

ANNUAL BUDGET OF
CITY OF
uMHLATHUZE

2016/17 TO 2018/19
MEDIUM TERM REVENUE AND EXPENDITURE
FORECASTS (ADOPTED)



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Abbreviations and Acronyms

CFO	Chief Financial Officer	KPA	Key Performance Area
CPI	Consumer Price Index	KPI	Key Performance Indicator
CRR	Capital Replacement Reserve	kWh	kilowatt
DoRA	Division of Revenue Act	ℓ	litre
DWA	Department of Water Affairs	LED	Local Economic Development
EEDG	Energy Efficiency Demand Side Management Grant	MBRR	Municipal Budget Reporting Regulations
EPWP	Expanded public works programme integrated grant	MFMA	Municipal Financial Management Act Programme
FBS	Free basic services	mSCOA	Municipal Standard Chart of Accounts
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
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
		SMME	Small Micro and Medium Enterprises

Part 1 – Annual Budget

1.1 Mayor's Report

A BUDGET THAT BRINGS HOPE IN TOUGH ECONOMIC TIMES!

Mister Speaker,

Fellow Councillors,

Council on the 31 March 2016 considered a draft MTREF for 2016/17, and endorsed that public consultation can take place. We have consulted the citizens of uMhlathuze from the 06 April 2016 to the 11 May 2016. During the consultation process Mister Speaker the draft budget was welcomed by all the wards of our municipality. Others shared with us their current frustrations and others gave us suggestions going forward. (All issues raised by the public is contained in the volume 8 of the budget report) In a nutshell Mister Speaker and the house our people just want services.

Today we are presenting the final MTREF for 2016/17 before council to consider for adoption which has not changed from the draft. I must say our budget has also gone through an assessment by the National Treasury which took place on the 17 May 2016. I am told Mister Speaker that National Treasury has found our budget to be **Credible**, **Relevant** and **Sustainable**. This is an accolade that we need to be proud of because other municipalities of our size normally don't get this the first time.

The comments we made when we tabled this budget in March remains a tall order - **our economy is not looking good**. It is during a time where every South African needs to tighten his or her belt before spending. The slow growth in our economy unfortunately coincided with one of the worse drought that this country has ever experienced. The little rain that we have received did not do much in the main; therefore we remain in a drought situation.

The Municipal Finance Management Act (MFMA), requires us to adopt a budget before the start of a financial year (July). Section 17 (1) of the MFMA amongst other things highlights that a budget must be in a prescribed format, and include realistically anticipated revenue for the budget year from each revenue source and appropriating expenditure for the budget year under the different votes of the municipality.

We should therefore never overlook this very important legislative imperative because it advocates for transparency in our approach when dealing with Public funds.

Mister Speaker and the House I will reiterate what I said in March when we tabled the draft budget that, this has been one of the most difficult one to put together due to the economic challenges that we needed to take into account. There was a time where to balance the operational budget became a mammoth task because of the level at which our expenditure is at versus the appetite for higher tariff increases. We realized that increasing tariff beyond the double digit was not going to work in the times that we are in. Therefore we needed to choose between reducing the baseline expenditure in order to accommodate lower tariffs without affecting service delivery.

National Treasury also issued out Circular 78 and 79 which deals with what Municipalities should take into account when preparing their 2016/17 MTREF. We have included their suggestions and mainly that of cost containment.

Ntambanana Dis-establishment

Mr. Speaker as we are all aware uMhlathuze will be receiving 3 wards from the dis-establishment of Ntambanana Municipality, and that will make uMhlathuze to have 34 wards with 68 councilors. Our budget does include Ntambanana and have been to the political CMC chaired by the district. There are a few things that we need to take note of: after the elections the four wards will receive all the services that are currently enjoyed by the current wards of uMhlathuze. In total the population coming over to uMhlathuze is 30,003 people. An amount of R17, 8 million from our allocation of the equitable share has been set aside to cater for Ntambanana for the 2016/17 financial year. Also administration will be receiving 18 staff from Ntambanana municipality and an amount of R7, 2 million will be received by the municipality to cater for the salaries of these staff members. What administration still needs to do is to finalize the split of assets and liabilities amongst affected municipalities.

