523 | – | – | – |
| Borrowing | 22 907 | 33 829 | 69 347 | 144 738 | 142 572 | 142 572 | 92 000 | 100 000 | 100 000 |
| Internally generated funds | 11 833 | 25 017 | 46 097 | 106 721 | 122 922 | 122 922 | 64 000 | 73 000 | 73 000 |
| Total Capital Funding | 87 042 | 115 036 | 304 375 | 419 862 | 498 307 | 498 307 | 315 878 | 290 531 | 300 384 |

The above table is graphically represented as follows for the 2015/16 financial year.

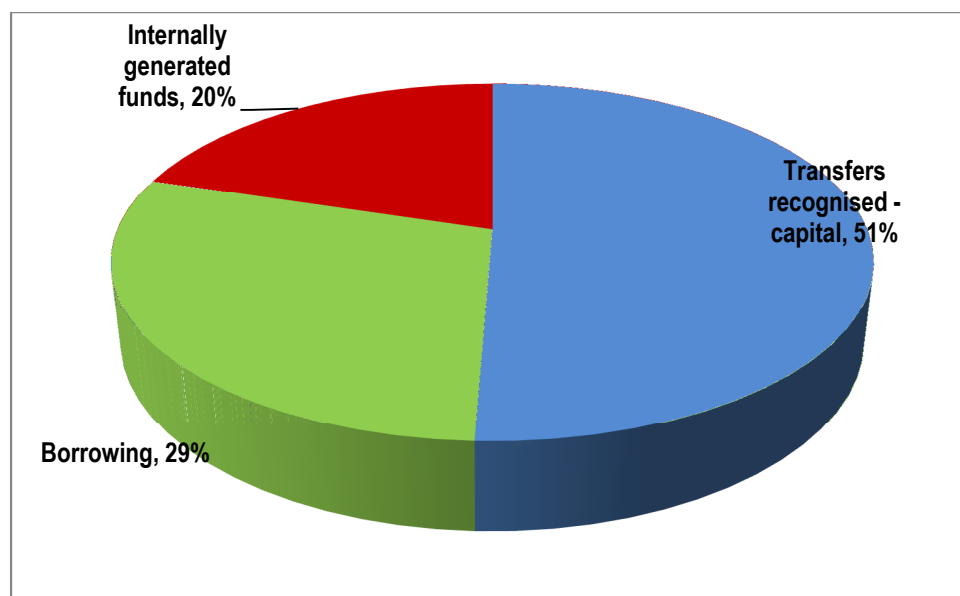


Figure 8 Sources of capital revenue for the 2015/16 financial year

Capital grants and receipts equates to 51 per cent of the total funding source which represents R160 million for the 2015/16 financial year and decreases to R117.5 million or 40 per cent by 2016/17.

Borrowing still remains a significant funding source for the capital programme over the medium-term with an estimated R292 million to be raised for each of the respective financial years totalling 29, 34 and 33 per cent of the total funding of the capital budget for each of the respective financial years of the MTREF.

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

Table 44 MBRR SA17 - Detail of borrowings

| Borrowing - Categorised by type R thousand | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Parent municipality | | | | | | | | | |
| Long-Term Loans (annuity/reducing balance) | 732 522 | 625 250 | 601 727 | 686 594 | 686 594 | 686 594 | 645 473 | 619 181 | 575 552 |
| Municipality sub-total | 732 522 | 625 250 | 601 727 | 686 594 | 686 594 | 686 594 | 645 473 | 619 181 | 575 552 |
| Total Borrowing | 732 522 | 625 250 | 601 727 | 686 594 | 686 594 | 686 594 | 645 473 | 619 181 | 575 552 |

The following graph illustrates the growth in outstanding borrowing for the 2011/12 to 2017/18 period.

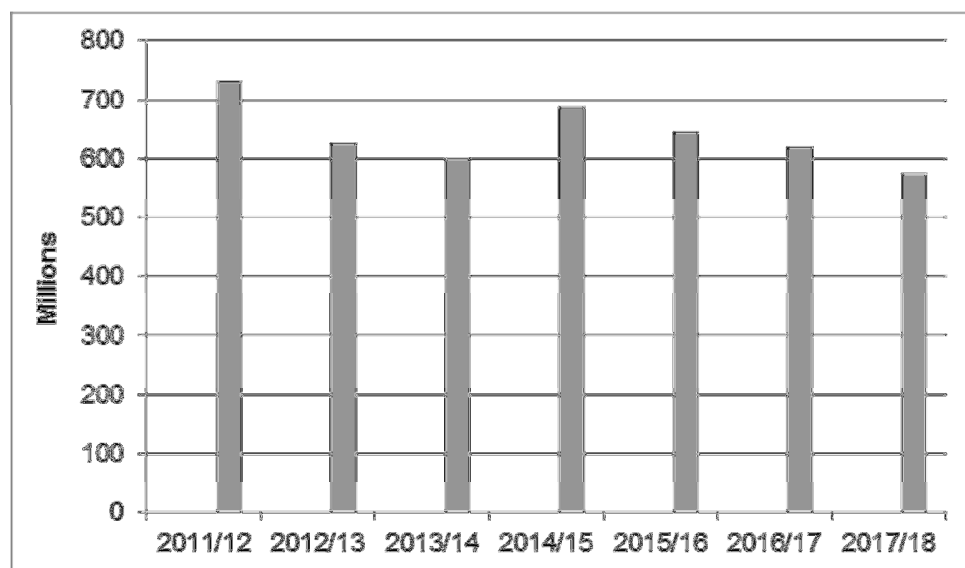


Figure 9 Growth in outstanding borrowing (long-term liabilities)

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below. Internally generated funds consist of R64 million in 2015/16, R73 million in 2015/16 and R73 million in 2016/17.

Table 45 MBRR SA18 - Capital transfers and grant receipts

| Description | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| R thousand | | | | | | | | | |
| RECEIPTS: | | | | | | | | | |
| Capital Transfers and Grants | | | | | | | | | |
| National Government: | 66 531 | 93 492 | 106 670 | 119 456 | 189 588 | 189 588 | 159 878 | 117 531 | 127 384 |
| Municipal Infrastructure Grant (MIG) | 69 481 | 84 492 | 84 595 | 88 106 | 86 290 | 86 290 | 88 496 | 92 110 | 97 527 |
| Municipal Infrastructure Grant (Roll-Over) | - | - | - | - | 45 652 | 45 652 | - | - | - |
| Electrification Projects | (3 950) | - | - | 8 000 | 8 000 | 8 000 | 9 000 | 9 500 | 6 000 |
| Electricity Demand Site | - | 8 000 | - | - | - | - | - | - | - |
| Extended Public Works Programme | - | 1 000 | - | - | - | - | - | - | - |
| Water Conservation and Demand Management | 1 000 | - | - | - | - | - | - | - | - |
| Infrastructure Water projects | - | - | 17 547 | 18 850 | 18 850 | 18 850 | 50 882 | 7 921 | 8 357 |
| Infrastructure Water projects (Roll-Over) | - | - | - | - | 12 234 | 12 234 | - | - | - |
| Rural Households Infrastructure | - | - | 4 000 | 4 500 | 4 500 | 4 500 | 4 500 | 5 000 | 5 500 |
| Sport and Recreation | - | - | 528 | - | - | - | - | - | - |
| Finance Management | - | - | - | - | 64 | 64 | - | - | - |
| Department of Water Affairs | - | - | - | - | 14 000 | 14 000 | 7 000 | 3 000 | 10 000 |
| Provincial Government: | 10 170 | 28 011 | 1 378 | - | 34 702 | 34 702 | - | - | - |
| Housing | 562 | 20 748 | 1 378 | - | - | - | - | - | - |
| Housing (Roll-Over) | - | - | - | - | 24 824 | 24 824 | - | - | - |
| Sport and Recreation | - | 3 500 | - | - | - | - | - | - | - |
| Libraries | 136 | - | - | - | - | - | - | - | - |
| Massification Grant | - | 2 000 | - | - | - | - | - | - | - |
| Upgrade of Airport | 9 472 | 1 764 | - | - | - | - | - | - | - |
| Urban Development Framework Plan (Roll-over) | - | - | - | - | 2 702 | 2 702 | - | - | - |
| Urban Development Framework Plan Tourism Dev | - | - | - | - | 3 000 | 3 000 | - | - | - |
| Urban Development Framework Plan (Roll-over) | - | - | - | - | 1 175 | 1 175 | - | - | - |
| Corridor Development - New and Upgrading infrastr | - | - | - | - | 3 000 | 3 000 | - | - | - |
| District Municipality: | - | 207 | - | - | - | - | - | - | - |
| Bus Shelters and Laybys | - | 207 | - | - | - | - | - | - | - |
| Other grant providers: | 7 | - | 60 536 | - | 1 115 | 1 115 | - | - | - |
| Dischem - Camera | 7 | - | - | - | - | - | - | - | - |
| John Ross Interchange | - | - | 60 536 | - | - | - | - | - | - |
| Lotto Funding Sigisi Field | - | - | - | - | 1 115 | 1 115 | - | - | - |
| Total Capital Transfers and Grants | 76 708 | 121 710 | 168 583 | 119 456 | 225 405 | 225 405 | 159 878 | 117 531 | 127 384 |
| TOTAL RECEIPTS OF TRANSFERS & GRANTS | 261 905 | 325 295 | 408 526 | 379 965 | 471 631 | 471 631 | 407 452 | 376 537 | 403 210 |

2.6.3 Cash Flow Management

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

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

Table 46 MBRR Table A7 - Budget cash flow statement

| Description | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|------------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| R thousand | | | | | | | | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Property rates, penalties & collection charges | 1 434 822 | 1 709 543 | 1 995 248 | 2 036 796 | 1 969 313 | 1 969 313 | 359 300 | 393 062 | 429 126 |
| Service charges | | | | | | | 1 778 785 | 1 902 128 | 2 063 399 |
| Other revenue | | | | | | | 49 887 | 52 716 | 55 707 |
| Government - operating | 182 413 | 192 367 | 236 770 | 260 509 | 246 226 | 246 226 | 249 431 | 259 006 | 275 826 |
| Government - capital | 49 130 | 123 981 | 109 208 | 119 456 | 225 469 | 225 469 | 159 878 | 117 531 | 127 384 |
| Interest | 5 652 | 10 023 | 21 113 | 12 147 | 18 244 | 18 244 | 23 540 | 24 282 | 25 048 |
| Payments | | | | | | | | | |
| Suppliers and employees | (1 395 345) | (1 682 493) | (1 883 468) | (2 023 834) | (1 994 250) | (1 994 250) | (2 146 458) | (2 239 282) | (2 403 637) |
| Finance charges | (82 481) | (65 436) | (71 145) | (77 614) | (77 614) | (77 614) | (79 806) | (78 062) | (74 619) |
| Transfers and Grants | (1 177) | (1 373) | (3 022) | (2 999) | (4 339) | (4 339) | (8 883) | (9 372) | (9 869) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 193 014 | 286 612 | 404 704 | 324 461 | 383 049 | 383 049 | 385 672 | 422 008 | 488 365 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Proceeds on disposal of PPE | - | 22 583 | 7 530 | 10 000 | 40 000 | 40 000 | 10 000 | 10 000 | 10 000 |
| Decrease (Increase) in non-current debtors | - | - | 267 | - | - | - | - | - | - |
| Decrease (increase) other non-current receivables | 155 | - | - | 226 | 226 | 226 | 230 | 240 | 250 |
| Decrease (increase) in non-current investments | (80 000) | (28 989) | - | - | - | - | - | - | - |
| Payments | | | | | | | | | |
| Capital assets | (75 311) | (113 208) | (250 889) | (251 917) | (398 646) | (398 646) | (352 364) | (295 601) | (298 413) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (155 156) | (119 614) | (243 092) | (241 691) | (358 420) | (358 420) | (342 134) | (285 361) | (288 163) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Borrowing long term/refinancing | 78 000 | - | 100 000 | 85 500 | 85 500 | 85 500 | 100 000 | 115 000 | 115 000 |
| Increase (decrease) in consumer deposits | 2 360 | 3 777 | 5 129 | 2 548 | 2 548 | 2 548 | 500 | 650 | 800 |
| Payments | | | | | | | | | |
| Repayment of borrowing | (80 563) | (79 095) | (105 007) | (122 938) | (122 938) | (122 938) | (140 619) | (141 292) | (158 629) |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | (203) | (75 318) | 122 | (34 890) | (34 890) | (34 890) | (40 119) | (25 642) | (42 829) |
| NET INCREASE/ (DECREASE) IN CASH HELD | 37 655 | 91 680 | 161 734 | 47 880 | (10 261) | (10 261) | 3 418 | 111 005 | 157 373 |
| Cash/cash equivalents at the year begin: | 39 559 | 77 214 | 242 775 | 399 897 | 404 509 | 404 509 | 398 566 | 401 984 | 512 990 |
| Cash/cash equivalents at the year end: | 77 214 | 168 894 | 404 509 | 447 777 | 394 248 | 394 248 | 401 984 | 512 990 | 670 363 |

The above table shows that cash and cash equivalents of the City. It can be seen that the cash levels of the City improved significantly over the 2011/12 to 2015/16 period and the years thereafter owing directly to a myriad of cash flow interventions introduced over the past years. The 2015/16 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term. Cash and cash equivalents is projected to total R 394 million as at the end of the 2014/15 financial year and escalating to R 670 million by 2017/18.

For the 2015/16 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to exceed R 402 million by 2015/16 and steadily increasing to R 513 million by 2016/17.

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

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

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

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

Table 47 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

| Description R thousand | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Cash and investments available | | | | | | | | | |
| Cash/cash equivalents at the year end | 77 214 | 168 894 | 404 509 | 447 777 | 394 248 | 394 248 | 401 984 | 512 990 | 670 363 |
| Other current investments > 90 days | 80 000 | 73 881 | 0 | (23 727) | - | - | - | - | - |
| Non current assets - Investments | - | - | - | - | - | - | - | - | - |
| Cash and investments available: | 157 214 | 242 775 | 404 509 | 424 050 | 394 248 | 394 248 | 401 984 | 512 990 | 670 363 |
| Application of cash and investments | | | | | | | | | |
| Unspent conditional transfers | 47 516 | 113 803 | 92 231 | 116 357 | 116 357 | 116 357 | 105 801 | 105 801 | 105 801 |
| Unspent borrowing | - | - | - | - | - | - | - | - | - |
| Statutory requirements | (7 717) | (16 014) | (9 557) | (21 483) | (21 483) | (21 483) | 2 763 | 3 752 | 4 225 |
| Other working capital requirements | 26 477 | (22 526) | (9 979) | (8 188) | (8 764) | (8 764) | (11 675) | (18 332) | (29 262) |
| Other provisions | 20 270 | 23 317 | 20 391 | 26 395 | 26 394 | 26 394 | 21 288 | 22 523 | 23 784 |
| Long term investments committed | - | - | - | - | - | - | - | - | - |
| Reserves to be backed by cash/investments | - | - | - | 107 823 | 107 823 | 107 823 | 73 000 | 74 000 | 74 000 |
| Total Application of cash and investments: | 86 546 | 98 580 | 93 086 | 220 904 | 220 327 | 220 327 | 191 178 | 187 744 | 178 548 |
| Surplus(shortfall) | 70 668 | 144 196 | 311 423 | 203 146 | 173 921 | 173 921 | 210 807 | 325 245 | 491 815 |

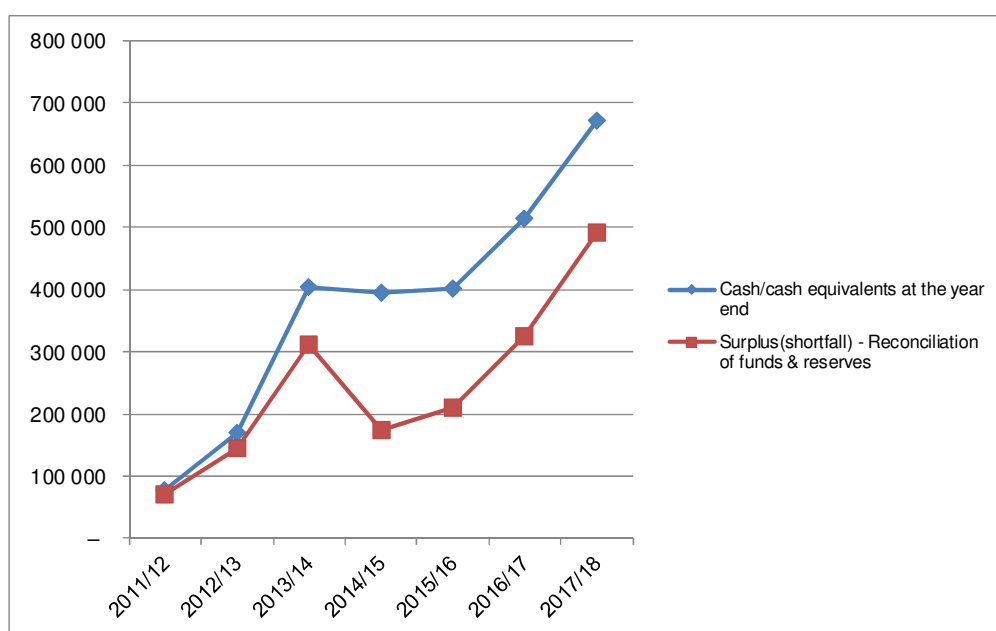
From the above table it can be seen that the cash and investments available total R 402 million in the 2015/16 financial year and progressively increase to R 513 million by 2016/17, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business. Based on the current expenditure patterns and the awarded tenders in which constructed has not commenced the municipality will have to approach National Treasury for a roll-over of funds in terms of the DORA requirements.
- Provisions for statutory requirements include VAT owing to timing differences resulting from year- end obligations. The asset in this regard totalled R2.7 million for the 2015/16 financial year.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels

- should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the City to meet its creditor obligations.
- Against other provisions an amount R21 million has been provided for the 2015/16 financial year and this increases to R22.5 million by 2016/17.

It can be concluded that the City has a surplus against the cash backed and accumulated surpluses reconciliation. The level of non-cash-backing progressively improved over the period 2011/12 to 2015/16 escalating from R70 million to R211 million in 2015/16. The 2015/16 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. **Nevertheless from a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible.** The challenge for the City will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.



| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|---|---------|---------|---------|---------|---------|---------|---------|
| Cash/cash equivalents at the year end | 77 214 | 168 894 | 404 509 | 394 248 | 401 984 | 512 990 | 670 363 |
| Surplus(shortfall) - Reconciliation of funds & reserves | 70 668 | 144 196 | 311 423 | 173 921 | 210 807 | 325 245 | 491 815 |

Figure 10 Cash and cash equivalents / Cash backed reserves and accumulated funds

2.6.5 Funding compliance measurement

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

Table 48 MBRR SA10 – Funding compliance measurement

| Description | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Funding measures | | | | | | | | | |
| Cash/cash equivalents at the year end - R'000 | 77 214 | 168 894 | 404 509 | 447 777 | 394 248 | 394 248 | 401 984 | 512 990 | 670 363 |
| Cash + investments at the yr end less applications - R'000 | 70 668 | 144 196 | 311 423 | 203 146 | 173 921 | 173 921 | 210 807 | 325 245 | 491 815 |
| Cash year end/monthly employee/supplier payments | 0.7 | 1.3 | 2.7 | 2.8 | 2.5 | 2.5 | 2.4 | 2.9 | 3.6 |
| Surplus/(Deficit) excluding depreciation offsets: R'000 | (147 281) | (51 420) | 197 906 | 126 767 | 186 006 | 186 006 | 164 816 | 123 399 | 133 108 |
| Service charge rev % change - macro CPIX target exclusive | N.A. | 7.7% | 12.1% | 1.1% | (9.9%) | (6.0%) | 5.2% | 1.6% | 2.2% |
| Cash receipts % of Ratepayer & Other revenue | 97.5% | 96.5% | 97.5% | 97.0% | 97.2% | 97.2% | 95.1% | 94.9% | 95.3% |
| Debt impairment expense as a % of total billable revenue | 0.2% | 0.2% | 3.5% | 0.1% | 0.2% | 0.2% | 0.1% | 0.1% | 0.1% |
| Capital payments % of capital expenditure | 86.5% | 98.4% | 82.4% | 60.0% | 80.0% | 80.0% | 111.6% | 101.7% | 99.3% |
| Borrowing receipts % of capital expenditure (excl. transfers) | 205.8% | 0.0% | 56.2% | 32.6% | 31.2% | 31.2% | 64.1% | 66.5% | 66.5% |
| Grants % of Govt. legislated/gazetted allocations | | | | | | | 100.5% | 100.0% | 100.0% |
| Current consumer debtors % change - incr(decr) | N.A. | 30.6% | 26.8% | (21.4%) | 0.0% | 0.0% | 8.1% | 8.2% | 8.3% |
| Long term receivables % change - incr(decr) | N.A. | (20.0%) | (55.4%) | 4.4% | 0.0% | 0.0% | (14.1%) | 5.5% | 5.3% |
| R&M % of Property Plant & Equipment | 5.0% | 6.2% | 7.8% | 8.0% | 8.1% | 8.1% | 9.1% | 9.4% | 10.6% |
| Asset renewal % of capital budget | 28.9% | 54.1% | 37.3% | 42.5% | 44.5% | 44.5% | 58.7% | 52.9% | 55.1% |

2.6.5.1 Cash/cash equivalent position

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

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2015/16 MTREF shows R402 million, R513 million and R670 million for each respective financial year.

2.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 30, on page 63. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the City to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has improved significantly for the period 2015/16 MTREF the municipality's improving cash position causes the ratio to remain at 2.4 and then improves slightly to 3.6 for the outer years. As indicated above the City the Investment, Working Capital and Capital Replacement Reserves Policy requires a ratio of two months coverage. The target has been achieved.

2.6.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year.

For the 2015/16 MTREF the indicative outcome is a surplus of R165 million, R123 million and R133 million. This however is **not a true reflection** of the Operating performance as this figure includes capital revenues (Transfers recognised – capital).

2.6.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the

increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 5.2, 1.6 and 2.2 per cent for the respective financial year of the 2015/16 MTREF. This is not a reflection of economic growth in the area but rather a reflection of cost drives which have increased more than inflation targets such as bulk water and electricity and employee related costs.

2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 95 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 98 per cent performance target, it either implies that the Municipality must either increase its' credit control endeavours in the Rural Areas or alternatively lower its collection rate target of 98 per cent to be more realistic. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.6.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 0,1 per cent over the MTREF which is a reflection of the high standard of credit and debt control for the City. Given the comments mentioned above regarding the debtors situation within the rural environment these provisions may need to be reviewed in the next budget cycle.

2.6.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. This indicator clearly illustrates the lack of capital spending in the 2013/14 Adjusted budget but does assume that with improved procurement and project management plans, spending will accelerate in the 2015/16 financial year.

2.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 64.1, 66.5 and 66.5 per cent of own funded capital. This is both consistent and a good funding mix.

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

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

2.6.5.11 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Only one indicator is reflected above which illustrates a stable trend in that debtors are only increase by the equivalent increase in revenue not by deterioration in collection rate. The changes in Long term receivables is immaterial and thus no comments are necessary.

2.6.5.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the City's strategy pertaining to asset management and repairs and maintenance is contained in Table 64 MBRR SA34c on page 124.

2.6.5.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 63 MBRR SA34b on page 123.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 49 MBRR SA19 - Expenditure on transfers and grant programmes

| Description | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| EXPENDITURE: | | | | | | | | | |
| Operating expenditure of Transfers and Grants | | | | | | | | | |
| National Government: | 169 022 | 186 964 | 204 707 | 233 951 | 226 367 | 226 367 | 247 574 | 259 006 | 275 826 |
| Local Government Equitable Share | 161 782 | 179 139 | 190 384 | 204 800 | 204 800 | 204 800 | 229 925 | 245 576 | 261 960 |
| Finance Management | 1 117 | 1 268 | 1 644 | 1 600 | 1 537 | 1 537 | 1 600 | 1 625 | 1 700 |
| Municipal Systems Improvement | 999 | 190 | 829 | 930 | 930 | 930 | 930 | 957 | 1 033 |
| Department of Water Affairs | 3 202 | 561 | 1 227 | 14 000 | – | – | – | – | – |
| Project Management Unit | 1 923 | 2 125 | 2 138 | 2 725 | 4 542 | 4 542 | 4 658 | 4 848 | 5 133 |
| Infrastructure Skills Development Grant | – | 3 505 | 7 211 | 8 000 | 8 000 | 8 000 | 7 500 | 6 000 | 6 000 |
| Extended Public Works Programme | – | – | 996 | 1 896 | 1 896 | 1 896 | 2 961 | – | – |
| Municipal Infrastructure Grant (Roll-Over) | – | – | – | – | 4 663 | 4 663 | – | – | – |
| Electricity Demand Site | – | 176 | 71 | – | – | – | – | – | – |
| Restructuring Grant | – | – | 207 | – | – | – | – | – | – |
| Provincial Government: | 9 018 | 10 263 | 21 799 | 21 701 | 19 859 | 19 859 | – | – | – |
| Museums | 125 | 134 | 284 | 299 | 299 | 299 | – | – | – |
| Provincialisation of Libraries | 2 651 | 2 784 | 5 846 | 6 080 | 6 080 | 6 080 | – | – | – |
| Libraries | 603 | 531 | 508 | 756 | 756 | 756 | – | – | – |
| Housing | 289 | 1 498 | 5 028 | 7 276 | 7 276 | 7 276 | – | – | – |
| Primary Health | 4 804 | 4 842 | 9 645 | 7 290 | 5 448 | 5 448 | – | – | – |
| Corridor Development | 157 | 113 | 98 | – | – | – | – | – | – |
| Recycling Project | 3 | – | – | – | – | – | – | – | – |
| Sport and Recreation | – | 17 | 96 | – | – | – | – | – | – |
| Cleanest Town Award | 386 | 345 | 179 | – | – | – | – | – | – |
| Upgrade of Airport | – | – | 53 | – | – | – | – | – | – |
| Urban Development Framework Plan | – | – | 14 | – | – | – | – | – | – |
| Land Use Management | – | – | 46 | – | – | – | – | – | – |
| District Municipality: | 4 372 | 4 774 | 4 913 | 4 856 | – | – | – | – | – |
| Environmental Health Subsidy | 4 343 | 4 603 | 4 856 | 4 856 | – | – | – | – | – |
| SMME Fair | – | 49 | – | – | – | – | – | – | – |
| Beach Festival | – | – | 55 | – | – | – | – | – | – |
| Zulu Dance Competition | 20 | – | – | – | – | – | – | – | – |
| Capacity Building | 9 | 122 | 2 | – | – | – | – | – | – |
| Other grant providers: | 637 | 113 | 667 | – | – | – | – | – | – |
| Standard Bank - LED Summit | – | – | 120 | – | – | – | – | – | – |
| Salga | 200 | – | 400 | – | – | – | – | – | – |
| Absa bank - Mandela Day | – | 3 | – | – | – | – | – | – | – |
| Mayoral Golf Day - Various | – | 60 | – | – | – | – | – | – | – |
| Standard Bank - Wellness Day | – | – | 18 | – | – | – | – | – | – |
| BHP Billiton (HIV/Aids Mens revention Programme) | 8 | – | – | – | – | – | – | – | – |
| Development Bank - Aids Prevention | 8 | 24 | – | – | – | – | – | – | – |
| ABSA Sponsorship - Budget Insert | – | 20 | 12 | – | – | – | – | – | – |
| ABSA Sponsorship - Beach Festival | – | 0 | 50 | – | – | – | – | – | – |
| Business Against Crime - CCTV | 381 | – | – | – | – | – | – | – | – |
| FNB - SCM Indaba | 2 | – | – | – | – | – | – | – | – |
| FNB & Raizecorp - SMME Fair | 21 | 2 | – | – | – | – | – | – | – |
| Tourism Association | 7 | – | – | – | – | – | – | – | – |
| Total SA | 10 | – | – | – | – | – | – | – | – |
| Other | – | 3 | 62 | – | – | – | – | – | – |
| ABSA Bank - Networking | – | – | 5 | – | – | – | – | – | – |
| Total operating expenditure of Transfers and Grants: | 183 050 | 202 114 | 232 086 | 260 509 | 246 226 | 246 226 | 247 574 | 259 006 | 275 826 |

SA19 - Expenditure on transfers and grant programmes – (continued)

| Description | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| R thousand | | | | | | | | | |
| EXPENDITURE: | | | | | | | | | |
| Capital expenditure of Transfers and Grants | | | | | | | | | |
| National Government: | 39 679 | 40 345 | 110 859 | 119 456 | 189 588 | 189 588 | 159 878 | 117 531 | 127 384 |
| Municipal Infrastructure Grant (MIG) | 40 948 | 37 158 | 87 355 | 88 106 | 86 290 | 86 290 | 88 496 | 92 110 | 97 527 |
| Municipal Infrastructure Grant (Roll-Over) | – | – | – | – | 45 652 | 45 652 | – | – | – |
| Electrification Projects | (2 775) | – | 7 094 | 8 000 | 8 000 | 8 000 | 9 000 | 9 500 | 6 000 |
| Electricity Demand Site | – | 1 141 | 3 319 | – | – | – | – | – | – |
| Extended Public Works Programme | – | 1 004 | – | – | – | – | – | – | – |
| Infrastructure Water projects | – | – | 5 313 | 18 850 | 18 850 | 18 850 | 50 882 | 7 921 | 8 357 |
| Infrastructure Water projects (Roll-Over) | – | – | – | – | 12 234 | 12 234 | – | – | – |
| Rural Households Infrastructure | – | – | – | 4 500 | 4 500 | 4 500 | 4 500 | 5 000 | 5 500 |
| Finance Management | 228 | 232 | 1 022 | – | 64 | 64 | – | – | – |
| Department of Water Affairs | 1 373 | 351 | 6 695 | – | 14 000 | 14 000 | 7 000 | 3 000 | 10 000 |
| Municipal Systems Improvement | (94) | 185 | 61 | – | – | – | – | – | – |
| Infrastructure Skills Development Grant | – | 273 | – | – | – | – | – | – | – |
| Provincial Government: | 9 452 | 11 087 | 15 227 | – | 34 702 | 34 702 | – | – | – |
| Housing | 623 | 6 046 | 7 239 | – | – | – | – | – | – |
| Housing (Roll-Over) | – | – | – | – | 24 824 | 24 824 | – | – | – |
| Sport and Recreation | – | 112 | 2 099 | – | – | – | – | – | – |
| Libraries | 136 | – | 6 | – | – | – | – | – | – |
| Massification Grant | – | 1 887 | 113 | – | – | – | – | – | – |
| Upgrade of Airport | 8 309 | 2 258 | – | – | – | – | – | – | – |
| Urban Development Framework Plan (Roll-over) CBT | – | – | – | – | 2 702 | 2 702 | – | – | – |
| Urban Development Framework Plan Tourism Develop | – | – | – | – | 3 000 | 3 000 | – | – | – |
| Urban Development Framework Plan (Roll-over) Tou | – | – | – | – | 1 175 | 1 175 | – | – | – |
| Corridor Development - New and Upgrading informal | 238 | 97 | 5 380 | – | 3 000 | 3 000 | – | – | – |
| Cleanest Town | – | 20 | – | – | – | – | – | – | – |
| Urban Development Framework Plan | 50 | 666 | 223 | – | – | – | – | – | – |
| Recycling Project | 96 | – | – | – | – | – | – | – | – |
| Traffic Calming | – | – | 167 | – | – | – | – | – | – |
| District Municipality: | – | 97 | 110 | – | – | – | – | – | – |
| Bus Shelters and Laybys | – | 97 | 110 | – | – | – | – | – | – |
| Other grant providers: | 7 | 131 | 60 669 | – | 1 115 | 1 115 | – | – | – |
| Dischem - Camera | 7 | – | – | – | – | – | – | – | – |
| John Ross Interchange | – | – | 60 536 | – | – | – | – | – | – |
| Lotto Funding Sigi Field | – | – | – | – | 1 115 | 1 115 | – | – | – |
| Briardale Trading - Practical Interventions | – | 131 | – | – | – | – | – | – | – |
| Vuna Awards - Esikhaleni Mall Road Safety | – | – | 13 | – | – | – | – | – | – |
| National Lotto - Sports Development | – | – | 120 | – | – | – | – | – | – |
| Total capital expenditure of Transfers and Grants | 49 138 | 51 659 | 186 865 | 119 456 | 225 405 | 225 405 | 159 878 | 117 531 | 127 384 |
| TOTAL EXPENDITURE OF TRANSFERS AND GRANTS | 232 188 | 253 774 | 418 951 | 379 965 | 471 631 | 471 631 | 407 452 | 376 537 | 403 210 |

Table 50 MBRR SA20 - Reconciliation between of transfers, grant receipts and unspent funds

| Description | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| R thousand | | | | | | | | | |
| Operating transfers and grants: | | | | | | | | | |
| National Government: | | | | | | | | | |
| Balance unspent at beginning of the year | 1 578 | 3 800 | 515 | 5 606 | 5 606 | 5 606 | 5 606 | 5 606 | 5 606 |
| Current year receipts | 171 244 | 183 679 | 209 798 | 233 951 | 226 367 | 226 367 | 247 574 | 259 006 | 275 826 |
| Conditions met - transferred to revenue | 169 022 | 186 964 | 204 707 | 233 951 | 226 367 | 226 367 | 247 574 | 259 006 | 275 826 |
| Conditions still to be met - transferred to liabilities | 3 800 | 515 | 5 606 | 5 606 | 5 606 | 5 606 | 5 606 | 5 606 | 5 606 |
| Provincial Government: | | | | | | | | | |
| Balance unspent at beginning of the year | 1 665 | 823 | 5 757 | 8 534 | 8 534 | 8 534 | 8 534 | 8 534 | 8 534 |
| Current year receipts | 8 176 | 15 197 | 24 576 | 21 701 | 19 859 | 19 859 | - | - | - |
| Conditions met - transferred to revenue | 9 018 | 10 263 | 21 799 | 21 701 | 19 859 | 19 859 | - | - | - |
| Conditions still to be met - transferred to liabilities | 823 | 5 757 | 8 534 | 8 534 | 8 534 | 8 534 | 8 534 | 8 534 | 8 534 |
| District Municipality: | | | | | | | | | |
| Balance unspent at beginning of the year | 229 | 205 | 34 | 32 | 32 | 32 | 32 | 32 | 32 |
| Current year receipts | 4 348 | 4 603 | 4 911 | 4 856 | - | - | - | - | - |
| Conditions met - transferred to revenue | 4 372 | 4 774 | 4 913 | 4 856 | - | - | - | - | - |
| Conditions still to be met - transferred to liabilities | 205 | 34 | 32 | 32 | 32 | 32 | 32 | 32 | 32 |
| Other grant providers: | | | | | | | | | |
| Balance unspent at beginning of the year | 2 208 | 3 001 | 2 528 | 2 519 | 2 519 | 2 519 | 2 519 | 2 519 | 2 519 |
| Current year receipts | 1 430 | 105 | 657 | - | - | - | - | - | - |
| Conditions met - transferred to revenue | 637 | 113 | 667 | - | - | - | - | - | - |
| Conditions still to be met - transferred to liabilities | 3 001 | 2 528 | 2 519 | 2 519 | 2 519 | 2 519 | 2 519 | 2 519 | 2 519 |
| Total operating transfers and grants revenue | 183 049 | 202 114 | 232 086 | 260 509 | 246 226 | 246 226 | 247 574 | 259 006 | 275 826 |
| Total operating transfers and grants - CTBM | 7 829 | 8 834 | 16 691 | 16 691 | 16 691 | 16 691 | 16 691 | 16 691 | 16 691 |
| Capital transfers and grants: | | | | | | | | | |
| National Government: | | | | | | | | | |
| Balance unspent at beginning of the year | 4 064 | 25 183 | 72 960 | 68 771 | 68 771 | 68 771 | 68 771 | 68 771 | 68 771 |
| Current year receipts | 66 531 | 93 492 | 106 670 | 119 456 | 189 588 | 189 588 | 159 878 | 117 531 | 127 384 |
| Conditions met - transferred to revenue | 39 679 | 40 344 | 110 859 | 119 456 | 189 588 | 189 588 | 159 878 | 117 531 | 127 384 |
| Conditions still to be met - transferred to liabilities | 25 183 | 72 960 | 68 771 | 68 771 | 68 771 | 68 771 | 68 771 | 68 771 | 68 771 |
| Provincial Government: | | | | | | | | | |
| Balance unspent at beginning of the year | 16 813 | 17 531 | 34 455 | 20 606 | 20 606 | 20 606 | 20 606 | 20 606 | 20 606 |
| Current year receipts | 10 170 | 28 011 | 1 378 | - | 34 702 | 34 702 | - | - | - |
| Conditions met - transferred to revenue | 9 452 | 11 087 | 15 227 | - | 34 702 | 34 702 | - | - | - |
| Conditions still to be met - transferred to liabilities | 17 531 | 34 455 | 20 606 | 20 606 | 20 606 | 20 606 | 20 606 | 20 606 | 20 606 |
| District Municipality: | | | | | | | | | |
| Balance unspent at beginning of the year | (19) | (19) | 91 | (19) | (19) | (19) | (19) | (19) | (19) |
| Current year receipts | - | 207 | - | - | - | - | - | - | - |
| Conditions met - transferred to revenue | - | 97 | 110 | - | - | - | - | - | - |
| Conditions still to be met - transferred to liabilities | (19) | 91 | (19) | (19) | (19) | (19) | (19) | (19) | (19) |
| Other grant providers: | | | | | | | | | |
| Balance unspent at beginning of the year | 17 | 17 | (114) | (247) | (247) | (247) | (247) | (247) | (247) |
| Current year receipts | 7 | - | 60 536 | - | 1 115 | 1 115 | - | - | - |
| Conditions met - transferred to revenue | 7 | 131 | 60 669 | - | 1 115 | 1 115 | - | - | - |
| Conditions still to be met - transferred to liabilities | 17 | (114) | (247) | (247) | (247) | (247) | (247) | (247) | (247) |
| Total capital transfers and grants revenue | 49 138 | 51 660 | 186 865 | 119 456 | 225 405 | 225 405 | 159 878 | 117 531 | 127 384 |
| Total capital transfers and grants - CTBM | 42 712 | 107 392 | 89 111 | 89 111 | 89 111 | 89 111 | 89 111 | 89 111 | 89 111 |
| TOTAL TRANSFERS AND GRANTS REVENUE | 232 187 | 253 775 | 418 951 | 379 965 | 471 631 | 471 631 | 407 452 | 376 537 | 403 210 |
| TOTAL TRANSFERS AND GRANTS - CTBM | 50 541 | 116 226 | 105 801 | 105 801 | 105 801 | 105 801 | 105 801 | 105 801 | 105 801 |

Table 51 MBRR SA21 - Transfers and grants made by the municipality

| Description | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| R thousand | | | | | | | | | |
| Cash Transfers to Organisations | | | | | | | | | |
| Empangeni SPCA | 147 | 53 | 167 | 200 | 167 | 167 | 179 | 189 | 199 |
| Richards Bay SPCA | 147 | 53 | 167 | 200 | 167 | 167 | 179 | 189 | 199 |
| Zululand Expo | 23 | - | - | - | - | - | - | - | - |
| Richards Bay Tourism - UTA | 242 | 0 | - | - | - | - | - | - | - |
| Thuthukani Special School | 7 | - | - | - | - | - | - | - | - |
| Zululand Remedial School | 7 | - | - | - | - | - | - | - | - |
| Schools and uThungulu Forum | 25 | 32 | 60 | 263 | 329 | 329 | 354 | 374 | 394 |
| Isiqalo Foundation | - | - | - | - | - | - | - | - | - |
| House of Shalom | - | - | - | - | - | - | - | - | - |
| Mandlazi Community Foundation | - | - | - | - | - | - | - | - | - |
| Richards Bay Country Club | - | 350 | 310 | 388 | 388 | 388 | 415 | 438 | 461 |
| Flagship Programme | - | - | - | - | - | - | - | - | - |
| CANSA Fundraising Event | 3 | - | - | - | - | - | - | - | - |
| Other | 79 | 138 | 128 | 1 200 | 38 | 38 | - | - | - |
| Museums | - | - | - | 250 | 232 | 232 | 5 000 | 5 275 | 5 555 |
| Dolos Festival | - | 70 | 50 | - | - | - | - | - | - |
| uMhlathuze Rangers | - | 70 | (70) | - | - | - | - | - | - |
| Mhlabacrest | - | 70 | - | - | - | - | - | - | - |
| KZN Wildlife Gala Dinner | - | 33 | - | - | - | - | - | - | - |
| Zululand Spelling Bee | - | 30 | - | - | 20 | 20 | 21 | 22 | 23 |
| Youth gathering | - | 223 | 133 | - | 220 | 220 | 237 | 250 | 263 |
| Women Summit | - | - | 31 | - | 100 | 100 | 150 | 158 | 167 |
| Policy Formulation - People living with disability | - | 5 | - | - | 100 | 100 | 100 | 106 | 111 |
| Senior Citizens | - | - | 20 | - | 60 | 60 | 60 | 63 | 67 |
| World Aids Day | - | 61 | 47 | - | 100 | 100 | 108 | 113 | 119 |
| Children | - | - | 74 | - | 60 | 60 | 65 | 68 | 72 |
| Mens Summit | - | - | 10 | - | 90 | 90 | 97 | 102 | 108 |
| 16 Days Activism | - | 1 | 0 | - | 130 | 130 | 160 | 169 | 178 |
| Freedom Day | - | - | - | - | - | - | 100 | 106 | 111 |
| Community outreach | - | 144 | 151 | - | 50 | 50 | 250 | 264 | 278 |
| Early Education centres | - | - | 300 | - | - | - | - | - | - |
| MTA Invitation | - | - | 62 | - | - | - | - | - | - |
| Isigungu Samanxamalala Matomela Trust | - | - | 100 | - | - | - | - | - | - |
| Religious Sector | - | - | - | - | 30 | 30 | 33 | 35 | 37 |
| Operation Sukuma Sakhe Programmes | - | - | - | - | 180 | 180 | 198 | 209 | 220 |
| Disability Sector | - | - | - | - | 100 | 100 | 110 | 116 | 122 |
| Diwali Festival | - | - | - | - | 30 | 30 | 30 | 32 | 33 |
| Public Member Injury - Refuse | - | - | - | - | 10 | 10 | - | - | - |
| Last Dance | - | - | - | - | 650 | 650 | - | - | - |
| Community outreach - Mayor | - | - | - | - | 90 | 90 | - | - | - |
| Thanda Royal Zulu | - | - | - | - | 500 | 500 | - | - | - |
| University Registrations | - | - | - | - | - | - | 500 | 528 | 556 |
| Total Cash Transfers To Organisations | 681 | 1 331 | 1 740 | 2 501 | 3 841 | 3 841 | 8 345 | 8 804 | 9 271 |
| TOTAL CASH TRANSFERS AND GRANTS | 681 | 1 331 | 1 740 | 2 501 | 3 841 | 3 841 | 8 345 | 8 804 | 9 271 |
| Groups of Individuals | | | | | | | | | |
| Rates Rebates and Exemptions | 395 | 705 | 1 228 | 4 400 | 1 700 | 1 700 | 2 000 | 2 110 | 2 222 |
| Indigent Services - Rates | (3) | (3) | 476 | 500 | 500 | 500 | 700 | 739 | 778 |
| Indigent Services - Electricity | 222 | 212 | 849 | 1 381 | 1 381 | 1 381 | 1 500 | 1 583 | 1 666 |
| Indigent Services - Water | (2) | (4) | 539 | 619 | 619 | 619 | 800 | 844 | 889 |
| Indigent Services - Sewerage | 2 371 | 2 766 | 2 503 | 2 200 | - | - | - | - | - |
| Indigent Services - Refuse Removal | 1 596 | 1 814 | 1 697 | 1 650 | - | - | - | - | - |
| Suid-Afrikaanse Vrouefederasie (SAVF) : Aged Care | - | - | - | - | - | - | - | - | - |
| Disaster Management | 101 | 54 | 53 | 118 | 118 | 118 | 128 | 135 | 142 |
| Indigent Burials | 183 | 301 | 388 | 380 | 380 | 380 | 410 | 433 | 456 |
| Burials - Councillor Requests | - | - | 1 | - | - | - | - | - | - |
| Total Non-Cash Grants To Groups Of Individuals: | 4 862 | 5 846 | 7 734 | 11 248 | 4 698 | 4 698 | 5 538 | 5 843 | 6 152 |
| TOTAL NON-CASH TRANSFERS AND GRANTS | 4 862 | 5 846 | 7 734 | 11 248 | 4 698 | 4 698 | 5 538 | 5 843 | 6 152 |
| TOTAL TRANSFERS AND GRANTS | 5 543 | 7 178 | 9 473 | 13 749 | 8 539 | 8 539 | 13 884 | 14 647 | 15 423 |