Mister Speaker, this budget does not compromise the following:

- Eliminating poverty and inequalities;
- Economic transformation;
- Creating a conducive environment for employment opportunities;
- Initiating growth and development to improve the quality of life of our citizens especially the poor; and
- Clearing service backlogs

Council will recall that we presented a roadmap for Development, Transformation and Job Creation Summit which took place in Empangeni. This road map was to amongst other things try and stimulate our local economy. We announced that we have identified what we call Catalytic projects to respond to the slow economic growth. We will remain vigilant and do whatever is possible to put uMhlathuze on the map and also generate revenue for the sustainability of our beautiful City.

2016/17 MTREF SUMMARY

Description R thousands	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Total Operating Revenue	2 462 578	2 635 837	2 802 820	2 950 722
Total Operating Expenditure	2 474 871	2 629 337	2 796 321	2 948 073
Surplus/ (Deficit) for the year	(12 293)	6 500	6 499	2 649
Total Capital Expenditure	501 161	479 397	416 277	447 961

2016/17 Draft Budget R 3,115,234**Underlying Principles - Draft Budget**

- Off-set of R120 m depreciation charges has been applied of a total depreciation cost of R372 m to keep tariffs affordable (Capital redemption on external loans amounts to R142 m, therefore R110 left for the Capital Replacement Reserve). This measure is certainly not sustainable in the long run as it directly reduces accumulations in the Capital Replacement Reserve and increases pressure towards borrowing instead;
- An energy savings fund has been set up as from the 2015/16 electricity tariffs. Two cents per Kilowatt hour is levied on all Enerflex tariffs. Funds made available for this initiative amount to R8.9 m in the 2016/17 MTREF;
- The bulk purchases of electricity are above the National Treasury inflationary guidelines. Although the increases by Eskom and approved by the NERSA are beyond Council's control, this budget is structured such to absorb these excessive increases and keep the majority of electricity tariff increases within 7%;
- Provision has been made to increase the free service charges for Rates, Sewer and Refuse for Poor and Indigent households by increasing the property threshold from R110 000 to R120 000;
- Change to the Rates Ratio for properties classified under the Vacant Land category from 1 : 1,5 to 1 : 1,75 in order to encourage development in the Municipal area;
- Repairs and Maintenance provisions reach the best practice parameters of 8% of Asset Cost and 13% of Operating Expenditure target;
- 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; and
- Road Resealing of urban roads which historically has been treated as an operating expense is from the 2016/17 MTREF treated as a capital expense funded from the Capital Replacement Reserve. It has also been increased by 80%. (Original 2015/16 – R20 m to R 36.75 m for 2016/17).

Tariff Approach

Tariffs increases respond to the current economic downturn because over the years we have had higher increases. On average our tariff increase are around 6% with the exception of Electricity which is around 7.82%.

Challenges

Councillors, in this Budget there are challenges which are contained in the report before you, please take note of them because they remain a challenge into the foreseeable future.

Indigent Support

- Free first 6 kilolitres of water for consumers that only consume up to 6 kilolitres of water;

- Free Rates if property is valued less than R120 000;
- Free Refuse if property is valued less than R120 000;
- Free Sewer if property is valued less than R120 000; and
- Free 50 kilowatts of electricity.
- Over and above the free services indigent consumers not catered for as per above are assisted
- Free Refuse collection in Traditional areas through the use of skips

Pensioners and Social Grantees

Pensioners who are already registered to receive a rebate will now only receive a letter to complete rather following the registration process.

Rebate of R150 000.00 on Primary residential property on application

Capital Budget

The 2016/17 Capital Budget amounts to **R479 million** and a detailed list of all the projects is contained in the budget document

Conclusion

In closing I would like to take this opportunity to thank the Honorable councilors for listening to me, and I would also like to thank the Finance Portfolio Committee, Municipal Manager, Deputy Municipal Managers and the CFO and his finance team for their hard work in putting together the 2016/17 MTREF.