2.8 Councillor and employee benefits

Table 52 MBRR SA22 - Summary of councillor and staff benefits

| Summary of Employee and Councillor remuneration R thousand | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| <u>Councillors (Political Office Bearers plus Other)</u> | | | | | | | | | |
| Basic Salaries and Wages | 9 771 | 10 895 | 13 450 | 14 451 | 14 451 | 14 451 | 15 409 | 16 565 | 17 891 |
| Pension and UIF Contributions | 1 467 | 1 636 | 2 019 | 2 203 | 2 203 | 2 203 | 2 311 | 2 485 | 2 684 |
| Medical Aid Contributions | 424 | 650 | 830 | 920 | 920 | 920 | 1 112 | 1 196 | 1 291 |
| Motor Vehicle Allowance | 3 412 | 2 922 | 3 642 | 3 859 | 3 859 | 3 859 | 3 987 | 4 286 | 4 629 |
| Cellphone Allowance | 789 | 831 | 1 251 | 1 315 | 1 315 | 1 315 | 1 420 | 1 527 | 1 649 |
| Housing Allowances | – | – | – | 201 | 201 | 201 | 244 | 263 | 284 |
| Other benefits and allowances | – | 215 | 216 | 227 | 227 | 227 | 245 | 263 | 285 |
| Sub Total - Councillors | 15 863 | 17 148 | 21 408 | 23 176 | 23 176 | 23 176 | 24 729 | 26 584 | 28 711 |
| % increase | | 8.1% | 24.8% | 8.3% | 0.0% | – | 6.7% | 7.5% | 8.0% |
| <u>Senior Managers of the Municipality</u> | | | | | | | | | |
| Basic Salaries and Wages | 4 443 | 4 740 | 4 893 | 5 475 | 4 805 | 4 805 | 8 842 | 9 417 | 9 982 |
| Pension and UIF Contributions | 340 | 467 | 457 | 657 | 697 | 697 | 720 | 766 | 812 |
| Medical Aid Contributions | 101 | 120 | 112 | 128 | 36 | 36 | 105 | 112 | 119 |
| Performance Bonus | 310 | 485 | 472 | 1 124 | 1 133 | 1 133 | 1 558 | 1 659 | 1 759 |
| Motor Vehicle Allowance | 1 329 | 1 476 | 1 466 | 1 383 | 918 | 918 | 1 145 | 1 220 | 1 293 |
| Cellphone Allowance | 100 | 120 | 113 | 129 | 114 | 114 | 187 | 199 | 211 |
| Other benefits and allowances | 194 | 288 | 278 | 398 | 1 689 | 1 689 | 331 | 353 | 374 |
| Payments in lieu of leave | – | 259 | 333 | – | – | – | – | – | – |
| Sub Total - Senior Managers of Municipality | 6 817 | 7 955 | 8 127 | 9 295 | 9 392 | 9 392 | 12 889 | 13 726 | 14 550 |
| % increase | | 16.7% | 2.2% | 14.4% | 1.0% | – | 37.2% | 6.5% | 6.0% |
| <u>Other Municipal Staff</u> | | | | | | | | | |
| Basic Salaries and Wages | 234 134 | 257 078 | 285 768 | 334 750 | 332 843 | 332 843 | 353 948 | 391 910 | 430 427 |
| Pension and UIF Contributions | 39 009 | 47 677 | 51 167 | 70 857 | 59 041 | 59 041 | 72 208 | 76 917 | 81 538 |
| Medical Aid Contributions | 19 734 | 22 103 | 24 794 | 36 163 | 27 196 | 27 196 | 31 524 | 33 576 | 35 594 |
| Overtime | 27 268 | 26 267 | 31 206 | 30 592 | 33 558 | 33 558 | 35 907 | 38 601 | 41 689 |
| Performance Bonus | – | – | – | – | – | – | – | – | – |
| Motor Vehicle Allowance | 23 074 | 26 511 | 30 418 | 36 794 | 35 021 | 35 021 | 36 210 | 38 442 | 40 752 |
| Cellphone Allowance | 925 | 1 087 | 1 297 | 2 000 | 2 012 | 2 012 | 3 388 | 3 611 | 3 829 |
| Housing Allowances | 3 755 | 3 672 | 3 270 | 4 450 | 4 057 | 4 057 | 3 939 | 4 201 | 4 456 |
| Other benefits and allowances | 29 276 | 32 322 | 35 204 | 40 850 | 37 522 | 37 522 | 41 644 | 44 499 | 47 177 |
| Payments in lieu of leave | 9 196 | 12 280 | 6 388 | 17 391 | 17 391 | 17 391 | 20 390 | 21 718 | 23 024 |
| Long service awards | – | – | – | – | – | – | – | – | – |
| Post-retirement benefit obligations | 2 520 | 3 009 | 3 351 | – | 3 421 | 3 421 | 3 771 | 3 113 | 3 300 |
| Sub Total - Other Municipal Staff | 388 890 | 432 005 | 472 864 | 573 846 | 552 063 | 552 063 | 602 931 | 656 586 | 711 785 |
| % increase | | 11.1% | 9.5% | 21.4% | (3.8%) | – | 9.2% | 8.9% | 8.4% |
| Total Parent Municipality | 411 570 | 457 108 | 502 398 | 606 317 | 584 632 | 584 632 | 640 548 | 696 897 | 755 046 |
| | | 11.1% | 9.9% | 20.7% | (3.6%) | – | 9.6% | 8.8% | 8.3% |
| TOTAL SALARY, ALLOWANCES & BENEFITS | 411 570 | 457 108 | 502 398 | 606 317 | 584 632 | 584 632 | 640 548 | 696 897 | 755 046 |
| % increase | | 11.1% | 9.9% | 20.7% | (3.6%) | – | 9.6% | 8.8% | 8.3% |
| TOTAL MANAGERS AND STAFF | 395 707 | 439 960 | 480 990 | 583 141 | 561 455 | 561 455 | 615 819 | 670 313 | 726 335 |

Table 53 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

| Disclosure of Salaries, Allowances & Benefits 1. | No. | Salary | Contributions | Allowances | Performance Bonuses | In-kind benefits | Total Package |
|--|-----------|-------------------|------------------|------------------|---------------------|------------------|-------------------|
| Rand per annum | | | 1. | | | | 2. |
| Councillors | | | | | | | |
| Speaker | 1 | 605 389 | 142 628 | 27 760 | | | 775 777 |
| Chief Whip | 1 | 609 795 | 91 468 | 27 760 | | | 729 024 |
| Executive Mayor | 1 | 769 397 | 165 623 | 272 060 | | | 1 207 080 |
| Deputy Executive Mayor | 1 | 463 306 | 97 707 | 214 764 | | | 775 777 |
| Executive Committee | 10 | 3 842 078 | 856 393 | 1 815 997 | | | 6 514 468 |
| Total for all other councillors | 46 | 9 119 005 | 2 069 741 | 3 537 749 | | | 14 726 495 |
| Total Councillors | 60 | 15 408 970 | 3 423 560 | 5 896 090 | | | 24 728 620 |
| Senior Managers of the Municipality | | | | | | | |
| Municipal Manager (MM) | 1 | 1 580 707 | 257 871 | 415 820 | 311 608 | | 2 566 006 |
| Chief Finance Officer | 1 | 1 200 059 | 1 889 | 310 721 | 207 767 | | 1 720 436 |
| Deputy Municipal Manager - Infrastructure and Technical Services | 1 | 1 168 793 | 240 284 | 103 592 | 207 767 | | 1 720 436 |
| Deputy Municipal Manager - Corporate Services | 1 | 1 251 780 | 54 156 | 206 733 | 207 767 | | 1 720 436 |
| Deputy Municipal Manager - City Development | 1 | 1 251 780 | 54 156 | 206 733 | 207 767 | | 1 720 436 |
| Deputy Municipal Manager - Community Services | 1 | 1 137 380 | 162 096 | 213 193 | 207 767 | | 1 720 436 |
| Deputy Municipal Manager - Specialised Services | 1 | 1 251 780 | 54 156 | 206 733 | 207 767 | | 1 720 436 |
| Total Senior Managers of the Municipality | 7 | 8 842 279 | 824 608 | 1 663 526 | 1 558 208 | | 11 168 184 |
| TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION | 67 | 24 251 249 | 4 248 168 | 7 559 616 | 1 558 208 | | 35 896 805 |

Table 54 MBRR SA24 – Summary of personnel numbers

| Summary of Personnel Numbers Number | 2013/14 | | | Current Year 2014/15 | | | Budget Year 2015/16 | | |
|---|--------------|---------------------|--------------------|----------------------|---------------------|--------------------|---------------------|---------------------|--------------------|
| | Positions | Permanent employees | Contract employees | Positions | Permanent employees | Contract employees | Positions | Permanent employees | Contract employees |
| Municipal Council and Boards of Municipal Entities | | | | | | | | | |
| Councillors (Political Office Bearers plus Other Councillors) | 60 | 60 | - | 60 | 60 | - | 60 | 60 | - |
| Municipal employees | - | - | - | - | - | - | - | - | - |
| Municipal Manager and Senior Managers | 6 | 6 | - | 6 | 6 | - | 7 | 7 | - |
| Other Managers | 13 | 5 | - | 15 | 9 | - | 14 | 13 | - |
| Professionals | 262 | 244 | - | 311 | 227 | - | 322 | 239 | - |
| <i>Finance</i> | 32 | 30 | - | 52 | 29 | - | 45 | 27 | - |
| <i>Spatial/town planning</i> | 30 | 26 | - | 34 | 22 | - | 30 | 27 | - |
| <i>Information Technology</i> | 7 | 7 | - | 7 | 7 | - | 11 | 9 | - |
| <i>Roads</i> | 25 | 22 | - | 25 | 19 | - | 16 | 14 | - |
| <i>Electricity</i> | 18 | 18 | - | 27 | 21 | - | 24 | 20 | - |
| <i>Water</i> | 11 | 11 | - | 17 | 14 | - | 13 | 11 | - |
| <i>Sanitation</i> | 11 | 11 | - | 11 | 11 | - | 11 | 6 | - |
| <i>Refuse</i> | 8 | 8 | - | 11 | 10 | - | 10 | 9 | - |
| <i>Other</i> | 120 | 111 | - | 127 | 94 | - | 162 | 116 | - |
| Technicians | 364 | 344 | - | 501 | 335 | - | 424 | 357 | - |
| <i>Finance</i> | 28 | 27 | - | 32 | 12 | - | 28 | 21 | - |
| <i>Spatial/town planning</i> | 23 | 19 | - | 25 | 9 | - | 24 | 21 | - |
| <i>Information Technology</i> | 5 | 5 | - | 6 | 5 | - | 6 | 4 | - |
| <i>Roads</i> | 25 | 23 | - | 30 | 28 | - | 24 | 22 | - |
| <i>Electricity</i> | 51 | 44 | - | 58 | 38 | - | 57 | 42 | - |
| <i>Water</i> | 26 | 26 | - | 26 | 23 | - | 26 | 16 | - |
| <i>Sanitation</i> | 23 | 23 | - | 24 | 22 | - | 21 | 21 | - |
| <i>Refuse</i> | 5 | 5 | - | 5 | 2 | - | 6 | 6 | - |
| <i>Other</i> | 178 | 172 | - | 295 | 196 | - | 232 | 204 | - |
| Clerks (Clerical and administrative) | 293 | 273 | - | 509 | 427 | - | 277 | 231 | - |
| Skilled agricultural and fishery workers | 2 | 2 | - | 2 | 2 | - | 2 | 2 | - |
| Craft and related trades | 2 | 2 | - | 3 | 2 | - | 3 | 3 | - |
| Plant and Machine Operators | 69 | 69 | - | 81 | 63 | - | 84 | 74 | - |
| Elementary Occupations | 830 | 782 | - | 925 | 706 | - | 1 267 | 1 045 | - |
| TOTAL PERSONNEL NUMBERS | 1 901 | 1 787 | - | 2 413 | 1 837 | - | 2 460 | 2 031 | - |
| % increase | | | | 26.9% | 2.8% | - | 1.9% | 10.6% | - |
| Total municipal employees headcount | 1 901 | 1 787 | - | 2 413 | 1 837 | - | 2 450 | 2 031 | - |
| Finance personnel headcount | 241 | 162 | - | 240 | 175 | - | 240 | 175 | - |
| Human Resources personnel headcount | 35 | 31 | - | 35 | 21 | - | 37 | 21 | - |

2.9 Monthly targets for revenue, expenditure and cash flow

Table 55 MBRR SA25 - Budgeted monthly revenue and expenditure

| Description R thousand | Budget Year 2015/16 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|--|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---|------------------------|------------------------|
| | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Revenue By Source | | | | | | | | | | | | | | | |
| Property rates | 30 000 | 30 000 | 30 000 | 30 000 | 30 000 | 30 000 | 30 000 | 30 000 | 30 000 | 30 000 | 30 000 | 30 000 | 360 000 | 393 800 | 429 904 |
| Property rates - penalties & collection charges | | | | | | | | | | | | - | - | - | - |
| Service charges - electricity revenue | 115 833 | 115 833 | 115 833 | 115 833 | 115 833 | 115 833 | 115 833 | 115 833 | 115 833 | 115 833 | 115 833 | 115 833 | 1 390 000 | 1 488 240 | 1 607 299 |
| Service charges - water revenue | 23 464 | 23 464 | 23 464 | 23 464 | 23 464 | 23 464 | 23 464 | 23 464 | 23 464 | 23 464 | 23 464 | 23 464 | 281 565 | 303 931 | 328 079 |
| Service charges - sanitation revenue | 7 000 | 7 000 | 7 000 | 7 000 | 7 000 | 7 000 | 7 000 | 7 000 | 7 000 | 7 000 | 7 000 | 7 000 | 84 000 | 90 720 | 97 978 |
| Service charges - refuse revenue | 5 650 | 5 650 | 5 650 | 5 650 | 5 650 | 5 650 | 5 650 | 5 650 | 5 650 | 5 650 | 5 650 | 5 650 | 67 800 | 73 224 | 79 082 |
| Service charges - other | 1 109 | 1 109 | 1 109 | 1 109 | 1 109 | 1 109 | 1 109 | 1 109 | 1 109 | 1 109 | 1 109 | 1 109 | 13 304 | 14 033 | 14 805 |
| Rental of facilities and equipment | 906 | 906 | 906 | 906 | 906 | 906 | 906 | 906 | 906 | 906 | 906 | 906 | 10 874 | 11 532 | 12 225 |
| Interest earned - external investments | 1 832 | 1 832 | 1 832 | 1 832 | 1 832 | 1 832 | 1 832 | 1 832 | 1 832 | 1 832 | 1 832 | 1 832 | 21 982 | 22 641 | 23 320 |
| Interest earned - outstanding debtors | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 1 558 | 1 641 | 1 728 |
| Fines | 936 | 936 | 936 | 936 | 936 | 936 | 936 | 936 | 936 | 936 | 936 | 936 | 11 231 | 11 849 | 12 501 |
| Licences and permits | 147 | 174 | 147 | 147 | 147 | 147 | 147 | 147 | 147 | 147 | 147 | 120 | 1 765 | 1 861 | 1 964 |
| Agency services | 583 | 583 | 583 | 583 | 583 | 583 | 583 | 583 | 583 | 583 | 583 | 583 | 7 000 | 7 385 | 7 791 |
| Transfers recognised - operational | 20 786 | 20 786 | 20 786 | 20 786 | 20 786 | 20 786 | 20 786 | 20 786 | 20 786 | 20 786 | 20 786 | 20 786 | 249 431 | 259 006 | 275 826 |
| Other revenue | 1 585 | 1 585 | 1 585 | 1 585 | 1 585 | 1 585 | 1 585 | 1 585 | 1 585 | 1 585 | 1 585 | 1 585 | 19 016 | 20 089 | 21 227 |
| Total Revenue (excluding capital transfers and cont | 209 960 | 209 987 | 209 960 | 209 961 | 209 960 | 209 960 | 209 960 | 209 960 | 209 960 | 209 960 | 209 960 | 209 933 | 2 519 526 | 2 699 952 | 2 913 728 |
| Expenditure By Type | | | | | | | | | | | | | | | |
| Employee related costs | 51 318 | 51 318 | 51 318 | 51 318 | 51 318 | 51 318 | 51 318 | 51 318 | 51 318 | 51 318 | 51 318 | 51 318 | 615 819 | 670 313 | 726 335 |
| Remuneration of councillors | 2 061 | 2 061 | 2 061 | 2 061 | 2 061 | 2 061 | 2 061 | 2 061 | 2 061 | 2 061 | 2 061 | 2 061 | 24 729 | 26 584 | 28 711 |
| Debt impairment | 254 | 254 | 254 | 254 | 254 | 254 | 254 | 254 | 254 | 254 | 254 | 254 | 3 050 | 3 050 | 3 050 |
| Depreciation & asset impairment | 17 085 | 17 085 | 17 085 | 17 085 | 17 085 | 17 085 | 17 085 | 17 085 | 17 085 | 17 085 | 17 085 | 17 085 | 205 014 | 281 661 | 337 173 |
| Finance charges | 6 651 | 6 651 | 6 651 | 6 651 | 6 651 | 6 651 | 6 651 | 6 651 | 6 651 | 6 651 | 6 651 | 6 651 | 79 806 | 78 062 | 74 619 |
| Bulk purchases | 94 505 | 94 505 | 94 505 | 94 505 | 94 505 | 94 505 | 94 505 | 94 505 | 94 505 | 94 505 | 94 505 | 94 505 | 1 134 058 | 1 191 432 | 1 254 842 |
| Other materials | 3 781 | 3 781 | 3 781 | 3 781 | 3 781 | 3 781 | 3 781 | 3 781 | 3 781 | 3 781 | 3 781 | 3 781 | 45 366 | 38 792 | 48 740 |
| Contracted services | 16 820 | 16 820 | 16 820 | 16 820 | 16 820 | 16 820 | 16 820 | 16 820 | 16 820 | 16 820 | 16 820 | 16 820 | 201 840 | 188 827 | 215 663 |
| Transfers and grants | 1 157 | 1 157 | 1 157 | 1 157 | 1 157 | 1 157 | 1 157 | 1 157 | 1 157 | 1 157 | 1 157 | 1 157 | 13 884 | 14 647 | 15 423 |
| Other expenditure | 15 919 | 15 919 | 15 919 | 15 919 | 15 919 | 15 919 | 15 919 | 15 919 | 15 919 | 15 919 | 15 919 | 15 918 | 191 022 | 200 718 | 203 448 |
| Total Expenditure | 209 549 | 209 549 | 209 549 | 209 549 | 209 549 | 209 549 | 209 549 | 209 549 | 209 549 | 209 549 | 209 549 | 209 549 | 2 514 588 | 2 694 084 | 2 908 004 |
| Surplus/(Deficit) | 411 | 438 | 411 | 412 | 411 | 411 | 411 | 411 | 411 | 411 | 411 | 385 | 4 938 | 5 868 | 5 724 |
| Transfers recognised - capital | 13 323 | 13 323 | 13 323 | 13 323 | 13 323 | 13 323 | 13 323 | 13 323 | 13 323 | 13 323 | 13 323 | 13 323 | 159 878 | 117 531 | 127 384 |
| Surplus/(Deficit) | 13 735 | 13 762 | 13 735 | 13 735 | 13 735 | 13 735 | 13 735 | 13 735 | 13 735 | 13 735 | 13 735 | 13 708 | 164 816 | 123 399 | 133 108 |