Thank you

Mayor, Councillor Mdu Mhlongo

1.2 Council Resolutions

On 25 May 2016, 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 2016/17. The Council will approve and adopt the following resolutions:

1. the Adopted Multi-year Medium Term Revenue and Expenditure Framework (MTREF) of the municipality for the Financial Year 2016/17 and indicative for the projected outer years 2017/18 and 2018/19 be approved as set out in the Budget Report (**DMS 1129243**) and in the Budget tables A1 - A10 (**Annexure B1 - B13**) (**DMS 1128690**);
2. the 2012-2017 Integrated Development Plan (IDP) (Final) (**DMS 820202**) be incorporated into the Adopted 2016/17 Multi-year Medium Term Revenue and Expenditure Framework (MTREF);
3. the Adopted 2016/17 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 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Total Operating Revenue	2 462 578	2 635 837	2 802 820	2 950 722
Total Operating Expenditure	2 474 871	2 629 337	2 796 321	2 948 073
Surplus/ (Deficit) for the year	(12 293)	6 500	6 499	2 649
Total Capital Expenditure	501 161	479 397	416 277	447 961

4. in terms of Section 2(3) of the Local Government: Municipal Property Rates Act the following property rates for the 2016/17 financial year is approved:

Category	Proposed tariff (from 1 July 2016)	Ratio to Residential Tariff
	c	
Residential Properties	0,0083	1 : 1,00
Business / Commercial	0,0173	1 : 2,10
Industrial	0,0181	1 : 2,20
Agricultural Properties	0,0020	1 : 0,25
Public Service Purposes (State Owned)	0,0095	1 : 1,10
Public Service Infrastructure	0,0020	1 : 0,25
Public Benefit Organisation Properties	0,0020	1 : 0,25
Mining Properties	0,0190	1 : 2,30
Vacant Land	0,0124	1 : 1,75

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 2016/17 Property Rates Ratio be approved-
 - Vacant Land Category – New ratio 1:1,75;
7. the Rates Policy as contained in **Annexure D1 (DMS 1129088)** be approved;
8. in addition to the statutory R15 000 reduction in the valuation on residential properties a further reduction of R105 000 of the valuation on all developed residential properties valued at R 400 000 and below be made;
9. in addition to the reductions in recommendation (8) 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;
10. in accordance with the implementation of the universal approach of the indigent policy improved residential property valued at R120 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 R120 000 on the following basis:
 - a) Properties valued between R120 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.
11. the amendment of the Tariff of Charges as per **Annexure C (DMS 1129206)** be approved;
12. the Tariff policy as per **Annexure D2 (DMS 1059179)** be approved;
13. the prepaid electricity tariffs for excess purchases over the individual consumer's average monthly electricity prepaid purchases for the 2016/17 financial year be increased by 10%;
14. any work function or tariff not accommodated in the Tariff of Charges be dealt with as cost plus 20%;
15. 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;
16. 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);
17. 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;

18. in terms of various policies the following increases in allowances are submitted to Council for approval:

	Approved 2015/16 Tariffs	Proposed Tariffs - 2016/17
	R	R
Standby - Travel allowance (no increase)	91	91
Standby - Subsistence allowance (no increase)	59	59
Subsistence allowances (no increase)		
• Daily allowance	128	128
• Overnight allowance	171	171
• Own accommodation	235	235
Accommodation (no increase)		
• All employees	1 070	1 070
• All councillors and Section 56 employees	1 792	1 792
• Municipal Manager, Mayor/ Deputy Mayor, Speaker and Municipal Chief Whip	2 991	2 991
Ward committee members	1 145	1 202
Indigent Burial Assistance		
Adult	2 200	2 310
Child (1 day to 15 years)	1 650	1 732
Stillborn / foetus	1 100	1 155

19. 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 2015/16 financial year to the next financial year, namely the 2016/17 financial year;
20. Council approves the R120m offset of depreciation against contributions to Capital Replacement Reserves. The CFO advises that this is sustainable and acceptable only in the short to but not in the medium to long term; and
21. Council approve the two cents per kilowatt hour tariff on Enerflex consumers for the purposes of an Energy Saving Reserve.

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 2016/17 MTREF the submissions received from the Departments could be broken down into the following categories:

Scenario	Capital (Own funding)		
	Request	Target	Deficit
	R 000	R 000	R 000
First	581 000	188 000	393 000
Second (based on Budget allocation - no projects)	333 650	333 650	0

Scenario	Operating Budget		
	Revenue	Expenditure	Deficit
	R 000	R 000	R 000
First (excl tariff increases)	2 580 037	3 272 424	(692 387)
Second (excl tariff increases)	2 580 037	2 830 014	(249 977)
Third (excl tariff increases)	2 585 028	2 810 073	(225 045)
Fourth (incl tariff increases)	2 595 757	2 776 142	(180 385)
Fifth (incl tariff increases)	2 612 996	2 729 336	(116 340)
DRAFT TABLE BUDGET	2 635 836	2 629 336	6 500

Subsequent to a meeting held with Senior Management on 11 March 2016, the MM together with the DMM's called an urgent Management Meeting to discuss the R 180 m deficit. This meeting was held on 14 March 2016 starting at 08:00am. After 4 hours of intensive discussion, budget reductions amounting to R 3,1m could only be identified.

The CFO after consultation with the MM and the DMMs' suggested that departments be tasked to reduce the 2015/16 Adjusted Budget figure by a further R 50 million. The due date for submission was end of business on the 15 March 2016.

The following table represents the targets set as well as the Budget reductions achieved by each Department:

Department	Budget Reductions Required	Budget Reductions Achieve	Shortfall
	R 000	R 000	R 000
Infrastructure and Technical Services	28 869	18 106	(10 763)
Community Services	17 855	4 471	(13 384)
Corporate Services	3 101	0	(3 101)
City Development	145	145	-
Municipal Manager	29	30	1
Financial Services	145	338	193
TOTAL	50 144	23 090	(27 054)

As can be seen from the above table, only after further reductions by the CFO could a realistic budget be presented to Council.

A critical review was also undertaken of expenditure on non-core and non-priority spending items in line with NT's Cost containment measures outlined in NT's MFMA circular number 70. Emphasis was placed on providing of funds for the repairs and maintenance expenditure line items.

In light of the above cost containment measures the following expenditure line items were identified as non-core and non-priority:

- Subsistence allowances – no increase of tariffs from 2015/16;
- Accommodation allowances – no increase of tariffs from 2015/16;
- All catering costs – reduce to 10% below 2015/16 Adjusted Budget;
- Security costs – a working team established to identify alternative security measures and thus reduce expenditure to below 2015/16 Adjusted Budget;
- Events costs - reduce to 50% below 2015/16 Adjusted Budget; and
- Cleaning costs – to consider insourcing of service.

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

- Impact of Local Government elections and ensuring financial sustainability;
- The need to reprioritise projects and expenditure within the existing resource envelope. By far the greatest concern here lies with all the services financed by Property Tax (Rates). This adopted budget has the Rates Services sitting with a R 210 million deficit;
- The majority of households in uMhlathuze do not pay Property Rates. This because the individual properties within the Ingonyama Trust land are not separately valued and not subject to the Municipal Property Rates Act. This despite the same communities enjoying most of the municipal services that are funded by Rates Income;
- There is no Equitable Share allocation for properties that do not pay Property Rates;
- Service Revenue from Water has dropped significantly due to reduction in usage from the effects of the down-turn in the economy and a reduction due to drought restrictions;
- Financial implications of the demarcation process as well as the uncertainty with regards to the date for the local government elections. The newly demarcated area that will be absorbed after local government elections are also made up of Ingonyama Trust land for which individual properties will not be rated;
- The dire need for credible business plans and budget working papers from the service delivery Departments remains a difficult hurdle to overcome;
- Although Employee related costs as a percentage of total Expenditure amounts to 25.5% and appears to be below the 30% industry standard, it is not realistic for uMhlathuze Municipality to be comfortable with this figure because of the high electricity purchase cost which distorts Council's budget figures when compared to other secondary cities;
- The reduction in Other Revenue sources for example Agencies Services for vehicle licensing, Traffic Fines, Licenses and Permits is placing unsustainable pressure on Rates. This is particularly anomalous in light of the fact that these fees should increase in an area where population and related vehicle numbers are increasing in yet income is reducing;
- 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 2016/17 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;
- Insufficient capital investment for all major infrastructure improvements; and
- The transition to a new financial system and a new chart of accounts (mSCOA) in this financial year has placed the administration under tremendous strain to compile this budget. The future years outcome however appears very promising in terms of the mSCOA objectives.