Table 56 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

| Description R thousand | Budget Year 2015/16 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---|------------------------|------------------------|
| | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Revenue by Vote | | | | | | | | | | | | | | | |
| Vote 1 - CITY DEVELOPMENT | 245 | 245 | 245 | 245 | 245 | 245 | 245 | 245 | 245 | 245 | 245 | 245 | 2 934 | 3 082 | 3 236 |
| Vote 2 - COMMUNITY SERVICES - HEALTH AND P | 11 437 | 11 437 | 11 437 | 11 437 | 11 437 | 11 437 | 11 437 | 11 437 | 11 437 | 11 437 | 11 437 | 11 437 | 137 244 | 147 090 | 157 586 |
| Vote 3 - COMMUNITY SERVICES - RECREATIONAL | 1 615 | 1 615 | 1 615 | 1 615 | 1 615 | 1 615 | 1 615 | 1 615 | 1 615 | 1 615 | 1 615 | 2 040 | 19 801 | 20 065 | 20 341 |
| Vote 4 - CORPORATE SERVICES - ADMINISTRATIO | 638 | 638 | 638 | 638 | 638 | 638 | 638 | 638 | 638 | 638 | 638 | 212 | 7 228 | 5 642 | 5 973 |
| Vote 5 - CORPORATE SERVICES - HUMAN RESOU | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 356 | 375 | 396 |
| Vote 6 - FINANCIAL SERVICES | 32 880 | 32 880 | 32 880 | 32 880 | 32 880 | 32 880 | 32 880 | 32 880 | 32 880 | 32 880 | 32 880 | 32 880 | 394 563 | 429 672 | 467 195 |
| Vote 7 - INFRASTRUCTURE AND TECHNICAL SER | 117 191 | 117 191 | 117 191 | 117 191 | 117 191 | 117 191 | 117 191 | 117 191 | 117 191 | 117 191 | 117 191 | 117 191 | 1 406 287 | 1 505 487 | 1 621 530 |
| Vote 8 - INFRASTRUCTURE AND TECHNICAL SER | 56 373 | 56 373 | 56 373 | 56 373 | 56 373 | 56 373 | 56 373 | 56 373 | 56 373 | 56 373 | 56 373 | 56 373 | 676 473 | 675 507 | 733 665 |
| Vote 9 - INFRASTRUCTURE AND TECHNICAL SER | 1 339 | 1 339 | 1 339 | 1 339 | 1 339 | 1 339 | 1 339 | 1 339 | 1 339 | 1 339 | 1 339 | 1 339 | 16 071 | 16 135 | 16 199 |
| Vote 10 - INFRASTRUCTURE AND TECHNICAL SE | 1 286 | 1 286 | 1 286 | 1 286 | 1 286 | 1 286 | 1 286 | 1 286 | 1 286 | 1 286 | 1 286 | 1 286 | 15 429 | 11 174 | 11 478 |
| Vote 11 - OFFICE OF THE MUNICIPAL MANAGER | 251 | 251 | 251 | 251 | 251 | 251 | 251 | 251 | 251 | 251 | 251 | 251 | 3 018 | 3 255 | 3 512 |
| Total Revenue by Vote | 223 284 | 223 284 | 223 284 | 223 284 | 223 284 | 223 284 | 223 284 | 223 284 | 223 284 | 223 284 | 223 284 | 223 284 | 2 679 404 | 2 817 484 | 3 041 112 |
| Expenditure by Vote to be appropriated | | | | | | | | | | | | | | | |
| Vote 1 - CITY DEVELOPMENT | 5 085 | 5 085 | 5 085 | 5 085 | 5 085 | 5 085 | 5 085 | 5 085 | 5 085 | 5 085 | 5 085 | 5 085 | 61 019 | 65 790 | 70 046 |
| Vote 2 - COMMUNITY SERVICES - HEALTH AND P | 20 057 | 20 057 | 20 057 | 20 057 | 20 057 | 20 057 | 20 057 | 20 057 | 20 057 | 20 057 | 20 057 | 20 057 | 240 684 | 260 954 | 283 100 |
| Vote 3 - COMMUNITY SERVICES - RECREATIONAL | 14 814 | 14 814 | 14 814 | 14 814 | 14 814 | 14 814 | 14 814 | 14 814 | 14 814 | 14 814 | 14 814 | 14 814 | 177 766 | 192 464 | 211 936 |
| Vote 4 - CORPORATE SERVICES - ADMINISTRATIO | 1 126 | 1 126 | 1 126 | 1 126 | 1 126 | 1 126 | 1 126 | 1 126 | 1 126 | 1 126 | 1 126 | 1 126 | 13 518 | 12 226 | 11 395 |
| Vote 5 - CORPORATE SERVICES - HUMAN RESOU | 328 | 328 | 328 | 328 | 328 | 328 | 328 | 328 | 328 | 328 | 328 | 328 | 3 933 | 4 203 | 4 507 |
| Vote 6 - FINANCIAL SERVICES | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 5 138 | 5 262 | 5 624 |
| Vote 7 - INFRASTRUCTURE AND TECHNICAL SER | 103 413 | 103 413 | 103 413 | 103 413 | 103 413 | 103 413 | 103 413 | 103 414 | 103 413 | 103 413 | 103 413 | 103 412 | 1 240 955 | 1 314 741 | 1 387 305 |
| Vote 8 - INFRASTRUCTURE AND TECHNICAL SER | 44 776 | 44 776 | 44 776 | 44 776 | 44 776 | 44 776 | 44 776 | 44 776 | 44 776 | 44 776 | 44 776 | 44 776 | 537 313 | 583 289 | 642 703 |
| Vote 9 - INFRASTRUCTURE AND TECHNICAL SER | 15 421 | 15 421 | 15 421 | 15 421 | 15 421 | 15 421 | 15 421 | 15 421 | 15 421 | 15 421 | 15 421 | 15 421 | 185 052 | 204 446 | 236 016 |
| Vote 10 - INFRASTRUCTURE AND TECHNICAL SE | 3 156 | 3 156 | 3 156 | 3 156 | 3 156 | 3 156 | 3 156 | 3 156 | 3 156 | 3 156 | 3 156 | 3 156 | 37 867 | 38 521 | 42 335 |
| Vote 11 - OFFICE OF THE MUNICIPAL MANAGER | 945 | 945 | 945 | 945 | 945 | 945 | 945 | 945 | 945 | 945 | 945 | 945 | 11 345 | 12 189 | 13 037 |
| Total Expenditure by Vote | 209 549 | 209 549 | 209 549 | 209 549 | 209 549 | 209 549 | 209 549 | 209 550 | 209 549 | 209 549 | 209 549 | 209 548 | 2 514 589 | 2 694 084 | 2 908 004 |
| Surplus/(Deficit) | 13 735 | 13 735 | 13 735 | 13 735 | 13 735 | 13 735 | 13 735 | 13 734 | 13 735 | 13 735 | 13 735 | 13 736 | 164 816 | 123 400 | 133 108 |

Table 57 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

| Description | Budget Year 2015/16 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|--|---------------------|---------|---------|---------|----------|----------|---------|----------|---------|---------|---------|---------|---|------------------------|------------------------|
| | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Revenue - Standard | | | | | | | | | | | | | | | |
| Governance and administration | 33 667 | 33 667 | 33 667 | 33 667 | 33 667 | 33 667 | 33 667 | 33 667 | 33 667 | 33 667 | 33 667 | 33 667 | 404 000 | 437 718 | 475 789 |
| Executive and council | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 246 | 2 955 | 1 134 | 1 220 |
| Budget and treasury office | 32 851 | 32 851 | 32 851 | 32 851 | 32 851 | 32 851 | 32 851 | 32 851 | 32 851 | 32 851 | 32 851 | 32 851 | 394 207 | 429 295 | 466 798 |
| Corporate services | 570 | 570 | 570 | 570 | 570 | 570 | 570 | 570 | 570 | 570 | 570 | 570 | 6 839 | 7 289 | 7 771 |
| Community and public safety | 2 915 | 2 915 | 2 915 | 2 915 | 2 915 | 2 915 | 2 915 | 2 915 | 2 915 | 2 915 | 2 915 | 2 915 | 34 985 | 36 078 | 37 222 |
| Community and social services | 257 | 257 | 257 | 257 | 257 | 257 | 257 | 257 | 257 | 257 | 257 | 257 | 3 087 | 3 261 | 3 436 |
| Sport and recreation | 1 549 | 1 549 | 1 549 | 1 549 | 1 549 | 1 549 | 1 549 | 1 549 | 1 549 | 1 549 | 1 549 | 1 549 | 18 593 | 18 790 | 19 000 |
| Public safety | 1 016 | 1 016 | 1 016 | 1 016 | 1 016 | 1 016 | 1 016 | 1 016 | 1 016 | 1 016 | 1 016 | 1 016 | 12 193 | 12 865 | 13 572 |
| Housing | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 1 100 | 1 150 | 1 200 |
| Health | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 12 | 13 | 14 |
| Economic and environmental services | 2 311 | 2 311 | 2 311 | 2 311 | 2 311 | 2 311 | 2 311 | 2 311 | 2 311 | 2 311 | 2 311 | 2 311 | 27 733 | 28 430 | 29 166 |
| Planning and development | 153 | 153 | 153 | 153 | 153 | 153 | 153 | 153 | 153 | 153 | 153 | 153 | 1 834 | 1 932 | 2 036 |
| Road transport | 2 158 | 2 158 | 2 158 | 2 158 | 2 158 | 2 158 | 2 158 | 2 158 | 2 158 | 2 158 | 2 158 | 2 158 | 25 899 | 26 498 | 27 131 |
| Environmental protection | | | | | | | | | | | | | - | - | - |
| Trading services | 184 341 | 184 341 | 184 341 | 184 341 | 184 341 | 184 341 | 184 341 | 184 341 | 184 341 | 184 341 | 184 341 | 184 341 | 2 212 090 | 2 314 631 | 2 498 278 |
| Electricity | 117 191 | 117 191 | 117 191 | 117 191 | 117 191 | 117 191 | 117 191 | 117 191 | 117 191 | 117 191 | 117 191 | 117 191 | 1 406 287 | 1 505 487 | 1 621 530 |
| Water | 39 172 | 39 172 | 39 172 | 39 172 | 39 172 | 39 172 | 39 172 | 39 172 | 39 172 | 39 172 | 39 172 | 39 172 | 470 063 | 451 603 | 492 785 |
| Waste water management | 18 461 | 18 461 | 18 461 | 18 461 | 18 461 | 18 461 | 18 461 | 18 461 | 18 461 | 18 461 | 18 461 | 18 461 | 221 534 | 234 758 | 252 019 |
| Waste management | 9 517 | 9 517 | 9 517 | 9 517 | 9 517 | 9 517 | 9 517 | 9 517 | 9 517 | 9 517 | 9 517 | 9 517 | 114 206 | 122 784 | 131 943 |
| Other | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 596 | 626 | 656 |
| Total Revenue - Standard | 223 284 | 223 284 | 223 284 | 223 284 | 223 284 | 223 284 | 223 284 | 223 284 | 223 284 | 223 284 | 223 284 | 223 284 | 2 679 404 | 2 817 483 | 3 041 112 |
| Expenditure - Standard | | | | | | | | | | | | | | | |
| Governance and administration | 3 997 | 3 997 | 3 997 | 3 997 | 3 997 | 3 997 | 3 997 | 3 997 | 3 997 | 3 997 | 3 997 | 3 997 | 47 966 | 53 645 | 58 744 |
| Executive and council | 68 | 68 | 68 | 68 | 68 | 68 | 68 | 68 | 68 | 68 | 68 | 68 | 816 | 865 | 914 |
| Budget and treasury office | 367 | 367 | 367 | 367 | 367 | 367 | 367 | 367 | 367 | 367 | 367 | 367 | 4 406 | 4 494 | 4 804 |
| Corporate services | 3 562 | 3 562 | 3 562 | 3 562 | 3 562 | 3 562 | 3 562 | 3 562 | 3 562 | 3 562 | 3 562 | 3 562 | 42 745 | 48 287 | 53 026 |
| Community and public safety | 29 351 | 29 351 | 29 351 | 29 351 | 29 351 | 29 351 | 29 351 | 29 351 | 29 351 | 29 351 | 29 351 | 29 351 | 352 212 | 379 748 | 411 652 |
| Community and social services | 5 025 | 5 025 | 5 025 | 5 025 | 5 025 | 5 025 | 5 025 | 5 025 | 5 025 | 5 025 | 5 025 | 5 025 | 60 299 | 63 448 | 68 041 |
| Sport and recreation | 10 464 | 10 464 | 10 464 | 10 464 | 10 464 | 10 464 | 10 464 | 10 464 | 10 464 | 10 464 | 10 464 | 10 464 | 125 570 | 135 293 | 148 676 |
| Public safety | 11 671 | 11 671 | 11 671 | 11 671 | 11 671 | 11 671 | 11 671 | 11 671 | 11 671 | 11 671 | 11 671 | 11 671 | 140 046 | 151 988 | 163 945 |
| Housing | 1 367 | 1 367 | 1 367 | 1 367 | 1 367 | 1 367 | 1 367 | 1 367 | 1 367 | 1 367 | 1 367 | 1 367 | 16 410 | 17 898 | 18 908 |
| Health | 824 | 824 | 824 | 824 | 824 | 824 | 824 | 824 | 824 | 824 | 824 | 824 | 9 886 | 11 122 | 12 082 |
| Economic and environmental services | 19 697 | 19 697 | 19 697 | 19 697 | 19 697 | 19 697 | 19 697 | 19 697 | 19 697 | 19 697 | 19 697 | 19 697 | 236 361 | 259 755 | 294 879 |
| Planning and development | 3 445 | 3 445 | 3 445 | 3 445 | 3 445 | 3 445 | 3 445 | 3 445 | 3 445 | 3 445 | 3 445 | 3 445 | 41 343 | 44 432 | 47 521 |
| Road transport | 16 251 | 16 251 | 16 251 | 16 251 | 16 251 | 16 251 | 16 251 | 16 251 | 16 251 | 16 251 | 16 251 | 16 251 | 195 018 | 215 322 | 247 358 |
| Environmental protection | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Trading services | 156 443 | 156 443 | 156 443 | 156 443 | 156 443 | 156 443 | 156 443 | 156 443 | 156 443 | 156 443 | 156 443 | 156 389 | 1 877 314 | 2 000 155 | 2 141 922 |
| Electricity | 100 957 | 100 957 | 100 957 | 100 957 | 100 957 | 100 957 | 100 957 | 100 957 | 100 957 | 100 957 | 100 957 | 100 957 | 1 211 487 | 1 283 481 | 1 355 260 |
| Water | 33 141 | 33 141 | 33 141 | 33 141 | 33 141 | 33 141 | 33 141 | 33 141 | 33 141 | 33 141 | 33 141 | 33 141 | 397 688 | 427 442 | 465 994 |
| Waste water management | 13 539 | 13 539 | 13 539 | 13 539 | 13 539 | 13 539 | 13 539 | 13 539 | 13 539 | 13 539 | 13 539 | 13 485 | 162 473 | 175 521 | 197 705 |
| Waste management | 8 806 | 8 806 | 8 806 | 8 806 | 8 806 | 8 806 | 8 806 | 8 806 | 8 806 | 8 806 | 8 806 | 8 806 | 105 667 | 113 710 | 122 963 |
| Other | 61 | 61 | 61 | 61 | 61 | 61 | 61 | 61 | 61 | 61 | 61 | 61 | 736 | 781 | 807 |
| Total Expenditure - Standard | 209 549 | 209 549 | 209 549 | 209 549 | 209 603 | 209 549 | 209 549 | 209 549 | 209 549 | 209 549 | 209 549 | 209 495 | 2 514 589 | 2 694 084 | 2 908 004 |
| Surplus/(Deficit) | 13 735 | 13 735 | 13 735 | 13 735 | 13 681 | 13 735 | 13 735 | 13 735 | 13 735 | 13 735 | 13 735 | 13 789 | 164 816 | 123 399 | 133 108 |

Table 58 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

| Description | Budget Year 2015/16 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|--|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---|------------------------|------------------------|
| R thousand | July | August | Sept. | October | Nov. | Dec. | January | Feb. | March | April | May | June | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Multi-year expenditure to be appropriated | | | | | | | | | | | | | | | |
| Vote 1 - CITY DEVELOPMENT | - | - | 100 | - | - | 100 | - | - | 96 | - | - | - | 296 | 406 | 406 |
| Vote 2 - COMMUNITY SERVICES - HEALTH AND PUBLIC SAFETY | - | - | 3 100 | - | 3 042 | - | 4 406 | 2 000 | 5 000 | 2 000 | 2 000 | 4 438 | 25 986 | 32 826 | 32 845 |
| Vote 3 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES | 3 000 | 2 000 | 3 000 | 4 000 | 3 000 | 3 500 | 2 000 | 5 000 | 1 000 | 4 000 | 5 000 | 3 972 | 39 472 | 43 633 | 43 649 |
| Vote 4 - CORPORATE SERVICES - ADMINISTRATION | 500 | 600 | 550 | 1 133 | 500 | 600 | 1 011 | 1 100 | 1 000 | 1 522 | 2 000 | 1 690 | 12 206 | 10 224 | 10 224 |
| Vote 5 - CORPORATE SERVICES - HUMAN RESOURCES | 50 | 50 | 33 | - | - | - | - | - | - | - | - | - | 133 | 166 | 166 |
| Vote 6 - FINANCIAL SERVICES | - | - | 200 | - | 200 | - | - | - | - | - | 100 | 284 | 784 | 946 | 946 |
| Vote 7 - INFRASTRUCTURE AND TECHNICAL SERVICES - ELECTRICAL SUPPLY SERVICES | 750 | 2 750 | 2 750 | 2 750 | 2 750 | 2 750 | 2 750 | 2 750 | 2 750 | 2 750 | 2 750 | 1 498 | 29 748 | 33 775 | 30 288 |
| Vote 8 - INFRASTRUCTURE AND TECHNICAL SERVICES - WATER AND SANITATION | 6 150 | 8 150 | 10 650 | 13 150 | 11 150 | 10 650 | 13 150 | 15 150 | 8 900 | 9 000 | 14 500 | 14 562 | 135 162 | 122 027 | 128 406 |
| Vote 9 - INFRASTRUCTURE AND TECHNICAL SERVICES - TRANSPORT, ROADS AND STORMWATER | 3 000 | 1 000 | 3 000 | 1 000 | 3 000 | 3 000 | 2 000 | 3 000 | 2 000 | 1 000 | 4 000 | 4 694 | 30 694 | 33 363 | 33 373 |
| Vote 10 - INFRASTRUCTURE AND TECHNICAL SERVICES - ENGINEERING SUPPORT SERVICES | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 511 | 500 | 711 | 1 000 | 2 526 | 8 748 | 10 095 | 10 011 |
| Vote 11 - OFFICE OF THE MUNICIPAL MANAGER | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital multi-year expenditure sub-total | 13 950 | 15 050 | 23 883 | 22 533 | 24 142 | 21 100 | 25 817 | 29 511 | 21 246 | 20 983 | 31 350 | 33 664 | 283 229 | 287 461 | 290 314 |
| Single-year expenditure to be appropriated | | | | | | | | | | | | | | | |
| Vote 1 - CITY DEVELOPMENT | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 2 - COMMUNITY SERVICES - HEALTH AND PUBLIC SAFETY | - | - | 250 | 750 | 750 | 750 | 750 | 460 | - | - | - | - | 3 710 | - | - |
| Vote 3 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 4 - CORPORATE SERVICES - ADMINISTRATION | - | 250 | - | - | 500 | 500 | 500 | 250 | 0 | 500 | 500 | (0) | 3 000 | - | - |
| Vote 5 - CORPORATE SERVICES - HUMAN RESOURCES | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 6 - FINANCIAL SERVICES | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 7 - INFRASTRUCTURE AND TECHNICAL SERVICES - ELECTRICAL SUPPLY SERVICES | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 8 - INFRASTRUCTURE AND TECHNICAL SERVICES - WATER AND SANITATION | 1 000 | 3 500 | 4 000 | 1 000 | 1 000 | 1 500 | 1 000 | 3 500 | 4 000 | 1 000 | 1 500 | 2 882 | 25 882 | 3 000 | 10 000 |
| Vote 9 - INFRASTRUCTURE AND TECHNICAL SERVICES - TRANSPORT, ROADS AND STORMWATER | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 10 - INFRASTRUCTURE AND TECHNICAL SERVICES - ENGINEERING SUPPORT SERVICES | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 11 - OFFICE OF THE MUNICIPAL MANAGER | - | 10 | 10 | 15 | - | 10 | - | 12 | - | - | - | - | 57 | 70 | 70 |
| Capital single-year expenditure sub-total | 1 000 | 3 760 | 4 260 | 1 765 | 2 250 | 2 760 | 2 250 | 4 222 | 4 000 | 1 500 | 2 000 | 2 882 | 32 649 | 3 070 | 10 070 |
| Total Capital Expenditure | 14 950 | 18 810 | 28 143 | 24 298 | 26 392 | 23 860 | 28 067 | 33 733 | 25 246 | 22 483 | 33 350 | 36 546 | 315 878 | 290 531 | 300 384 |

Table 59 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

| Description R thousand | Budget Year 2015/16 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---|------------------------|------------------------|
| | July | August | Sept. | October | Nov. | Dec. | January | Feb. | March | April | May | June | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Capital Expenditure - Standard | | | | | | | | | | | | | | | |
| <i>Governance and administration</i> | 1 050 | 1 160 | 1 293 | 1 648 | 1 200 | 1 110 | 1 511 | 1 623 | 1 500 | 1 733 | 2 600 | 4 000 | 20 428 | 21 501 | 21 417 |
| Executive and council | – | 10 | – | 15 | – | 10 | 11 | 12 | – | – | – | 36 | 94 | 116 | 116 |
| Budget and treasury office | – | – | 210 | – | 200 | – | – | – | – | – | 100 | 284 | 794 | 958 | 958 |
| Corporate services | 1 050 | 1 150 | 1 083 | 1 633 | 1 000 | 1 100 | 1 500 | 1 611 | 1 500 | 1 733 | 2 500 | 3 680 | 19 540 | 20 427 | 20 343 |
| <i>Community and public safety</i> | 3 000 | 2 250 | 6 100 | 4 000 | 6 542 | 4 000 | 5 550 | 5 250 | 4 000 | 5 000 | 6 000 | 6 836 | 58 528 | 60 489 | 60 515 |
| Community and social services | 1 000 | 1 250 | 1 000 | 1 000 | 1 500 | 1 500 | 1 500 | 1 250 | 1 000 | 2 000 | 2 000 | 1 470 | 16 470 | 14 005 | 14 013 |
| Sport and recreation | 2 000 | 1 000 | 2 000 | 3 000 | 2 000 | 2 500 | 1 000 | 4 000 | – | 3 000 | 4 000 | 3 002 | 27 502 | 29 628 | 29 636 |
| Public safety | – | – | 3 000 | – | 3 000 | – | 3 000 | – | 3 000 | – | – | 2 364 | 14 364 | 16 806 | 16 816 |
| Health | – | – | 100 | – | 42 | – | 50 | – | – | – | – | – | 192 | 50 | 50 |
| <i>Economic and environmental services</i> | 3 000 | 1 000 | 3 100 | 1 000 | 3 000 | 3 100 | 2 000 | 3 000 | 2 096 | 1 000 | 4 000 | 4 768 | 31 064 | 33 866 | 33 876 |
| Planning and development | – | – | 100 | – | – | 100 | – | – | 96 | – | – | – | 296 | 406 | 406 |
| Road transport | 3 000 | 1 000 | 3 000 | 1 000 | 3 000 | 3 000 | 2 000 | 3 000 | 2 000 | 1 000 | 4 000 | 4 694 | 30 694 | 33 363 | 33 373 |
| <i>Trading services</i> | 7 900 | 14 400 | 17 650 | 17 650 | 15 650 | 15 650 | 19 006 | 23 860 | 17 650 | 14 750 | 20 750 | 20 942 | 205 858 | 174 675 | 184 576 |
| Electricity | 750 | 2 750 | 2 750 | 2 750 | 2 750 | 2 750 | 2 750 | 2 750 | 2 750 | 2 750 | 2 750 | 1 498 | 29 748 | 33 775 | 30 288 |
| Water | 7 150 | 9 650 | 12 650 | 7 650 | 7 650 | 10 150 | 7 650 | 12 150 | 10 900 | 8 000 | 9 000 | 8 714 | 111 314 | 70 007 | 80 665 |
| Waste water management | – | 2 000 | 2 000 | 6 500 | 4 500 | 2 000 | 6 500 | 6 500 | 2 000 | 2 000 | 7 000 | 8 730 | 49 730 | 55 020 | 57 742 |
| Waste management | – | – | 250 | 750 | 750 | 750 | 2 106 | 2 460 | 2 000 | 2 000 | 2 000 | 2 000 | 15 066 | 15 873 | 15 882 |
| Total Capital Expenditure - Standard | 14 950 | 18 810 | 28 143 | 24 298 | 26 392 | 23 860 | 28 067 | 33 733 | 25 246 | 22 483 | 33 350 | 36 546 | 315 878 | 290 531 | 300 384 |
| Funded by: | | | | | | | | | | | | | | | |
| National Government | 11 900 | 8 400 | 15 400 | 11 900 | 16 900 | 12 900 | 11 900 | 19 400 | 9 650 | 7 750 | 16 750 | 17 028 | 159 878 | 117 531 | 127 384 |
| Provincial Government | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| District Municipality | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Other transfers and grants | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Transfers recognised - capital | 11 900 | 8 400 | 15 400 | 11 900 | 16 900 | 12 900 | 11 900 | 19 400 | 9 650 | 7 750 | 16 750 | 17 028 | 159 878 | 117 531 | 127 384 |
| Public contributions & donations | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Borrowing | 1 500 | 7 550 | 7 700 | 8 100 | 4 200 | 8 100 | 9 000 | 8 310 | 8 500 | 8 522 | 10 100 | 10 418 | 92 000 | 100 000 | 100 000 |
| Internally generated funds | 1 550 | 2 860 | 5 043 | 4 298 | 5 292 | 2 860 | 7 167 | 6 023 | 7 096 | 6 211 | 6 500 | 9 100 | 64 000 | 73 000 | 73 000 |
| Total Capital Funding | 14 950 | 18 810 | 28 143 | 24 298 | 26 392 | 23 860 | 28 067 | 33 733 | 25 246 | 22 483 | 33 350 | 36 546 | 315 878 | 290 531 | 300 384 |