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

- Off-set of R120m depreciation charges has been applied of a total depreciation cost of R372 m to keep tariffs affordable (Capital redemption on external loans amounts to R142m, therefore R110 left for the Capital Replacement Reserve). This measure is certainly not sustainable in the long run as it directly reduces accumulations in the Capital Replacement Reserve and increases pressure towards borrowing instead;
- An energy savings fund has been set up as from the 2015/16 electricity tariffs. Two cents per Kilowatt hour is levied on all Enerflex tariffs. Funds made available for this initiative amount to R8.9m in the 2016/17 MTREF;

- It be noted that bulk purchases electricity are above the National Treasury inflationary guidelines. Although the increases by Eskom and approved by the NERSA are beyond Council's control, this budget is structured such to absorb these excessive increases and keep the majority of electricity tariff increases within 7%;
- 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;
- Repairs and Maintenance provisions reach the best practice parameters of 8% of Asset Cost and 13% of Operating Expenditure target; and
- Road Resealing of urban roads which historically has been treated as an operating expense is from the 2016/17 MTREF treated as a capital expense funded from the Capital Replacement Reserve. It has also been increased by 80%. (Original 2015/16 – R 20 m to R 36.75 m for 2016/17).

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

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. 79, this review was scheduled for 17th May 2016.

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

- Credibility;
- Relevance; and
- Sustainability.

The 2016/17 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.

The recent demarcation of municipal boundaries has increased uMhlathuze's wards from 30 to 34. The increase in wards for the municipality means that services provided by the municipality will have to now include the new wards. The inclusion of the four wards has a number of implications on the finances of the municipality which both council and the people of Ntambanana would need to be aware of. Council on the 21 April considered the budget document following a meeting with the MEC for Co-operative Governance and Traditional Affairs held in Richards Bay on 19 April 2016, it became apparent that the Equitable Share allocated in terms of Division of Revenue Act, 2016 included the three wards from Ntambanana Municipality. This information was verified with National Treasury on the 17 May 2016 during the bench mark exercise.

Furthermore, it was noted that from the 2015/16 DORA allocation there has been no additional allocation in the 2016/17 MTREF for MIG projects in the three additional wards added to uMhlathuze Municipality. During a council meeting on the 21 April 2016, the following resolution was taken:

- “1. the detailed Budget Report (**Annexure “A”**) contained in **DMS 1117322**, be approved and submitted to National and Provincial Treasury.*
- 2. it be noted that included in the 2016/17 MTREF the following provisions have been included for Ntambanana Municipality:*
 - R17 863 000 included in the Equitable Share allocation of R263 487 000; and*
 - R7 286 000 included as a Demarcation Grant.*
- 3. it be noted that the population figures based on the Census 2011, relating to the demarcated wards are as follows:*
 - Ward 5 - 10 710*
 - Ward 7 - 9 819*
 - Ward 8 - 9 474*

Total = 30 003
- 4. it be noted that Municipal Infrastructure Grant allocation for Ntambanana Municipality will be finalised with the 2016/17 Adopted MTREF once the projects have been finalised. “*

Subsequent to the above a budget roadshow was conducted in Ntambanana Municipality with a view of ensuring that after the elections, the affected wards would be aware of the uMhlathuze Municipality's 2016/17 MTREF with its budget related policies. During this roadshow Ntambanana Municipality also presented its Draft 2016/17 budget overview. Of note was the fact the Ntambanana had included MIG funds of R 15 million which will be followed up to ensure that projects already being implemented are not impeded especially those in the wards coming over to uMhlathuze.

Council to note that 17 staff members from Ntambanana Municipality will be joining uMhlathuze Municipality after the elections. The salaries for these staff members coming over to uMhlathuze will be funded the demarcation grant of R7 286 000.

Having said all the Council to note that the final split of revenue, expenditure, assets and liabilities will be concluded during the 2016/17 financial year, wherein take-on figures will be included into uMhlathuze's financial statements. While calculating the final split Council will be kept up date with the information.

National Treasury has issued MFMA Circular no. 82 with regards to cost containment measures that Municipalities need implement.

Administration is in the process of finalising an Cost Containment Implementation Plan which will be workshopped with Council before the beginning of the 2016/17 financial year.

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

Table 1 Consolidated Overview of the 2016/17 MTREF

Description R thousands	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Total Operating Revenue	2 462 578	2 635 837	2 802 820	2 950 722
Total Operating Expenditure	2 474 871	2 629 337	2 796 321	2 948 073
Surplus/ (Deficit) for the year	(12 293)	6 500	6 499	2 649
Total Capital Expenditure	501 161	479 397	416 277	447 961

Total operating revenue has grown by 7 per cent or R173 million for the 2016/17 financial year when compared to the 2015/16 Adjusted Budget. For the two outer years, operational revenue will increase by 6.3 and 5.3 per cent respectively, equating to a total revenue growth of R488 million over the MTREF when compared to the 2015/16 financial year.

Total operating expenditure for the 2016/17 financial year has been appropriated at R2.6 billion and translates into a budgeted surplus of R6.5 million. When compared to the 2015/16 Adjusted Budget, operational expenditure has grown by 6.2 per cent in the 2016/17 budget and by 6.4 and 5.4 per cent for each of the respective outer years of the MTREF. The operating surplus for the two outer years remains constant at R6.5 million and then decreases at R 2.6 million.

The adopted capital budget of R479 million for 2016/17 is 4.1 per cent less when compared to the 2015/16 Adjusted Budget.

Table 2 Proposed Capital Funding

Description R thousand	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Funded by:				
National Government	159 878	145 747	180 790	210 544
Provincial Government	100 312	–	–	–
Transfers recognised - capital	260 190	145 747	180 790	210 544
Public contributions & donations	1 115	–	–	–
Borrowing	137 236	200 000	100 000	100 000
Internally generated funds	102 619	133 650	135 488	137 417
Total Capital Funding	501 161	479 397	416 277	447 961

The capital programme decreases to R416 million in the 2017/18 financial year and increases to R 448 million in 2018/19. A portion of the capital budget will be funded from borrowing over MTREF with anticipated borrowings of R100 million in 2017/18 and R 100 million in 2018/18 of the MTREF. Borrowing will contribute 42, 24 and 22 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 City must continuously review revenue management processes to ensure that revenue is protected and the municipality has an ability to maximize the revenue generating potential of all revenue sources through adequate and effective controls and allow for investment opportunities that will accelerate economic growth in the city.

The KZN province was declared a disaster area after being hit by a severe drought since October 2014. This has resulted in a decreased pattern of consumption which has inevitably negatively affected revenue generated. The city requires long term rainfall to refill its fast declining water reservoirs to return to water levels considered safe and sustainable. The drought poses a major risk to the economy, the farming sector, the citizens and animal health.

South Africa's economy is struggling to grow, putting strain on consumers battling inflation, unemployment, low growth opportunities and a weakening rand. The projected gross domestic product (GDP) has been revised down to 0.9 per cent (**Source – NT 2016/17 Budget Circular No.79 Annexure L2 – DMS 1117323**).