Table 60 MBRR SA30 - Budgeted monthly cash flow

| MONTHLY CASH FLOWS | Budget Year 2015/16 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|---------------------|----------------|----------------|----------------|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|------------------|---|------------------------|------------------------|
| | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Cash Receipts By Source | | | | | | | | | | | | | | | |
| Property rates | 29 942 | 29 942 | 29 942 | 29 942 | 29 942 | 29 942 | 29 942 | 29 915 | 29 942 | 29 942 | 29 942 | 29 969 | 359 300 | 393 062 | 429 126 |
| Service charges - electricity revenue | 112 122 | 112 122 | 112 122 | 112 122 | 112 122 | 112 122 | 112 122 | 112 122 | 112 122 | 112 122 | 112 122 | 112 122 | 1 345 458 | 1 435 503 | 1 558 277 |
| Service charges - water revenue | 22 685 | 22 685 | 22 685 | 22 685 | 22 685 | 22 685 | 22 685 | 22 685 | 22 685 | 22 685 | 22 685 | 22 685 | 272 226 | 292 850 | 317 712 |
| Service charges - sanitation revenue | 6 815 | 6 815 | 6 815 | 6 815 | 6 815 | 6 815 | 6 815 | 6 815 | 6 815 | 6 815 | 6 815 | 6 815 | 81 785 | 88 395 | 95 512 |
| Service charges - refuse revenue | 5 501 | 5 501 | 5 501 | 5 501 | 5 501 | 5 501 | 5 501 | 5 501 | 5 501 | 5 501 | 5 501 | 5 501 | 66 012 | 71 347 | 77 092 |
| Service charges - other | 1 109 | 1 109 | 1 109 | 1 109 | 1 109 | 1 109 | 1 109 | 1 109 | 1 109 | 1 109 | 1 109 | 1 109 | 13 304 | 14 033 | 14 805 |
| Rental of facilities and equipment | 906 | 906 | 906 | 906 | 906 | 906 | 906 | 906 | 906 | 906 | 906 | 906 | 10 874 | 11 532 | 12 225 |
| Interest earned - external investments | 1 832 | 1 832 | 1 832 | 1 832 | 1 832 | 1 832 | 1 832 | 1 832 | 1 832 | 1 832 | 1 832 | 1 832 | 21 982 | 22 641 | 23 320 |
| Interest earned - outstanding debtors | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 1 558 | 1 641 | 1 728 |
| Fines | 936 | 936 | 936 | 936 | 936 | 936 | 936 | 936 | 936 | 936 | 936 | 936 | 11 231 | 11 849 | 12 501 |
| Licences and permits | 147 | 147 | 147 | 147 | 147 | 147 | 147 | 147 | 147 | 147 | 147 | 147 | 1 765 | 1 861 | 1 964 |
| Agency services | 583 | 583 | 583 | 583 | 583 | 583 | 583 | 583 | 583 | 583 | 583 | 583 | 7 000 | 7 385 | 7 791 |
| Transfer receipts - operational | 20 786 | 20 786 | 20 786 | 20 786 | 20 786 | 20 786 | 20 786 | 20 786 | 20 786 | 20 786 | 20 786 | 20 786 | 249 431 | 259 006 | 275 826 |
| Other revenue | 1 585 | 1 585 | 1 585 | 1 585 | 1 585 | 1 585 | 1 585 | 1 585 | 1 585 | 1 585 | 1 585 | 1 585 | 19 016 | 20 089 | 21 227 |
| Cash Receipts by Source | 205 078 | 205 079 | 205 078 | 205 078 | 205 078 | 205 078 | 205 078 | 205 051 | 205 078 | 205 078 | 205 078 | 205 105 | 2 460 942 | 2 631 193 | 2 849 106 |
| Other Cash Flows by Source | | | | | | | | | | | | | | | |
| Transfer receipts - capital | 13 323 | 13 323 | 13 323 | 13 323 | 13 323 | 13 323 | 13 323 | 13 323 | 13 323 | 13 323 | 13 323 | 13 323 | 159 878 | 117 531 | 127 384 |
| Proceeds on disposal of PPE | - | - | - | - | - | - | - | - | - | - | - | 10 000 | 10 000 | 10 000 | 10 000 |
| Borrowing long term/refinancing | 100 000 | - | - | - | - | - | - | - | - | - | - | - | 100 000 | 115 000 | 115 000 |
| Increase (decrease) in consumer deposits | - | - | - | - | - | - | - | - | - | - | - | 500 | 500 | 650 | 800 |
| Decrease (increase) other non-current receivables | - | - | - | - | - | - | - | - | - | - | - | 230 | 230 | 240 | 250 |
| Total Cash Receipts by Source | 318 402 | 218 402 | 218 402 | 218 402 | 218 402 | 218 402 | 218 402 | 218 375 | 218 402 | 218 402 | 218 402 | 229 158 | 2 731 550 | 2 874 614 | 3 102 540 |
| Cash Payments by Type | | | | | | | | | | | | | | | |
| Employee related costs | 50 292 | 50 292 | 50 292 | 50 292 | 50 292 | 50 292 | 50 292 | 50 292 | 50 292 | 50 292 | 50 292 | 50 292 | 603 503 | 656 906 | 711 808 |
| Remuneration of councillors | 2 061 | 2 061 | 2 061 | 2 061 | 2 061 | 2 061 | 2 061 | 2 061 | 2 061 | 2 061 | 2 061 | 2 061 | 24 729 | 26 584 | 28 711 |
| Finance charges | 147 | - | 1 173 | - | - | 40 489 | - | - | 1 035 | - | - | 36 962 | 79 806 | 78 062 | 74 619 |
| Bulk purchases - Electricity | 83 150 | 83 150 | 83 150 | 83 150 | 83 150 | 83 150 | 83 150 | 38 150 | 83 150 | 83 150 | 83 150 | 128 150 | 997 805 | 1 052 684 | 1 108 476 |
| Bulk purchases - Water & Sewer | 11 354 | 11 354 | 11 354 | 11 354 | 11 354 | 11 354 | 11 354 | 11 354 | 11 354 | 11 354 | 11 354 | 11 354 | 136 254 | 138 748 | 146 366 |
| Other materials | 3 781 | 3 781 | 3 781 | 3 781 | 3 781 | 3 781 | 3 781 | 3 781 | 3 781 | 3 781 | 3 781 | 3 781 | 45 366 | 38 792 | 48 740 |
| Contracted services | 9 455 | 9 455 | 16 820 | 16 820 | 16 820 | 16 820 | 16 820 | 16 820 | 16 820 | 16 820 | 16 820 | 31 550 | 201 840 | 188 763 | 215 591 |
| Transfers and grants - other | 740 | 740 | 740 | 740 | 740 | 740 | 740 | 740 | 740 | 740 | 740 | 740 | 8 883 | 9 372 | 9 869 |
| Other expenditure | 11 414 | 11 414 | 11 414 | 11 414 | 11 414 | 11 414 | 11 414 | 11 414 | 11 414 | 11 414 | 11 414 | 11 414 | 136 963 | 136 805 | 143 945 |
| Cash Payments by Type | 172 394 | 172 247 | 180 785 | 179 612 | 179 612 | 220 101 | 179 612 | 134 612 | 180 647 | 179 612 | 179 612 | 276 304 | 2 235 148 | 2 326 716 | 2 488 125 |
| Other Cash Flows/Payments by Type | | | | | | | | | | | | | | | |
| Capital assets | 21 500 | 22 000 | 22 250 | 25 500 | 26 400 | 20 200 | 29 364 | 29 364 | 32 500 | 33 000 | 35 500 | 54 787 | 352 364 | 295 601 | 298 413 |
| Repayment of borrowing | 6 459 | - | 2 202 | - | - | 63 196 | - | - | 2 341 | - | - | 66 421 | 140 619 | 141 292 | 158 629 |
| Total Cash Payments by Type | 200 353 | 194 247 | 205 237 | 205 112 | 206 012 | 303 497 | 208 975 | 163 975 | 215 487 | 212 612 | 215 112 | 397 512 | 2 728 132 | 2 763 609 | 2 945 167 |
| NET INCREASE/(DECREASE) IN CASH HELD | 118 049 | 24 155 | 13 164 | 13 290 | 12 390 | (85 096) | 9 426 | 54 399 | 2 914 | 5 790 | 3 290 | (168 353) | 3 418 | 111 005 | 157 373 |
| Cash/cash equivalents at the month/year begin: | 398 566 | 516 615 | 540 770 | 553 934 | 567 224 | 579 614 | 494 518 | 503 944 | 558 343 | 561 258 | 567 048 | 570 338 | 398 566 | 401 984 | 512 990 |
| Cash/cash equivalents at the month/year end: | 516 615 | 540 770 | 553 934 | 567 224 | 579 614 | 494 518 | 503 944 | 558 343 | 561 258 | 567 048 | 570 338 | 401 984 | 401 984 | 512 990 | 670 363 |

2.10 Contracts having future budgetary implications

In terms of the City's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

Table 61 MBRR SA33 - Contracts having future budgetary implications

| Description R thousand | Preceding Years | Current Year 2014/15 | 2015/16 Medium Term Revenue & Expenditure Framework | | | Forecast 2018/19 | Forecast 2019/20 | Forecast 2020/21 | Forecast 2021/22 | Forecast 2022/23 | Forecast 2023/24 | Forecast 2024/25 | Total Contract Value |
|--|--------------------|-------------------------|--|---------------------------|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------------|
| | Total | Original Budget | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate |
| Expenditure Obligation By Contract | | | | | | | | | | | | | |
| KwaZulu natal Sharks Board | 1 720 | 1 892 | 2 166 | 1 852 | 2 480 | 2 604 | 2 760 | 2 940 | 3 145 | 3 381 | 3 652 | 3 962 | 32 554 |
| Richards Bay Country Club | – | 368 | 415 | 438 | 461 | 484 | 513 | 547 | 585 | 629 | 679 | 737 | 5 857 |
| Various Contractors | – | 1 736 | 3 848 | 3 290 | 4 405 | 4 626 | 4 903 | 5 222 | 5 587 | 6 006 | 6 487 | 7 038 | 53 148 |
| Various Contractors | – | 524 | 713 | 609 | 816 | 857 | 908 | 967 | 1 035 | 1 112 | 1 201 | 1 303 | 10 045 |
| Lincor Services | – | 973 | 1 010 | 864 | 1 156 | 1 214 | 1 287 | 1 371 | 1 466 | 1 576 | 1 703 | 1 847 | 14 467 |
| Nashua - MPS | – | 2 112 | 2 250 | 2 374 | 2 574 | 2 703 | 2 865 | 3 051 | 3 265 | 3 510 | 3 790 | 4 113 | 32 606 |
| GWAVA | – | 320 | 342 | 368 | 398 | 418 | 443 | 471 | 504 | 542 | 586 | 635 | 5 027 |
| SepSeam | 18 | 116 | 169 | 182 | 197 | 206 | 219 | 233 | 249 | 268 | 289 | 314 | 2 460 |
| GWAVA Retain | – | 320 | 342 | 368 | 398 | 418 | 443 | 471 | 504 | 542 | 586 | 635 | 5 027 |
| ESS (Fire and Rescue) | 80 | 115 | 169 | 181 | 196 | 206 | 218 | 232 | 248 | 267 | 288 | 313 | 2 511 |
| Fujitsu | 1 066 | 631 | 1 215 | 1 312 | 1 417 | 1 488 | 1 577 | 1 680 | 1 798 | 1 932 | 2 087 | 2 264 | 18 468 |
| Knowledge Base | 361 | 212 | 1 232 | 1 324 | 1 430 | 1 502 | 1 592 | 1 695 | 1 814 | 1 950 | 2 106 | 2 285 | 17 503 |
| Pay Day | 334 | 224 | 354 | 381 | 411 | 432 | 458 | 488 | 522 | 561 | 606 | 657 | 5 428 |
| WatchGuard | 20 | 29 | 31 | 33 | 36 | 38 | 40 | 43 | 46 | 49 | 53 | 57 | 473 |
| Microsoft | 3 000 | 2 700 | 2 275 | 2 446 | 2 629 | 2 761 | 2 926 | 3 116 | 3 334 | 3 585 | 3 871 | 4 200 | 36 843 |
| ITRON | 2 406 | 1 852 | 835 | 898 | 965 | 1 013 | 1 074 | 1 144 | 1 224 | 1 316 | 1 421 | 1 542 | 15 688 |
| Total Operating Expenditure Implication | 9 005 | 14 124 | 17 366 | 16 920 | 19 968 | 20 967 | 22 225 | 23 670 | 25 327 | 27 226 | 29 404 | 31 904 | 258 106 |
| Total Parent Expenditure Implication | 9 005 | 14 124 | 17 366 | 16 920 | 19 968 | 20 967 | 22 225 | 23 670 | 25 327 | 27 226 | 29 404 | 31 904 | 258 106 |

2.11 Capital expenditure details

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

Table 62 MBRR SA34a - Capital expenditure on new assets by asset class

| Description | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| R thousand | | | | | | | | | |
| Capital expenditure on new assets by Asset Class/Sub-class | | | | | | | | | |
| Infrastructure | 45 050 | 46 301 | 169 687 | 197 995 | 217 582 | 217 582 | 104 914 | 111 472 | 109 643 |
| Infrastructure - Road transport | 2 615 | 6 782 | 18 333 | 7 296 | 10 486 | 10 486 | 15 000 | 15 000 | 15 000 |
| Roads, Pavements & Bridges | 2 615 | 6 782 | 18 333 | 7 296 | 10 486 | 10 486 | 15 000 | 15 000 | 15 000 |
| Infrastructure - Electricity | (2 542) | 3 993 | 27 958 | 45 055 | 54 482 | 54 482 | 9 000 | 9 500 | 6 000 |
| Transmission & Reticulation | (2 542) | 3 366 | 27 958 | 34 995 | 44 685 | 44 685 | 9 000 | 9 500 | 6 000 |
| Street Lighting | - | 627 | - | 10 060 | 9 797 | 9 797 | - | - | - |
| Infrastructure - Water | 3 471 | 3 412 | 69 561 | 68 706 | 84 656 | 84 656 | 31 184 | 31 952 | 30 901 |
| Reticulation | 3 471 | 3 412 | 69 561 | 68 706 | 84 656 | 84 656 | 31 184 | 31 952 | 30 901 |
| Infrastructure - Sanitation | 41 507 | 32 115 | 53 835 | 73 718 | 65 638 | 65 638 | 49 730 | 55 020 | 57 742 |
| Reticulation | 41 507 | 32 115 | 53 835 | 73 718 | 65 638 | 65 638 | 49 730 | 55 020 | 57 742 |
| Infrastructure - Other | - | - | - | 3 220 | 2 320 | 2 320 | - | - | - |
| Waste Management | - | - | - | 3 220 | 2 320 | 2 320 | - | - | - |
| Community | - | 167 | 6 970 | 31 903 | 38 269 | 38 269 | 15 192 | 15 050 | 15 050 |
| Parks & gardens | - | - | - | - | - | - | - | - | - |
| Sportsfields & stadia | - | - | - | 680 | 5 972 | 5 972 | 15 000 | 15 000 | 15 000 |
| Community halls | - | - | - | 500 | 500 | 500 | - | - | - |
| Libraries | - | - | 138 | 6 900 | 6 930 | 6 930 | - | - | - |
| Recreational facilities | - | 36 | 5 476 | 9 008 | 10 800 | 10 800 | - | - | - |
| Fire, safety & emergency | - | - | 1 355 | 14 264 | 13 447 | 13 447 | - | - | - |
| Security and policing | - | 131 | - | - | - | - | - | - | - |
| Clinics | - | - | - | 450 | 520 | 520 | 192 | 50 | 50 |
| Cemeteries | - | - | - | 100 | 100 | 100 | - | - | - |
| Other assets | 16 212 | 6 318 | 14 183 | 9 876 | 18 976 | 18 976 | 10 233 | 10 263 | 10 263 |
| General vehicles | - | 1 501 | 3 302 | 1 766 | 12 168 | 12 168 | - | - | - |
| Specialised vehicles | 15 456 | - | 1 465 | - | 557 | 557 | - | - | - |
| Plant & equipment | 61 | 788 | 2 979 | - | 347 | 347 | - | - | - |
| Computers - hardware/equipment | 31 | 1 024 | 703 | 500 | 1 006 | 1 006 | 8 526 | 10 000 | 10 000 |
| Furniture and other office equipment | 134 | 520 | 417 | - | 36 | 36 | - | - | - |
| Civic Land and Buildings | 76 | 2 480 | 5 317 | 4 024 | 1 849 | 1 849 | 207 | 263 | 263 |
| Other Buildings | 454 | 5 | - | 3 586 | 3 014 | 3 014 | 1 500 | - | - |
| Intangibles | 593 | 61 | - | 1 500 | 1 500 | 1 500 | - | - | - |
| Computers - software & programming | 593 | 61 | - | 1 500 | 1 500 | 1 500 | - | - | - |
| Total Capital Expenditure on new assets | 61 855 | 52 847 | 190 840 | 241 273 | 276 326 | 276 326 | 130 339 | 136 785 | 134 956 |
| Specialised vehicles | 15 456 | - | 1 465 | - | 557 | 557 | - | - | - |
| Refuse | 15 456 | - | - | - | 557 | 557 | - | - | - |
| Fire | - | - | 1 465 | - | - | - | - | - | - |