The city is majorly sustained by the industrial businesses and with the drought and low commodity prices has negatively affected the city's economy and many citizens are facing uncertainty in their jobs at present and as a major exporter of commodities in the district, low prices will continue to hurt the city's economy.

Amid to the severity of the drought and in view of this dire situation consumers have been hit hard in the pocket, which the city has to strike a balance of providing cost effective services and the consumer affordability. The city has taken a stance of only increasing tariffs not more than the inflation forecast for 2016/17 budget year, despite the increasing cost for providing the municipal services.

In 2016/17 the City will be applying 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 and will be in line with National Department of Water Affairs drought level tariffs.

The City has taken initiatives of introducing investment based projects, which attracts and promote both local and international relations with a hope of gearing the city towards accelerated economic growth. Engagements are underway for strong propositions for the City of uMhlathuze to become an investment destination for the automotive sector. Council has also approved the strategy of having a municipal owned entity to serve as a special purpose vehicle to maximize returns from the city's strategic assets and commercialization of strategic transactions for the benefit of the shareholders. These strategies are aimed at steering the city towards sustainable future without being severely affected by the downfall of the commodity industries that are dominant in the area.

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 96 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); and
- Increase ability to extend new services and recover costs where economically possible;
- The municipality's Indigent Policy and rendering of free basic services.

The following table is a summary of the 2016/17 MTREF (classified by main revenue source):

Table 3 Summary of revenue classified by main revenue source

Description R thousand	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source				
Property rates	374 178	402 140	428 181	449 879
Service charges - electricity revenue	1 336 170	1 424 840	1 505 505	1 581 210
Service charges - water revenue	268 270	265 520	284 520	299 100
Service charges - sanitation revenue	81 200	86 820	95 330	98 650
Service charges - refuse revenue	67 137	71 020	78 640	81 000
Rental of facilities and equipment	11 524	12 099	12 865	13 656
Interest earned - external investments	21 982	29 000	30 740	32 584
Interest earned - outstanding debtors	90	100	110	120
Fines	3 732	3 732	3 953	4 133
Licences and permits	3 607	3 631	3 847	3 986
Agency services	7 000	7 000	7 100	7 200
Transfers recognised - operational	258 723	298 237	318 355	343 274
Other revenue	28 965	31 697	33 673	35 929
Total Revenue (excluding capital transfers and contributions)	2 462 577	2 635 837	2 802 820	2 950 721

Table 4 Percentage growth in revenue by main revenue source

Description R thousand	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
Revenue By Source								
Property rates	374 178	15.2%	402 140	15.3%	428 181	15.3%	449 879	15.2%
Service charges - electricity revenue	1 336 170	54.3%	1 424 840	54.1%	1 505 505	53.7%	1 581 210	53.6%
Service charges - water revenue	268 270	10.9%	265 520	10.1%	284 520	10.2%	299 100	10.1%
Service charges - sanitation revenue	81 200	3.3%	86 820	3.3%	95 330	3.4%	98 650	3.3%
Service charges - refuse revenue	67 137	2.7%	71 020	2.7%	78 640	2.8%	81 000	2.7%
Rental of facilities and equipment	11 524	0.5%	12 099	0.5%	12 865	0.5%	13 656	0.5%
Interest earned - external investments	21 982	0.9%	29 000	1.1%	30 740	1.1%	32 584	1.1%
Interest earned - outstanding debtors	90	0.0%	100	0.0%	110	0.0%	120	0.0%
Fines	3 732	0.2%	3 732	0.1%	3 953	0.1%	4 133	0.1%
Licences and permits	3 607	0.1%	3 631	0.1%	3 847	0.1%	3 986	0.1%
Agency services	7 000	0.3%	7 000	0.3%	7 100	0.3%	7 200	0.2%
Transfers recognised - operational	258 723	10.5%	298 237	11.3%	318 355	11.4%	343 274	11.6%
Other revenue	28 965	1.2%	31 697	1.2%	33 673	1.2%	35 929	1.2%
Total Revenue (excluding capital transfers and contributions)	2 462 577	100%	2 635 837	100%	2 802 820	100%	2 950 721	100%
Total revenue from rates and service charges	2 126 955	86.4%	2 250 340	85.4%	2 392 177	85.3%	2 509 839	85.1%