Table 63 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

| Description R thousand | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Capital expenditure on renewal of existing assets by Asset Class/Sub-class | | | | | | | | | |
| Infrastructure | 12 356 | 28 026 | 61 995 | 58 258 | 69 649 | 69 649 | 130 138 | 96 566 | 108 307 |
| Infrastructure - Road transport | (79) | 964 | 15 375 | 14 930 | 14 134 | 14 134 | 15 694 | 18 363 | 18 373 |
| Roads, Pavements & Bridges | (79) | 964 | 15 375 | 14 930 | 14 134 | 14 134 | 15 694 | 18 363 | 18 373 |
| Infrastructure - Electricity | 10 800 | 12 599 | 30 667 | 21 646 | 20 563 | 20 563 | 20 748 | 24 275 | 24 288 |
| Transmission & Reticulation | 10 800 | 11 289 | 29 835 | 20 646 | 19 563 | 19 563 | 20 748 | 24 275 | 24 288 |
| Street Lighting | - | 1 310 | 832 | 1 000 | 1 000 | 1 000 | - | - | - |
| Infrastructure - Water | 1 227 | 10 834 | 8 625 | 19 125 | 31 993 | 31 993 | 80 130 | 38 055 | 49 764 |
| Reticulation | 1 227 | 10 834 | 8 625 | 19 125 | 31 993 | 31 993 | 80 130 | 38 055 | 49 764 |
| Infrastructure - Sanitation | 408 | 3 629 | 7 328 | 2 558 | 2 960 | 2 960 | - | - | - |
| Reticulation | 408 | 3 629 | 7 328 | 2 558 | 2 960 | 2 960 | - | - | - |
| Infrastructure - Other | - | - | - | - | - | - | 13 566 | 15 873 | 15 882 |
| Waste Management | - | - | - | - | - | - | 13 566 | 15 873 | 15 882 |
| Community | 1 352 | 9 865 | 16 032 | 54 197 | 52 280 | 52 280 | 24 472 | 28 633 | 28 649 |
| Parks & gardens | - | - | 1 941 | 2 029 | 1 256 | 1 256 | - | - | - |
| Sportsfields & stadia | 644 | 709 | 251 | 15 408 | 11 392 | 11 392 | 12 502 | 14 628 | 14 636 |
| Swimming pools | 85 | 487 | 506 | 1 163 | 1 048 | 1 048 | - | - | - |
| Community halls | - | 1 546 | 3 116 | 6 222 | 6 937 | 6 937 | 11 970 | 14 005 | 14 013 |
| Libraries | - | 485 | 444 | 2 428 | 2 199 | 2 199 | - | - | - |
| Recreational facilities | - | 125 | 2 929 | 398 | 285 | 285 | - | - | - |
| Fire, safety & emergency | - | - | 529 | 1 196 | 749 | 749 | - | - | - |
| Security and policing | - | 467 | - | - | - | - | - | - | - |
| Clinics | - | - | 148 | 895 | 1 587 | 1 587 | - | - | - |
| Museums & Art Galleries | - | - | - | 15 | 3 | 3 | - | - | - |
| Cemeteries | - | - | 675 | 2 000 | 2 000 | 2 000 | - | - | - |
| Social rental housing | 623 | 6 046 | 5 493 | 22 442 | 24 824 | 24 824 | - | - | - |
| Heritage assets | - | - | 235 | - | - | - | - | - | - |
| Buildings | - | - | - | - | - | - | - | - | - |
| Other | - | - | 235 | - | - | - | - | - | - |
| Other assets | 1 600 | 16 677 | 31 674 | 65 607 | 99 939 | 99 939 | 28 145 | 27 601 | 27 527 |
| General vehicles | - | 5 109 | 6 515 | 14 808 | 22 125 | 22 125 | 8 526 | 10 000 | 10 000 |
| Specialised vehicles | 28 | 872 | - | 11 308 | 9 864 | 9 864 | - | - | - |
| Plant & equipment | 265 | 3 086 | 10 992 | 17 955 | 35 140 | 35 140 | - | - | - |
| Computers - hardware/equipment | 644 | 4 897 | 5 669 | 9 715 | 23 340 | 23 340 | - | - | - |
| Furniture and other office equipment | 225 | 1 756 | 634 | 1 396 | 1 251 | 1 251 | 10 | 12 | 12 |
| Civic Land and Buildings | 424 | 152 | 7 665 | 8 225 | 5 258 | 5 258 | 1 949 | 377 | 293 |
| Other Buildings | 14 | 805 | 161 | 2 201 | 2 961 | 2 961 | 17 660 | 17 212 | 17 222 |
| Other Land | - | - | 40 | - | - | - | - | - | - |
| Intangibles | 1 570 | 5 363 | 3 599 | 526 | 113 | 113 | 2 784 | 946 | 946 |
| Computers - software & programming | 1 570 | 5 363 | 3 599 | 526 | - | - | 2 784 | 946 | 946 |
| Other (list sub-class) | - | - | - | - | 113 | 113 | - | - | - |
| Total Capital Expenditure on renewal of existing assets | 25 187 | 62 189 | 113 536 | 178 589 | 221 981 | 221 981 | 185 539 | 153 746 | 165 429 |
| Specialised vehicles | 28 | 872 | - | 11 308 | 9 864 | 9 864 | - | - | - |
| Refuse | 28 | - | - | 11 308 | 9 864 | 9 864 | - | - | - |
| Fire | - | 872 | - | - | - | - | - | - | - |
| Renewal of Existing Assets as % of total capex | 28.9% | 54.1% | 37.3% | 42.5% | 44.5% | 44.5% | 58.7% | 52.9% | 55.1% |
| Renewal of Existing Assets as % of deprecn" | 32.2% | 57.4% | 46.5% | 97.9% | 121.7% | 121.7% | 90.5% | 54.6% | 49.1% |

Table 64 MBRR SA34c - Repairs and maintenance expenditure by asset class

| Description R thousand | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Repairs and maintenance expenditure by Asset Class/Sub-class | | | | | | | | | |
| Infrastructure | 145 192 | 177 319 | 227 954 | 240 963 | 252 717 | 252 717 | 294 402 | 303 021 | 334 737 |
| Infrastructure - Road transport | 41 967 | 58 242 | 78 340 | 88 799 | 88 631 | 88 631 | 109 481 | 107 346 | 120 829 |
| Roads, Pavements & Bridges | 41 967 | 58 242 | 78 340 | 88 799 | 88 631 | 88 631 | 109 481 | 107 346 | 120 829 |
| Infrastructure - Electricity | 39 211 | 42 715 | 60 448 | 66 048 | 72 514 | 72 514 | 81 991 | 90 799 | 95 573 |
| Transmission & Reticulation | 31 217 | 33 221 | 47 682 | 52 206 | 58 322 | 58 322 | 64 823 | 72 575 | 76 818 |
| Street Lighting | 7 994 | 9 494 | 12 766 | 13 842 | 14 192 | 14 192 | 17 168 | 18 224 | 18 755 |
| Infrastructure - Water | 39 004 | 46 869 | 58 269 | 51 156 | 53 859 | 53 859 | 58 562 | 61 014 | 67 490 |
| Reticulation | 39 004 | 46 869 | 58 269 | 51 156 | 53 859 | 53 859 | 58 562 | 61 014 | 67 490 |
| Infrastructure - Sanitation | 23 588 | 25 976 | 30 896 | 33 744 | 36 502 | 36 502 | 43 060 | 42 685 | 49 326 |
| Reticulation | 23 588 | 25 976 | 30 896 | 33 744 | 36 502 | 36 502 | 43 060 | 42 685 | 49 326 |
| Infrastructure - Other | 1 421 | 3 517 | - | 1 216 | 1 211 | 1 211 | 1 308 | 1 177 | 1 519 |
| Waste Management | - | 0 | - | 3 | 6 | 6 | 3 | 2 | 3 |
| Transportation | 901 | 699 | - | 1 017 | 1 016 | 1 016 | 1 090 | 941 | 1 252 |
| Other | 520 | 2 818 | - | 197 | 190 | 190 | 215 | 234 | 265 |
| Community | 43 195 | 50 821 | 61 803 | 60 930 | 60 311 | 60 311 | 63 869 | 66 296 | 73 276 |
| Parks & gardens | 35 302 | 42 819 | 51 351 | 48 687 | 48 343 | 48 343 | 50 235 | 52 606 | 57 098 |
| Sportsfields & stadia | 1 227 | 1 430 | 1 678 | 1 741 | 1 909 | 1 909 | 1 807 | 1 803 | 2 137 |
| Swimming pools | 1 265 | 1 435 | 1 853 | 1 602 | 1 462 | 1 462 | 1 565 | 1 707 | 1 922 |
| Community halls | 1 003 | 1 218 | 1 643 | 1 965 | 1 957 | 1 957 | 2 123 | 2 221 | 2 527 |
| Libraries | 557 | 640 | 606 | 773 | 826 | 826 | 843 | 917 | 1 042 |
| Recreational facilities | 2 674 | 2 479 | 2 724 | 3 423 | 3 388 | 3 388 | 3 662 | 3 445 | 4 270 |
| Fire, safety & emergency | - | - | 60 | 222 | 136 | 136 | 593 | 591 | 713 |
| Security and policing | - | - | - | 204 | 180 | 180 | 215 | 235 | 267 |
| Clinics | - | - | 246 | - | - | - | - | - | - |
| Museums & Art Galleries | 35 | 6 | 32 | 48 | 45 | 45 | 55 | 59 | 67 |
| Cemeteries | 1 134 | 796 | 1 152 | 1 860 | 1 677 | 1 677 | 2 328 | 2 221 | 2 686 |
| Social rental housing | - | - | 457 | 404 | 390 | 390 | 443 | 490 | 548 |
| Other assets | 28 144 | 30 340 | 35 655 | 42 888 | 46 321 | 46 321 | 48 892 | 48 413 | 57 416 |
| General vehicles | 14 422 | 15 103 | 16 366 | 17 202 | 17 032 | 17 032 | 18 545 | 18 467 | 21 134 |
| Specialised vehicles | - | - | - | - | - | - | - | - | - |
| Plant & equipment | 4 845 | 4 286 | 5 024 | 5 101 | 5 874 | 5 874 | 6 320 | 5 949 | 7 408 |
| Furniture and other office equipment | 5 | 7 | 5 | - | 7 | 7 | 29 | 24 | 33 |
| Civic Land and Buildings | 8 705 | 10 798 | 13 956 | 20 247 | 23 243 | 23 243 | 23 949 | 23 930 | 28 785 |
| Other Buildings | 167 | 147 | 303 | 338 | 164 | 164 | 50 | 43 | 58 |
| Total Repairs and Maintenance Expenditure | 216 531 | 258 480 | 325 411 | 344 780 | 359 348 | 359 348 | 407 163 | 417 730 | 465 430 |
| R&M as a % of PPE | 5.0% | 6.2% | 7.8% | 8.0% | 8.1% | 8.1% | 9.1% | 9.4% | 10.6% |
| R&M as % Operating Expenditure | 13.2% | 13.9% | 14.2% | 14.6% | 15.4% | 15.4% | 16.2% | 15.5% | 16.0% |

Table 65 MBRR SA34d – Depreciation by asset class

| Description R thousand | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Depreciation by Asset Class/Sub-class | | | | | | | | | |
| Infrastructure | 60 670 | 77 503 | 96 525 | 121 705 | 121 705 | 121 705 | 143 200 | 199 965 | 246 532 |
| Infrastructure - Road transport | 11 499 | 12 646 | 22 305 | 24 398 | 24 398 | 24 398 | 32 262 | 45 847 | 56 293 |
| Roads, Pavements & Bridges | 10 916 | 11 817 | 22 305 | 24 398 | 24 398 | 24 398 | 32 262 | 45 847 | 56 293 |
| Storm water | 583 | 829 | – | – | – | – | – | – | – |
| Infrastructure - Electricity | 17 490 | 21 038 | 23 218 | 30 779 | 30 779 | 30 779 | 33 884 | 44 810 | 54 341 |
| Transmission & Reticulation | 16 251 | 19 705 | 23 218 | 30 779 | 30 779 | 30 779 | 33 884 | 44 810 | 54 341 |
| Street Lighting | 1 240 | 1 332 | – | – | – | – | – | – | – |
| Infrastructure - Water | 20 207 | 30 281 | 31 320 | 42 615 | 42 615 | 42 615 | 46 838 | 66 815 | 83 350 |
| Dams & Reservoirs | 1 758 | 1 950 | 31 320 | 42 615 | – | – | – | – | – |
| Reticulation | 18 449 | 28 331 | – | – | 42 615 | 42 615 | 46 838 | 66 815 | 83 350 |
| Infrastructure - Sanitation | 11 474 | 13 519 | 19 665 | 22 913 | 22 913 | 22 913 | 29 330 | 41 813 | 52 063 |
| Reticulation | 7 252 | 8 163 | 19 665 | 22 913 | 22 913 | 22 913 | 29 330 | 41 813 | 52 063 |
| Sewerage purification | 4 222 | 5 356 | – | – | – | – | – | – | – |
| Infrastructure - Other | 0 | 19 | 18 | 1 000 | 1 000 | 1 000 | 886 | 679 | 485 |
| Waste Management | – | – | – | 561 | 561 | 561 | – | – | – |
| Other | 0 | 19 | 18 | 439 | 439 | 439 | 886 | 679 | 485 |
| Community | 5 074 | 11 861 | 11 404 | 17 698 | 17 698 | 17 698 | 17 804 | 23 843 | 28 210 |
| Parks & gardens | – | – | 103 | 427 | 427 | 427 | – | – | – |
| Sportsfields & stadia | 537 | 2 745 | 3 433 | 4 573 | 4 573 | 4 573 | 10 512 | 14 149 | 16 720 |
| Swimming pools | 266 | 288 | – | 914 | 914 | 914 | 3 391 | 4 432 | 4 872 |
| Community halls | 84 | 330 | 669 | 776 | 776 | 776 | – | – | – |
| Libraries | 23 | 287 | 395 | 698 | 698 | 698 | – | – | – |
| Recreational facilities | 459 | 3 045 | 3 489 | 3 830 | 3 830 | 3 830 | 2 181 | 2 806 | 3 529 |
| Fire, safety & emergency | – | 10 | 92 | 455 | 455 | 455 | – | – | – |
| Security and policing | 3 377 | 3 873 | – | 21 | 21 | 21 | – | – | – |
| Clinics | 7 | 10 | 19 | 60 | 60 | 60 | – | – | – |
| Cemeteries | 131 | 161 | 640 | 653 | 653 | 653 | – | – | – |
| Social rental housing | – | 1 111 | 1 197 | 3 866 | 3 866 | 3 866 | 1 720 | 2 457 | 3 090 |
| Other | 189 | – | 1 367 | 1 425 | 1 425 | 1 425 | – | – | – |
| Investment properties | – | 32 | 738 | 551 | 551 | 551 | 608 | 866 | 1 074 |
| Other | – | 32 | 738 | 551 | 551 | 551 | 608 | 866 | 1 074 |
| Other assets | 12 009 | 17 678 | 34 868 | 40 189 | 40 189 | 40 189 | 38 670 | 51 526 | 54 550 |
| General vehicles | 4 057 | 5 538 | 12 800 | 9 255 | 9 255 | 9 255 | 9 577 | 13 370 | 14 643 |
| Specialised vehicles | 529 | 2 885 | – | 1 410 | 1 410 | 1 410 | – | – | – |
| Plant & equipment | 1 618 | 1 873 | 4 541 | 7 633 | 7 633 | 7 633 | 7 594 | 10 072 | 11 365 |
| Computers - hardware/equipment | 1 550 | 2 399 | – | 6 920 | 6 920 | 6 920 | – | – | – |
| Furniture and other office equipment | 241 | 552 | 4 558 | 3 285 | 3 285 | 3 285 | 6 391 | 7 727 | 7 641 |
| Civic Land and Buildings | 3 153 | 3 452 | 7 863 | 8 548 | 8 548 | 8 548 | 12 339 | 16 404 | 15 928 |
| Other Buildings | 860 | 980 | 5 105 | 2 332 | 2 332 | 2 332 | – | – | – |
| Other Land | – | – | – | 805 | 805 | 805 | 2 768 | 3 953 | 4 972 |
| Intangibles | 490 | 1 316 | 2 627 | 2 244 | 2 244 | 2 244 | 3 924 | 5 461 | 6 808 |
| Computers - software & programming | 490 | 1 316 | 2 627 | 2 244 | – | – | – | – | – |
| Other (list sub-class) | – | – | – | – | 2 244 | 2 244 | 3 924 | 5 461 | 6 808 |
| Total Depreciation | 78 242 | 108 390 | 146 163 | 182 388 | 182 388 | 182 388 | 204 206 | 281 661 | 337 173 |
| Specialised vehicles | 529 | 2 885 | – | 1 410 | 1 410 | 1 410 | – | – | – |
| Refuse | 350 | 2 585 | – | 672 | 672 | 672 | – | – | – |
| Fire | 179 | 300 | – | 739 | 739 | 739 | – | – | – |

Table 66 MBRR SA35 - Future financial implications of the capital budget

| Vote Description | 2015/16 Medium Term Revenue & Expenditure Framework | | | Forecasts | | |
|--|---|---------------------------|---------------------------|---------------------|---------------------|---------------------|
| | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 | Forecast 2018/19 | Forecast 2019/20 | Forecast 2020/21 |
| R thousand | | | | | | |
| Capital expenditure | | | | | | |
| Vote 1 - CITY DEVELOPMENT | 296 | 406 | 406 | 432 | 461 | 490 |
| Vote 2 - COMMUNITY SERVICES - HEALTH AND PUBLIC SAFETY | 29 696 | 32 826 | 32 845 | 34 980 | 37 254 | 39 675 |
| Vote 3 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES | 39 472 | 43 633 | 43 649 | 46 486 | 49 508 | 52 726 |
| Vote 4 - CORPORATE SERVICES - ADMINISTRATION | 15 206 | 10 224 | 10 224 | 10 889 | 11 596 | 12 350 |
| Vote 5 - CORPORATE SERVICES - HUMAN RESOURCES | 133 | 166 | 166 | 177 | 188 | 201 |
| Vote 6 - FINANCIAL SERVICES | 784 | 946 | 946 | 1 008 | 1 073 | 1 143 |
| Vote 7 - INFRASTRUCTURE AND TECHNICAL SERVICES - ELECTRICAL SUPPLY SERVICES | 29 748 | 33 775 | 30 288 | 32 257 | 34 353 | 36 586 |
| Vote 8 - INFRASTRUCTURE AND TECHNICAL SERVICES - WATER AND SANITATION | 161 044 | 125 027 | 138 406 | 147 402 | 156 984 | 167 188 |
| Vote 9 - INFRASTRUCTURE AND TECHNICAL SERVICES - TRANSPORT, ROADS AND STORMWATER | 30 694 | 33 363 | 33 373 | 35 542 | 37 853 | 40 313 |
| Vote 10 - INFRASTRUCTURE AND TECHNICAL SERVICES - ENGINEERING SUPPORT SERVICES | 8 748 | 10 095 | 10 011 | 10 662 | 11 355 | 12 093 |
| Vote 11 - OFFICE OF THE MUNICIPAL MANAGER | 57 | 70 | 70 | 75 | 79 | 85 |
| Total Capital Expenditure | 315 878 | 290 531 | 300 384 | 319 909 | 340 703 | 362 849 |
| Future operational costs by vote | | | | | | |
| Vote 1 - CITY DEVELOPMENT | 61 019 | 65 790 | 70 046 | 74 949 | 80 570 | 87 016 |
| Vote 2 - COMMUNITY SERVICES - HEALTH AND PUBLIC SAFETY | 240 684 | 260 954 | 283 100 | 302 917 | 325 636 | 351 687 |
| Vote 3 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES | 177 766 | 192 464 | 211 936 | 226 772 | 243 780 | 263 282 |
| Vote 4 - CORPORATE SERVICES - ADMINISTRATION | 13 518 | 12 226 | 11 395 | 12 193 | 13 107 | 14 156 |
| Vote 5 - CORPORATE SERVICES - HUMAN RESOURCES | 3 933 | 4 203 | 4 507 | 4 823 | 5 184 | 5 599 |
| Vote 6 - FINANCIAL SERVICES | 5 138 | 5 262 | 5 624 | 6 017 | 6 469 | 6 986 |
| Vote 7 - INFRASTRUCTURE AND TECHNICAL SERVICES - ELECTRICAL SUPPLY SERVICES | 1 240 955 | 1 314 741 | 1 387 305 | 1 484 416 | 1 595 747 | 1 723 407 |
| Vote 8 - INFRASTRUCTURE AND TECHNICAL SERVICES - WATER AND SANITATION | 537 313 | 583 289 | 642 703 | 687 692 | 739 269 | 798 411 |
| Vote 9 - INFRASTRUCTURE AND TECHNICAL SERVICES - TRANSPORT, ROADS AND STORMWATER | 185 052 | 204 446 | 236 016 | 252 537 | 271 477 | 293 196 |
| Vote 10 - INFRASTRUCTURE AND TECHNICAL SERVICES - ENGINEERING SUPPORT SERVICES | 37 867 | 38 521 | 42 335 | 45 298 | 48 696 | 54 591 |
| Vote 11 - OFFICE OF THE MUNICIPAL MANAGER | 11 345 | 12 189 | 13 037 | 13 950 | 14 996 | 16 196 |
| Total future operational costs | 2 514 589 | 2 694 084 | 2 908 004 | 3 111 564 | 3 344 931 | 3 614 526 |
| Future revenue by source | | | | | | |
| Property rates | 360 000 | 393 800 | 429 904 | 459 997 | 494 497 | 534 057 |
| Service charges - electricity revenue | 1 390 000 | 1 488 240 | 1 607 299 | 1 719 810 | 1 848 796 | 1 996 700 |
| Service charges - water revenue | 281 565 | 303 931 | 328 079 | 351 044 | 377 373 | 407 562 |
| Service charges - sanitation revenue | 84 000 | 90 720 | 97 978 | 104 836 | 112 699 | 121 715 |
| Service charges - refuse revenue | 67 800 | 73 224 | 79 082 | 84 618 | 90 964 | 98 241 |
| Service charges - other | 13 304 | 14 033 | 14 805 | 15 841 | 17 030 | 18 392 |
| Rental of facilities and equipment | 10 874 | 11 532 | 12 225 | 13 081 | 14 062 | 15 186 |
| Interest Earned - External Investments | 21 982 | 22 641 | 23 320 | 24 953 | 26 824 | 28 970 |
| Interest Earned - Outstanding Debtors | 1 558 | 1 641 | 1 728 | 1 849 | 1 987 | 2 146 |
| Fines | 11 231 | 11 849 | 12 501 | 13 376 | 14 379 | 15 529 |
| Licences and Permits | 1 765 | 1 861 | 1 964 | 2 101 | 2 259 | 2 439 |
| Agency Services | 7 000 | 7 385 | 7 791 | 8 337 | 8 962 | 9 679 |
| Transfer recognised - Operational | 249 431 | 259 006 | 275 826 | 295 134 | 317 269 | 342 650 |
| Other Revenue | 19 016 | 20 089 | 21 227 | 22 713 | 24 416 | 26 370 |
| Transfer recognised - Capital | 159 878 | 117 531 | 127 384 | 136 301 | 146 524 | 158 245 |
| Total future revenue | 2 679 404 | 2 817 483 | 3 041 112 | 3 253 989 | 3 498 039 | 3 777 882 |
| Net Financial Implications | 151 063 | 167 132 | 167 276 | 177 484 | 187 596 | 199 493 |

Table 67 MBRR SA36 - Detailed capital budget per municipal vote

| Municipal Vote/Capital project R thousand | Program/Project description | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|--|--|---|------------------------|------------------------|
| | | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| Vote 1 - CITY DEVELOPMENT | | | | |
| 1.1 - CITY DEVELOPMENT (013) | PLANNING PROJECTS | 296 | 406 | 406 |
| Vote 2 - COMMUNITY SERVICES - HEALTH AND PUBLIC SAFETY | | | | |
| 2.1 - FIRE BRIGADE (005) | PUBLIC SAFETY PROJECTS | 14 364 | 16 806 | 16 816 |
| 2.4 - HEALTH ADMINISTRATION (008) | HEALTH - ADMIN AND AIR QUALITY PROJECTS Total | 74 | 97 | 97 |
| 2.5 - CLINICS (009) | OCCUPATIONAL CLINIC PROJECTS Total | 192 | 50 | 50 |
| 2.10 - REFUSE REMOVAL (033) | REFUSE REMOVAL PROJECTS Total | 13 566 | 15 873 | 15 882 |
| 2.12 - PUBLIC CONVENIENCES (037) | ABLUTION FACILITIES AT NAVAL ISLAND Total | 1 500 | – | – |
| Vote 3 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES | | | | |
| 3.3 - MUNICIPAL HALLS (016) | COMMUNITY AND SOCIAL SERVICES PROJECTS Total | 11 970 | 14 005 | 14 013 |
| 3.6 - SPORT DEVELOPMENT AND SPORTFIELDS (024) | SPORTS PROJECTS Total | 27 502 | 29 628 | 29 636 |
| Vote 4 - CORPORATE SERVICES - ADMINISTRATION | | | | |
| 4.1 - ADMINISTRATION (001) | ADMINISTRATION PROJECTS Total | 133 | 166 | 166 |
| 4.3 - MUNICIPAL BUILDINGS (019) | MAYORAL RESIDENCE Total | 3 000 | – | – |
| | STRUCTURAL INSPECTION OF MUNICIPAL BUILDINGS Total | 1 500 | – | – |
| 4.4 - COUNCIL GENERAL EXPENDITURE (030) | EXECUTIVE AND COUNCIL PROJECTS Total | 47 | 58 | 58 |
| 4.7 - IT SERVICES (082) | FINANCIAL ERP SYSTEM (CONSULTANT) Total | 2 000 | – | – |
| | IT PROJECTS Total | 8 526 | 10 000 | 10 000 |
| Vote 5 - CORPORATE SERVICES - HUMAN RESOURCES | | | | |
| 5.1 - MANAGEMENT SERVICES (014) | HUMAN RESOURCES PROJECTS Total | 133 | 166 | 166 |
| Vote 6 - FINANCIAL SERVICES | | | | |
| 6.2 - FINANCIAL SERVICES (040) | BUDGET AND TREASURY OFFICE (INCLUDES ERP SYSTEM) Total | 784 | 946 | 946 |

SA36: Detailed capital budget per municipal vote (continued)

| Municipal Vote/Capital project | Program/Project description | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|------------------------|------------------------|
| | | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| R thousand | | | | |
| Vote 7 - INFRASTRUCTURE AND TECHNICAL SERVICES - ELECTRICAL SUPPLY SERVICES | | | | |
| 7.3 - ELECTRICITY DISTRIBUTION (055) | ELECTRICITY PROJECTS Total | 20 748 | 24 275 | 24 288 |
| | ELECTRIFICATION OF MANDLAZINI AREA (564 STANDS) Total | 9 000 | 9 500 | 6 000 |
| Vote 10 - INFRASTRUCTURE AND TECHNICAL SERVICES - ENGINEERING SUPPORT SERVICES | | | | |
| 10.1 - ENGINEERING SERVICES (038) | ENGINEERING SUPPORT PROJECTS Total | 222 | 95 | 11 |
| | REPLACEMENT VEHICLES Total | 8 526 | 10 000 | 10 000 |
| Vote 9 - INFRASTRUCTURE AND TECHNICAL SERVICES - TRANSPORT, ROADS AND STORMWATER | | | | |
| 9.1 - URBAN ROADS AND RAIL (022) | ROADS PROJECTS Total | 30 694 | 33 363 | 33 373 |
| Vote 8 - INFRASTRUCTURE AND TECHNICAL SERVICES - WATER AND SANITATION | | | | |
| 8.1 - SEWERAGE NETWORKS (034) | RURAL SANITATION Total | 29 248 | 31 055 | 33 764 |
| | SANITATION PROJECTS Total | 20 482 | 23 965 | 23 978 |
| 8.4 - WATER RURAL AREAS (046) | RURAL HOUSEHOLDS INFRASTRUCTURE Total | 4 500 | 5 000 | 5 500 |
| | RURAL/SEMI-URBAN AREAS Total | 29 248 | 31 055 | 33 764 |
| 8.7 - WATER DISTRIBUTION (060) | EMPANGENI PIPE REPLACEMENT (MWIG) Total | 15 000 | 2 000 | 2 000 |
| | ESIKHALENI WASTE WATER TREATMENT WORKS Total | 7 000 | - | - |
| | ESIKHALENI WATER TREATMENT WORKS Total | - | 3 000 | - |
| | NGWELEZANE PIPE REPLACEMENT (MWIG) Total | 8 000 | - | - |
| | NGWELEZANE WATER TREATMENT WORKS - WSOG Total | - | - | 10 000 |
| | NSELENI PIPE REPLACEMENT (MWIG) Total | 10 000 | 2 000 | 4 000 |
| | REDUCTION OF NON-REVENUE Total | 7 000 | 3 921 | 2 357 |
| | RICHARDS BAY PIPE REPLACEMENT (MWIG) Total | 10 882 | - | - |
| | WATER PROJECTS Total | 19 684 | 23 031 | 23 044 |
| Vote 11 - OFFICE OF THE MUNICIPAL MANAGER | | | | |
| 11.2 - MUNICIPAL MANAGER (039) | RE-DESIGN OF OFFICE FURNITURE Total | 47 | 58 | 58 |
| 11.3 - INTERNAL AUDIT (080) | INTERNAL AUDIT PROJECTS Total | 10 | 12 | 12 |
| Parent Capital expenditure | | 315 878 | 290 531 | 300 384 |
| Total Capital expenditure | | 315 878 | 290 531 | 300 384 |

Table 68 MBRR SA37 - Projects delayed from previous financial year

| Municipal Vote/Capital project | Project name | Project number | Asset Class 3 | Asset Sub-Class 3 | Current Year 2014/15 | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|-------------------------------------|--------------|----------------|------------------|----------------------|-------------------------|---|---------------------------|---------------------------|
| | | | | | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| R thousand | | | | | | | | |
| Parent municipality: <i>None</i> | | | | | | | | |

2.12 Legislation compliance status

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

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the City's website.

2. Internship programme

The City is participating in the Municipal Financial Management Internship programme and has employed six interns undergoing training in various divisions of the Financial Services Department. From the onset of this programme, Council has appointed ten interns on a permanent basis.

3. Budget and Treasury Office

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

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Enterprise Risk Management Committee

A ERM committee has been established and is fully functional

6. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2015/16 MTREF in May 2015 directly aligned and informed by the 2015/16 MTREF.

7. Annual Report

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

8. MFMA Training

The MFMA training module in electronic format is presented at the City's internal centre and training is ongoing.

2.13 Other supporting documents

Table 69 MBRR SA1 - Supporting detail to budgeted financial performance

| Description | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| R thousand | | | | | | | | | |
| REVENUE ITEMS: | | | | | | | | | |
| Property rates | | | | | | | | | |
| Total Property Rates | 204 614 | 238 007 | 279 679 | 343 953 | 360 453 | 360 453 | 394 344 | 430 891 | 469 962 |
| less Revenue Foregone | | | | 29 953 | 34 000 | 34 000 | 34 344 | 37 091 | 40 058 |
| Net Property Rates | 204 614 | 238 007 | 279 679 | 314 000 | 326 453 | 326 453 | 360 000 | 393 800 | 429 904 |
| Service charges - electricity revenue | | | | | | | | | |
| Total Service charges - electricity revenue | 966 962 | 1 091 706 | 1 311 519 | 1 385 235 | 1 295 235 | 1 295 235 | 1 390 252 | 1 488 512 | 1 607 593 |
| less Revenue Foregone | | | | 235 | 235 | 235 | 252 | 272 | 294 |
| Net Service charges - electricity revenue | 966 962 | 1 091 706 | 1 311 519 | 1 385 000 | 1 295 000 | 1 295 000 | 1 390 000 | 1 488 240 | 1 607 299 |
| Service charges - water revenue | | | | | | | | | |
| Total Service charges - water revenue | 134 008 | 158 637 | 176 552 | 204 748 | 206 648 | 206 648 | 281 921 | 304 315 | 328 494 |
| less Revenue Foregone | | | | 148 | 148 | 148 | 356 | 384 | 415 |
| Net Service charges - water revenue | 134 008 | 158 637 | 176 552 | 204 600 | 206 500 | 206 500 | 281 565 | 303 931 | 328 079 |
| Service charges - sanitation revenue | | | | | | | | | |
| Total Service charges - sanitation revenue | 59 702 | 66 946 | 71 241 | 80 175 | 77 625 | 77 625 | 86 175 | 93 069 | 100 515 |
| less Revenue Foregone | | | | 2 175 | 2 175 | 2 175 | 2 175 | 2 349 | 2 537 |
| Net Service charges - sanitation revenue | 59 702 | 66 946 | 71 241 | 78 000 | 75 450 | 75 450 | 84 000 | 90 720 | 97 978 |
| Service charges - refuse revenue | | | | | | | | | |
| Total refuse removal revenue | 46 088 | 52 520 | 58 414 | 63 576 | 61 776 | 61 776 | 69 377 | 74 927 | 80 921 |
| Total landfill revenue | - | - | - | - | - | - | - | - | - |
| less Revenue Foregone | - | - | - | 1 576 | 1 576 | 1 576 | 1 577 | 1 703 | 1 839 |
| Net Service charges - refuse revenue | 46 088 | 52 520 | 58 414 | 62 000 | 60 200 | 60 200 | 67 800 | 73 224 | 79 082 |
| Other Revenue by source | | | | | | | | | |
| Refund Insurance Claims | 359 | 148 | 146 | 1 229 | 1 229 | 1 229 | 1 291 | 1 356 | 1 438 |
| Concession Fees | 501 | 454 | 443 | 390 | 790 | 790 | 540 | 570 | 600 |
| Extention Fees | 10 098 | 72 889 | 24 596 | 9 444 | 9 750 | 9 750 | 9 900 | 10 445 | 11 019 |
| Drivers Licence (Renewal) | 1 852 | 2 023 | 2 130 | 2 100 | 2 100 | 2 100 | 2 200 | 2 321 | 2 449 |
| Railway Sidings | 1 133 | 1 008 | 965 | 1 000 | 1 000 | 1 000 | 1 000 | 1 060 | 1 120 |
| Settlement Discount Fees | 593 | 1 175 | 1 892 | 1 100 | 1 400 | 1 400 | 1 500 | 1 583 | 1 670 |
| Skills Levies | 2 077 | 1 755 | 992 | 340 | 340 | 340 | 350 | 369 | 390 |
| Fees Sundries | (5 841) | 14 981 | 13 180 | 848 | 1 247 | 1 247 | 901 | 942 | 994 |
| Sale of Impounded Vehicles | - | - | - | 1 | 1 | 1 | 1 | 1 | 1 |
| Other Revenue | 2 357 | 13 882 | 81 | 101 | 246 | 246 | 1 333 | 1 442 | 1 547 |
| Total 'Other' Revenue | 13 129 | 108 315 | 44 425 | 16 553 | 18 102 | 18 102 | 19 016 | 20 089 | 21 227 |

Table SA1 - Supporting detail to budgeted financial performance (Continued)

| Description | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| R thousand | | | | | | | | | |
| EXPENDITURE ITEMS: | | | | | | | | | |
| <u>Employee related costs</u> | | | | | | | | | |
| Basic Salaries and Wages | 238 577 | 261 818 | 293 080 | 340 225 | 337 648 | 337 648 | 362 790 | 401 327 | 440 409 |
| Pension and UIF Contributions | 45 411 | 54 937 | 59 087 | 80 394 | 68 338 | 68 338 | 82 116 | 87 469 | 92 726 |
| Medical Aid Contributions | 19 835 | 22 223 | 24 906 | 32 470 | 27 232 | 27 232 | 31 629 | 33 688 | 35 712 |
| Overtime | 27 268 | 26 267 | 31 206 | 30 592 | 33 558 | 33 558 | 35 907 | 38 601 | 41 689 |
| Performance Bonus | – | – | – | 1 124 | 1 133 | 1 133 | – | – | – |
| Motor Vehicle Allowance | 24 402 | 27 988 | 31 884 | 38 178 | 35 939 | 35 939 | 37 355 | 39 661 | 42 045 |
| Cellphone Allowance | 1 025 | 1 207 | 1 410 | 2 128 | 2 127 | 2 127 | 3 575 | 3 810 | 4 041 |
| Housing Allowances | 3 755 | 3 672 | 3 270 | 4 450 | 4 057 | 4 057 | 3 939 | 4 201 | 4 456 |
| Other benefits and allowances | 23 717 | 26 301 | 28 493 | 32 368 | 30 611 | 30 611 | 34 346 | 36 725 | 38 934 |
| Payments in lieu of leave | 9 196 | 12 538 | 6 721 | 17 391 | 17 391 | 17 391 | 20 390 | 21 718 | 23 024 |
| Long service awards | – | – | – | – | – | – | – | – | – |
| Post-retirement benefit obligations | 2 520 | 3 009 | 3 351 | 3 821 | 3 421 | 3 421 | 3 771 | 3 113 | 3 300 |
| sub-total | 395 706 | 439 960 | 483 409 | 583 141 | 561 455 | 561 455 | 615 819 | 670 313 | 726 335 |
| <u>Less: Employees costs capitalised to PPE</u> | – | 2 834 | 2 419 | – | – | – | – | – | – |
| Total Employee related costs | 395 706 | 437 126 | 480 990 | 583 141 | 561 455 | 561 455 | 615 819 | 670 313 | 726 335 |
| <u>Depreciation & asset impairment</u> | | | | | | | | | |
| Depreciation of Property, Plant & Equipment | 300 901 | 345 315 | 244 340 | 285 116 | 285 116 | 285 116 | 275 206 | 311 661 | 337 173 |
| Lease amortisation | – | – | – | – | – | – | – | – | – |
| Capital asset impairment | – | – | – | – | – | – | – | – | – |
| Depreciation resulting from revaluation of PPE | 222 658 | 236 926 | – | 102 727 | 102 727 | 102 727 | 70 192 | 30 000 | – |
| Total Depreciation & asset impairment | 78 242 | 108 389 | 244 340 | 182 390 | 182 390 | 182 390 | 205 014 | 281 661 | 337 173 |
| <u>Bulk purchases</u> | | | | | | | | | |
| Electricity Bulk Purchases | 756 100 | 854 691 | 969 540 | 1 006 863 | 933 779 | 933 779 | 997 805 | 1 052 684 | 1 108 476 |
| Water Bulk Purchases | 77 960 | 82 555 | 82 086 | 89 640 | 132 140 | 132 140 | 136 254 | 138 748 | 146 366 |
| Total bulk purchases | 834 060 | 937 247 | 1 051 626 | 1 096 502 | 1 065 919 | 1 065 919 | 1 134 058 | 1 191 432 | 1 254 842 |

Table SA1 - Supporting detail to budgeted financial performance (Continued)

| Description | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| R thousand | | | | | | | | | |
| EXPENDITURE ITEMS: | | | | | | | | | |
| Transfers and grants | | | | | | | | | |
| Cash transfers and grants | 681 | 1 331 | 1 740 | 2 501 | 3 841 | 3 841 | 8 345 | 8 804 | 9 271 |
| Non-cash transfers and grants | 4 862 | 5 846 | 7 734 | 11 248 | 4 698 | 4 698 | 5 538 | 5 843 | 6 152 |
| Total transfers and grants | 5 543 | 7 178 | 9 473 | 13 749 | 8 539 | 8 539 | 13 884 | 14 647 | 15 423 |
| Contracted services | | | | | | | | | |
| <i>Cleaning Services</i> | 1 907 | 1 877 | 2 397 | 1 821 | 2 090 | 2 090 | 2 853 | 3 010 | 3 169 |
| <i>Fire Services</i> | 4 332 | 4 566 | 2 345 | – | – | – | – | – | – |
| <i>IT Services</i> | 371 | 134 | 160 | 160 | – | – | – | – | – |
| <i>Medical Services</i> | 393 | 443 | 409 | 461 | 400 | 400 | 494 | 471 | 486 |
| <i>Meter Reading Service</i> | 4 907 | 6 770 | 8 205 | 8 860 | 9 383 | 9 383 | 10 040 | 10 592 | 11 154 |
| <i>Security</i> | 20 262 | 20 902 | 24 975 | 22 000 | 25 000 | 25 000 | 22 000 | 23 210 | 24 440 |
| <i>Sewerage and Purification Works</i> | 19 919 | 22 495 | 24 499 | 30 612 | 27 708 | 27 708 | 31 047 | 29 643 | 30 600 |
| <i>Sewerage Waste Disposal</i> | 7 058 | 8 063 | 8 344 | 9 467 | 9 464 | 9 464 | 10 132 | 10 689 | 11 256 |
| <i>Water Purification Works</i> | 19 847 | 21 776 | 23 925 | 23 537 | 19 951 | 19 951 | 25 891 | 24 721 | 25 518 |
| <i>Other</i> | 21 106 | 49 811 | 57 771 | 59 821 | 73 699 | 73 699 | 95 883 | 82 734 | 105 080 |
| <i>Rent Equipment and Vehicles</i> | – | – | 14 795 | 2 930 | 10 869 | 10 869 | 3 500 | 3 693 | 3 888 |
| sub-total | 100 102 | 136 837 | 167 825 | 159 669 | 178 565 | 178 565 | 201 840 | 188 763 | 215 591 |

Table SA1 - Supporting detail to budgeted financial performance (Continued)

| Description | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| R thousand | | | | | | | | | |
| EXPENDITURE ITEMS: | | | | | | | | | |
| <u>Other Expenditure By Type</u> | | | | | | | | | |
| Collection costs | 57 | 118 | 2 529 | 100 | 100 | 100 | 173 | 182 | 192 |
| Contributions to 'other' provisions | — | — | — | — | — | — | — | — | — |
| Consultant fees | 3 025 | 6 321 | 3 716 | 6 784 | 8 286 | 8 286 | 5 118 | 5 275 | 5 555 |
| Audit fees | 2 020 | 3 682 | 2 129 | 2 809 | 2 809 | 2 809 | 3 131 | 3 303 | 3 478 |
| General expenses | 751 | 680 | 36 878 | 100 053 | 94 131 | 94 131 | 95 543 | 99 958 | 97 203 |
| Advertisements | 1 041 | 1 755 | 2 468 | 2 326 | 2 161 | 2 161 | 2 298 | 2 424 | 2 553 |
| Bank Charges | 1 191 | 1 330 | 2 847 | 3 100 | 3 590 | 3 590 | 4 539 | 4 789 | 5 043 |
| Bursaries | 659 | 941 | 871 | 1 755 | 1 230 | 1 230 | 1 316 | 1 389 | 1 462 |
| Community Facilitation | 2 275 | 4 323 | 4 817 | 6 061 | 6 343 | 6 343 | 6 647 | 7 013 | 7 384 |
| Entertainment | 670 | 945 | 1 052 | 792 | 501 | 501 | 536 | 565 | 595 |
| Environmental Projects | 181 | 234 | 325 | 110 | 50 | 50 | 200 | 211 | 222 |
| Fuel and Oil | 12 486 | 14 607 | 17 228 | 16 489 | 16 676 | 16 676 | 17 934 | 18 920 | 19 923 |
| General Training - External | 881 | 933 | 788 | 656 | 896 | 896 | 1 000 | 1 055 | 1 111 |
| Legal Fees | 2 385 | 1 600 | 13 488 | 1 100 | 5 374 | 5 374 | 1 327 | 1 400 | 1 474 |
| Licences and Permits | 1 429 | 1 577 | 1 853 | 1 516 | 1 516 | 1 516 | 1 790 | 1 889 | 1 989 |
| Marketing and Social Development | 350 | 565 | 541 | 664 | 725 | 725 | 702 | 741 | 780 |
| Membership Fees | 2 065 | 3 831 | 4 680 | 5 664 | 5 654 | 5 654 | 6 050 | 6 472 | 6 924 |
| Meter Audits | 633 | 319 | 215 | 450 | 550 | 550 | 589 | 621 | 654 |
| Postage | 1 134 | 1 274 | 1 525 | 1 619 | 1 622 | 1 622 | 1 629 | 1 719 | 1 810 |
| Printing and Stationery | 2 327 | 3 994 | 5 532 | 6 398 | 6 109 | 6 109 | 6 163 | 6 502 | 6 847 |
| Railage | — | — | — | — | 1 | 1 | 1 | 1 | 1 |
| Rent Equipment Vehicles | 2 904 | 7 984 | — | — | — | — | — | — | — |
| Small Tools | 465 | 1 243 | 779 | 669 | 729 | 729 | 649 | 685 | 721 |
| Sport Development | 1 155 | 1 223 | 1 005 | 500 | 1 700 | 1 700 | 1 000 | 1 055 | 1 111 |
| Stores and Material | 984 | 1 232 | 1 145 | 1 307 | 1 599 | 1 599 | 1 687 | 1 780 | 1 874 |
| Telephone | 1 595 | 1 798 | 1 961 | 1 894 | 1 928 | 1 928 | 2 060 | 2 174 | 2 289 |
| Post Employment Medical Benefit | 28 941 | 32 580 | 28 913 | — | — | — | — | — | — |
| Programming Material | 4 425 | 4 541 | 6 929 | 9 451 | 9 088 | 9 088 | 9 960 | 10 508 | 11 065 |
| Waste Disposal | — | — | 3 730 | 4 099 | 4 020 | 4 020 | 4 322 | 4 560 | 4 801 |
| Refuse Bags | 379 | 468 | 521 | 652 | 652 | 652 | 704 | 743 | 782 |
| Refuse Bins | 416 | 899 | 530 | 681 | 681 | 681 | 735 | 776 | 817 |
| Subsistence and Travelling | 1 235 | 1 703 | 2 173 | 1 679 | 2 140 | 2 140 | 2 184 | 2 304 | 2 427 |
| Uniforms | 1 829 | 3 279 | 2 256 | 3 983 | 4 222 | 4 222 | 4 303 | 4 540 | 4 781 |
| Valuation Roll | — | — | 1 335 | 1 598 | 1 589 | 1 589 | 1 888 | 1 992 | 2 097 |
| Skills Levy | — | — | 4 130 | 4 297 | 4 621 | 4 621 | 4 844 | 5 174 | 5 484 |
| Total 'Other' Expenditure | 79 886 | 105 977 | 158 890 | 189 254 | 191 292 | 191 292 | 191 022 | 200 718 | 203 448 |

Table 70 MBRR SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

| Description | Vote 1 - CITY DEVELOPMENT | Vote 2 - COMMUNITY SERVICES - HEALTH AND PUBLIC SAFETY | Vote 3 - COMMUNITY SERVICES - RECREATION AND ENVIRONMENTAL SERVICES | Vote 4 - CORPORATE SERVICES - ADMINISTRATION | Vote 5 - CORPORATE SERVICES - HUMAN RESOURCES | Vote 6 - FINANCIAL SERVICES | Vote 7 - INFRASTRUCTURE AND TECHNICAL SERVICES - ELECTRICAL SUPPLY SERVICES | Vote 8 - INFRASTRUCTURE AND TECHNICAL SERVICES - WATER AND SANITATION | Vote 9 - INFRASTRUCTURE AND TECHNICAL SERVICES - TRANSPORT, ROADS AND STORMWATER | Vote 10 - INFRASTRUCTURE AND TECHNICAL SERVICES - ENGINEERING SUPPORT SERVICES | Vote 11 - OFFICE OF THE MUNICIPAL MANAGER | Total |
|--|------------------------------|---|---|---|---|-----------------------------------|--|---|---|---|---|------------------|
| R thousand | | | | | | | | | | | | |
| Revenue By Source | | | | | | | | | | | | |
| Property rates | - | - | - | - | - | 360 000 | - | - | - | - | - | 360 000 |
| Property rates - penalties & collection charges | - | - | - | - | - | - | - | - | - | - | - | - |
| Service charges - electricity revenue | - | - | - | - | - | - | 1 390 000 | - | - | - | - | 1 390 000 |
| Service charges - water revenue | - | - | - | - | - | - | - | 281 565 | - | - | - | 281 565 |
| Service charges - sanitation revenue | - | - | - | - | - | - | - | 84 000 | - | - | - | 84 000 |
| Service charges - refuse revenue | - | 67 800 | - | - | - | - | - | - | - | - | - | 67 800 |
| Service charges - other | 1 691 | 1 261 | 1 132 | - | 0 | 5 908 | 2 454 | 684 | - | 42 | 132 | 13 304 |
| Rental of facilities and equipment | 1 145 | - | 3 156 | 3 713 | - | - | - | - | - | - | 2 860 | 10 874 |
| Interest earned - external investments | - | - | - | - | - | 21 982 | - | - | - | - | - | 21 982 |
| Interest earned - outstanding debtors | - | - | - | - | - | 1 558 | - | - | - | - | - | 1 558 |
| Fines | - | 11 201 | 30 | - | - | - | - | - | - | - | - | 11 231 |
| Licences and permits | 87 | 1 620 | - | - | - | 58 | - | - | - | - | - | 1 765 |
| Agency services | - | 7 000 | - | - | - | - | - | - | - | - | - | 7 000 |
| Other revenue | 11 | 2 377 | 57 | 1 153 | 356 | 3 458 | 234 | 10 004 | 1 071 | 268 | 26 | 19 016 |
| Transfers recognised - operational | - | 45 985 | 15 000 | 2 787 | - | 1 600 | 4 598 | 179 342 | - | 15 119 | - | 264 431 |
| Total Revenue (excluding capital transfers and contributions) | 2 934 | 137 244 | 19 375 | 7 654 | 356 | 394 563 | 1 397 287 | 555 595 | 1 071 | 15 429 | 3 018 | 2 534 526 |
| Expenditure By Type | | | | | | | | | | | | |
| Employee related costs | 37 629 | 142 895 | 89 924 | 41 777 | 14 308 | 56 670 | 54 510 | 71 847 | 47 884 | 35 280 | 23 095 | 615 819 |
| Remuneration of councillors | - | - | - | 24 729 | - | - | - | - | - | - | - | 24 729 |
| Debt impairment | - | - | - | - | - | 3 050 | - | - | - | - | - | 3 050 |
| Depreciation & asset impairment | 2 520 | 4 780 | 14 680 | 19 174 | 30 | 862 | 28 035 | 82 493 | 38 052 | 14 281 | 109 | 205 014 |
| Finance charges | 208 | 1 394 | 3 430 | 3 955 | 0 | 2 | 20 938 | 32 295 | 15 863 | 1 721 | 2 | 79 806 |
| Bulk purchases | - | - | 24 | - | - | - | 980 824 | 153 211 | - | - | - | 1 134 058 |
| Other materials | 13 | 42 | 2 656 | 683 | - | - | 11 274 | 7 665 | 17 681 | 5 353 | - | 45 366 |
| Contracted services | 2 161 | 7 656 | 16 875 | 7 769 | - | 11 471 | 18 392 | 96 490 | 34 999 | 4 003 | 2 024 | 201 840 |
| Transfers and grants | - | 538 | 5 415 | 2 218 | - | 2 700 | 1 500 | 800 | - | - | 713 | 13 883 |
| Other expenditure | 18 489 | 83 378 | 44 762 | (86 785) | (10 405) | (69 617) | 125 483 | 92 512 | 30 573 | (22 771) | (14 597) | 191 023 |
| Total Expenditure | 61 019 | 240 684 | 177 766 | 13 518 | 3 933 | 5 138 | 1 240 955 | 537 312 | 185 052 | 37 867 | 11 345 | 2 514 588 |
| Surplus/(Deficit) | (58 085) | (103 439) | (158 391) | (5 864) | (3 577) | 389 425 | 156 332 | 18 283 | (183 981) | (22 438) | (8 327) | 19 938 |
| Transfers recognised - capital | - | - | - | - | - | - | 9 000 | 120 878 | 15 000 | - | - | 144 878 |
| Surplus/(Deficit) after capital transfers & contributions | (58 085) | (103 439) | (158 391) | (5 864) | (3 577) | 389 425 | 165 332 | 139 161 | (168 981) | (22 438) | (8 327) | 164 816 |

Table 71 MBRR SA3 – Supporting detail to Statement of Financial Position

| Description | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | | | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|--|------------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2015/16 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| R thousand | | | | | | | | | |
| ASSETS | | | | | | | | | |
| Call investment deposits | | | | | | | | | |
| Call deposits < 90 days | 80 000 | 40 000 | 40 000 | 150 000 | 150 000 | 150 000 | 200 000 | 300 000 | 400 000 |
| Total Call investment deposits | 80 000 | 40 000 | 40 000 | 150 000 | 150 000 | 150 000 | 200 000 | 300 000 | 400 000 |
| Consumer debtors | | | | | | | | | |
| Consumer debtors | 205 250 | 262 463 | 402 752 | 284 510 | 284 510 | 284 510 | 307 271 | 331 852 | 358 401 |
| Less: Provision for debt impairment | (19 500) | (23 000) | (86 223) | (28 125) | (28 125) | (28 125) | (31 175) | (34 225) | (37 275) |
| Total Consumer debtors | 185 750 | 239 463 | 316 529 | 256 385 | 256 385 | 256 385 | 276 096 | 297 627 | 321 126 |
| Debt impairment provision | | | | | | | | | |
| Balance at the beginning of the year | 16 500 | 19 500 | 23 000 | 25 075 | 25 075 | 25 075 | 27 081 | 29 247 | 31 587 |
| Contributions to the provision | 3 000 | 3 647 | 67 969 | 3 050 | 3 050 | 3 050 | 3 050 | 3 050 | 3 050 |
| Bad debts written off | – | (147) | (4 746) | – | – | – | – | – | – |
| Balance at end of year | 19 500 | 23 000 | 86 223 | 28 125 | 28 125 | 28 125 | 30 131 | 32 297 | 34 637 |
| Property, plant and equipment (PPE) | | | | | | | | | |
| PPE at cost/valuation (excl. finance leases) | 10 850 649 | 10 948 763 | 11 245 996 | 11 746 673 | 11 742 690 | 11 742 690 | 12 055 785 | 12 345 370 | 12 644 808 |
| Leases recognised as PPE | – | – | – | – | – | – | – | – | – |
| Less: Accumulated depreciation | 6 503 369 | 6 806 317 | 7 047 270 | 7 444 500 | 7 329 591 | 7 329 591 | 7 601 527 | 7 909 874 | 8 243 762 |
| Total Property, plant and equipment (PPE) | 4 347 280 | 4 142 445 | 4 198 726 | 4 302 173 | 4 413 099 | 4 413 099 | 4 454 257 | 4 435 496 | 4 401 045 |
| LIABILITIES | | | | | | | | | |
| Current liabilities - Borrowing | | | | | | | | | |
| Current portion of long-term liabilities | 94 791 | 106 224 | 124 739 | 122 938 | 122 938 | 122 938 | 140 619 | 141 292 | 158 629 |
| Total Current liabilities - Borrowing | 94 791 | 106 224 | 124 739 | 122 938 | 122 938 | 122 938 | 140 619 | 141 292 | 158 629 |
| Trade and other payables | | | | | | | | | |
| Trade and other creditors | 237 711 | 250 276 | 339 258 | 265 072 | 265 072 | 265 072 | 277 795 | 294 185 | 310 660 |
| Unspent conditional transfers | 47 516 | 113 803 | 92 231 | 116 357 | 116 357 | 116 357 | 105 801 | 105 801 | 105 801 |
| VAT | – | – | – | – | – | – | 2 763 | 3 752 | 4 225 |
| Total Trade and other payables | 285 226 | 364 078 | 431 489 | 381 429 | 381 429 | 381 429 | 386 360 | 403 738 | 420 686 |
| Non current liabilities - Borrowing | | | | | | | | | |
| Borrowing | 732 522 | 625 250 | 601 727 | 686 593 | 686 593 | 686 593 | 645 473 | 619 181 | 575 552 |
| Finance leases (including PPP asset element) | – | – | – | – | – | – | – | – | – |
| Total Non current liabilities - Borrowing | 732 522 | 625 250 | 601 727 | 686 593 | 686 593 | 686 593 | 645 473 | 619 181 | 575 552 |
| Provisions - non-current | | | | | | | | | |
| Retirement benefits | 218 332 | 204 419 | 233 332 | 249 175 | 265 873 | 265 873 | 277 571 | 293 948 | 310 409 |
| Total Provisions - non-current | 218 332 | 204 419 | 233 332 | 249 175 | 265 873 | 265 873 | 277 571 | 293 948 | 310 409 |
| CHANGES IN NET ASSETS | | | | | | | | | |
| Accumulated Surplus/(Deficit) | | | | | | | | | |
| Accumulated Surplus/(Deficit) - opening balance | 3 498 168 | 3 481 844 | 3 479 189 | 3 707 704 | 3 677 468 | 3 677 468 | 3 692 184 | 3 742 238 | 3 844 506 |
| GRAP adjustments | 133 525 | 42 225 | – | – | – | – | – | – | – |
| Restated balance | 3 631 693 | 3 524 069 | 3 479 189 | 3 707 704 | 3 677 468 | 3 677 468 | 3 692 184 | 3 742 238 | 3 844 506 |
| Surplus/(Deficit) | 75 377 | 185 507 | 197 906 | 126 767 | 186 006 | 186 006 | 164 816 | 123 399 | 133 108 |
| Appropriations to Reserves | (2 568) | 6 541 | 373 | (54 482) | (54 482) | (54 482) | (73 000) | (74 000) | (74 000) |
| Depreciation offsets | (222 658) | (236 927) | – | – | – | – | – | – | – |
| Other adjustments | – | – | – | (156 280) | (116 808) | (116 808) | (41 762) | 52 870 | 78 149 |
| Accumulated Surplus/(Deficit) | 3 481 844 | 3 479 189 | 3 677 468 | 3 623 709 | 3 692 184 | 3 692 184 | 3 742 238 | 3 844 506 | 3 981 764 |
| Reserves | | | | | | | | | |
| Housing Development Fund | 56 848 | 50 306 | 49 934 | 53 341 | 53 341 | 53 341 | 52 131 | 55 157 | 58 243 |
| Capital replacement | – | – | – | 54 482 | 54 482 | 54 482 | 73 000 | 74 000 | 74 000 |
| Total Reserves | 56 848 | 50 306 | 49 934 | 107 823 | 107 823 | 107 823 | 125 131 | 129 157 | 132 243 |
| TOTAL COMMUNITY WEALTH/EQUITY | 3 538 691 | 3 529 496 | 3 727 401 | 3 731 532 | 3 800 007 | 3 800 007 | 3 867 369 | 3 973 663 | 4 114 007 |

Table 72 MBRR SA9 – Social, economic and demographic statistics and assumptions

| Description of economic indicator | Basis of calculation | 2001 Census | 2007 Survey | 2011 Census | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 | 2015/16 Medium Term Revenue & Expenditure Framework | | |
|---|---|-------------|-------------|-------------|---------|---------|---------|-------------------------|--|---------|---------|
| | | | | | Outcome | Outcome | Outcome | Original Budget | Outcome | Outcome | Outcome |
| Demographics | | | | | | | | | | | |
| Population | 2011 Census | 289 189 | 332 154 | – | 334 459 | 334 459 | 334 459 | 334 399 | 349 565 | 354 808 | 372 548 |
| Females aged 5 - 14 | 2011 Census | 32 308 | 36 771 | – | 30 698 | 30 698 | 30 698 | 31 610 | 32 084 | 32 565 | 34 193 |
| Males aged 5 - 14 | 2011 Census | 31 832 | 35 367 | – | 31 089 | 31 089 | 31 089 | 32 013 | 32 493 | 32 980 | 34 629 |
| Females aged 15 - 34 | 2011 Census | 61 342 | 37 895 | – | 73 851 | 73 851 | 73 851 | 76 046 | 77 187 | 78 345 | 82 262 |
| Males aged 15 - 34 | 2011 Census | 56 427 | 69 726 | – | 69 595 | 69 595 | 69 595 | 71 663 | 72 738 | 73 829 | 77 521 |
| Unemployment | Census | 46 038 | 462 310 | – | 38 532 | 38 532 | 38 532 | 39 677 | 40 272 | 40 876 | 42 920 |
| Monthly household income (no. of households) | | | | | | | | | | | |
| No income | Income levels as per Census 2011 provided at | 18 231 | 4 806 | – | 136 821 | 136 821 | 136 821 | 140 887 | 143 000 | 146 218 | 153 500 |
| R1 - R1 600 | Income levels as per Census 2011 provided at | 5 310 | 14 200 | – | 93 085 | 93 085 | 93 085 | 95 851 | 97 288 | 98 747 | 103 700 |
| R1 601 - R3 200 | Income levels as per Census 2011 provided at | 10 370 | 4 597 | – | 16 998 | 16 998 | 16 998 | 17 502 | 17 895 | 18 163 | 19 100 |
| R3 201 - R6 400 | Income levels as per Census 2011 provided at | – | – | – | 13 948 | 13 948 | 13 948 | 14 362 | 14 577 | 14 795 | 15 500 |
| R6 401 - R12 800 | Income levels as per Census 2011 provided at | – | – | – | 15 364 | 15 364 | 15 364 | 15 820 | 16 057 | 16 297 | 17 100 |
| R12 801 - R25 600 | Income levels as per Census 2011 provided at | – | – | – | 12 373 | 12 373 | 12 373 | 12 740 | 12 931 | 13 125 | 13 800 |
| R25 601 - R51 200 | Income levels as per Census 2011 provided at | – | – | – | 4 659 | 4 659 | 4 659 | 4 797 | 4 868 | 4 941 | 5 200 |
| R52 201 - R102 400 | Income levels as per Census 2011 provided at | – | – | – | 864 | 864 | 864 | 890 | 910 | 923 | 1 000 |
| R102 401 - R204 800 | Income levels as per Census 2011 provided at | – | – | – | 388 | 388 | 388 | 400 | 406 | 412 | 400 |
| R204 801 - R409 600 | Income levels as per Census 2011 provided at | – | – | – | 253 | 253 | 253 | 261 | 264 | 267 | 300 |
| R409 601 - R819 200 | Income levels as per Census 2011 provided at | – | – | – | – | – | – | – | – | – | – |
| > R819 200 | Income levels as per Census 2011 provided at | – | – | – | – | – | – | – | – | – | – |
| Poverty profiles (no. of households) | | | | | | | | | | | |
| < R2 060 per household per month | Income levels as per Census 2011 provided at | - | - | - | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Insert description | | | | | | | | | | | |
| Household/demographics (000) | | | | | | | | | | | |
| Number of people in municipal area | Individual with no income and income below Increase of 1.45% projected | 289 189 | 332 154 | - | 334 459 | 334 459 | 334 459 | 344 399 | 349 565 | 354 808 | 372 548 |
| Number of poor people in municipal area | | 250 709 | 267 418 | - | 201 823 | 201 823 | 201 823 | 207 820 | 210 937 | 214 101 | 224 806 |
| Number of households in municipal area | | 67 127 | 81 005 | - | 86 609 | 86 609 | 86 609 | 89 182 | 90 519 | 91 876 | 96 470 |
| Number of poor households in municipal area | | - | - | - | 51 965 | 51 965 | 51 965 | 53 509 | 54 311 | 55 125 | 57 881 |
| Definition of poor household (R per month) | | >R1100/pmmt | >R1100/pmmt | - | - | - | - | - | - | - | - |
| Housing statistics | | | | | | | | | | | |
| Formal | Included census figure not mentioned under | 51 605 | 63 803 | - | 76 477 | 76 477 | 76 477 | 78 749 | 79 930 | 83 900 | 88 100 |
| Informal | Included census figure for traditional dwellings, | 5 500 | 3 082 | - | 10 132 | 10 132 | 10 132 | 10 433 | 10 589 | 11 100 | 11 700 |
| Total number of households | | 57 105 | 66 885 | - | 86 609 | 86 609 | 86 609 | 89 182 | 90 519 | 95 000 | 99 800 |
| Dwellings provided by municipality | N/A. Funding streams from province | - | - | - | - | - | - | - | - | - | - |
| Dwellings provided by province/s | As per government funded projects. Estimated | - | - | - | - | - | 500 | - | - | - | - |
| Dwellings provided by private sector | | - | - | - | - | - | - | - | - | - | - |
| Total new housing dwellings | | - | - | - | - | - | 500 | - | - | - | - |
| Economic | | | | | | | | | | | |
| Inflation/inflation outlook (CPIX) | | | | | 5.0% | 5.0% | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% |
| Interest rate - borrowing | | | | | 11.0% | 11.0% | 11.0% | 11.0% | 11.0% | 11.0% | 11.0% |
| Interest rate - investment | | | | | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% |
| Remuneration increases | | | | | 6.1% | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% |
| Consumption growth (electricity) | | | | | 1.0% | 1.0% | 1.0% | 1.5% | 1.5% | 1.5% | 1.5% |
| Consumption growth (water) | | | | | 1.0% | 1.0% | 1.0% | 1.5% | 1.5% | 1.5% | 1.5% |
| Collection rates | | | | | | | | | | | |
| Property tax/service charges | | | | | 98.0% | 98.0% | 98.0% | 98.0% | 98.0% | 98.0% | 98.0% |
| Rental of facilities & equipment | | | | | 98.0% | 98.0% | 98.0% | 98.0% | 98.0% | 98.0% | 98.0% |
| Interest - external investments | | | | | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Interest - debtors | | | | | 8.5% | 8.5% | 8.5% | 9.0% | 9.0% | 9.0% | 9.0% |
| Revenue from agency services | | | | | 98.0% | 98.0% | 98.0% | 98.0% | 98.0% | 98.0% | 98.0% |

Table 73 MBRR SA32 – List of external mechanisms

| External mechanism | Yrs/ Mths | Period of agreement 1. | Service provided | Expiry date of service delivery agreement or contract | Monetary value of agreement 2. |
|----------------------------|--------------|---------------------------|--|--|--------------------------------------|
| Name of organisation | | Number | | | R thousand |
| KwaZulu natal Sharks Board | Mths | 36 | Meshing Fees | 30 June 2016 | 2 166 |
| Richards Bay Country Club | Mths | 12 | Annual Maintenance Subsidy | 30 June 2016 | 415 |
| Various Contractors | Mths | 12 | Grass Cutting | 30 June 2016 | 3 848 |
| Various Contractors | Mths | 12 | Grass Cutting - Cemeteries | 30 June 2016 | 716 |
| Lincor Services | Yrs | 3 | Railway Siding Consultant | 27 August 2016 | 1 010 |
| Nashua | Mths | 36 | Managed Printing Solution | 31 December 2015 | 5 760 |
| GWAVA | Mths | 12 | E-mail spam filtering | 30 June 2016 | 190 |
| SepSeam | Mths | 12 | Corporate backup solution | 30 June 2016 | 169 |
| GWAVA Retain | Mths | 12 | Mail archiving solution | 30 June 2016 | 342 |
| ESS | Mths | 12 | Emergency services system | 30 June 2016 | 169 |
| Fujitsu | Mths | 12 | ProMis Financial System Licenses | 30 June 2016 | 1 215 |
| Knowledge Base | Mths | 12 | CAD Software | 30 June 2016 | 1 232 |
| Pay Day | Mths | 12 | HR and Pay roll system | 30 June 2016 | 354 |
| WatchGuard | Mths | 12 | Firewall Management | 30 June 2016 | 31 |
| SITA | Mths | 12 | Novell software products | 30 June 2016 | 2 250 |
| Microsoft | Mths | 12 | Desktop and Server operating system, desktop softw | 30 June 2016 | 2 275 |
| ITRON | Mths | 12 | Pre-payment electricity | 30 June 2016 | 835 |

2.14 Municipal manager's quality certificate



5 Mark Strasse Civic Centre
Business District
Private Bag X1004
Richards Bay 3900
E: reg@umhlathuze.gov.za
T: 035 907 5000
F: 035 907 5444/5/6/7
Toll Free No: 0800 222 827

www.umhlathuze.gov.za

Your ref: KZN 282
Contact: Municipal Manager

Our file ref: 5/1/1 - 2015/16
In response to DMS No: 964803
Date: 23/03/2015

QUALITY CERTIFICATE

I, Mxolisi Kunene, Acting Municipal Manager of the City of uMhlathuze, hereby certify that the Tabled Medium Term Revenue and Expenditure Framework Plan (MTREF) and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the Tabled Medium Term Revenue and Expenditure Framework and supporting documentations are consistent with the Integrated Development Plan of the municipality.

MR MXOLISI KUNENE

ACTING MUNICIPAL MANAGER OF CITY OF uMHLATHUZE KZN282

SIGNATURE: 

DATE: 23/03/2015



ALL CORRESPONDENCE MUST BE ADDRESSED TO THE MUNICIPAL MANAGER