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 11 per cent. Rates and service charge revenue comprise of 85 per cent of total operating revenue mix. In 2015/16, revenue from rates and service charges totalled R2 billion and is projected to increase to R2.2 billion in 2016/17 and steadily increase to R2.3 billion and R2.5 billion in 2017/18 and 2018/19 respectively. This raises an alarm for the municipality to action more on revenue enhancement strategies in future.

Electricity service charge is the largest contributor towards municipal revenue streams at an average of 54 per cent over the MTREF. The electricity service charges in monetary terms have increased by R89 million and this has been matched by a corresponding increase in bulk purchases by R73 million. There is no tangible growth in terms of expanded customer base or tariff hikes. The tariffs were increased by 7 per cent for Electricity. Details in this regard are contained in Table 73 MBRR SA1 (see pages 154 to 158).

The second largest revenue source in the City is Property rates at a constant 15 per cent over the MTREF. Strategic turn is pivotal towards expanding rates base of the city and the rural arrears regulations need to be explored. 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 municipality is significantly 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 exchange revenue while the other is non-exchange revenue.

The trading service water is downsized by R3 million in 2016/17 when compared with the 2015/16 adjusted budget. This is attributed by the severe drought in the country and the patterns of consumptions have been forced to change downwards by both the households and industries in the area.

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 mSCOA 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 R298 million in the 2016/17 financial year, steadily increases to R318 million in 2017/18 and to R343 million in 2018/19. Due to economic down turn in the country the grants and subsidies have been kept at an average increase of not more than 7 per cent.

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	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
RECEIPTS:									
Operating Transfers and Grants									
National Government:	183 679	209 798	220 130	249 431	249 431	249 431	289 862	309 631	334 185
Local Government Equitable Share	179 139	190 384	204 800	229 925	229 925	229 925	263 487	291 465	319 112
Finance Management	904	1 176	1 600	1 600	1 600	1 600	2 537	2 650	2 650
Municipal Systems Improvement	11	890	930	930	930	930	-	-	-
Water Services Operating Subsidy	(1 500)	7 210	-	-	-	-	-	-	-
EPWP Incentive	-	1 000	1 896	2 961	2 961	2 961	5 061	-	-
Project Management Unit	2 125	2 138	2 904	4 658	4 658	4 658	4 991	5 592	5 923
Infrastructure Skills Development Grant	3 000	7 000	8 000	7 500	7 500	7 500	6 500	6 500	6 500
Municipal Demarcation Transitional Grant	-	-	-	1 857	1 857	1 857	7 286	3 424	-
Provincial Government:	15 197	24 576	18 557	8 522	9 292	9 292	8 375	8 724	9 089
Museums	134	284	151	166	166	166	175	184	193
Provincialisation of Libraries	2 784	5 846	6 080	6 289	6 289	6 289	6 947	7 224	7 514
Libraries	620	720	756	1 020	1 520	1 520	1 253	1 316	1 382
Housing	2 817	7 953	3 584	1 047	1 317	1 317	-	-	-
Primary Health	4 842	9 645	5 965	-	-	-	-	-	-
Corridor Development - New and Upgrading Informal Trading Stalls	4 000	-	-	-	-	-	-	-	-
Enhanced Extended Discount Benefit Scheme	-	128	21	-	-	-	-	-	-
Urban Development Framework Plan Tourism Development	-	-	1 000	-	-	-	-	-	-
Municipal Excellence Awards	-	-	1 000	-	-	-	-	-	-
District Municipality:	4 603	4 911	-	-	-	-	-	-	-
Environmental Health Subsidy	4 603	4 856	-	-	-	-	-	-	-
Beach Festival	-	55	-	-	-	-	-	-	-
Other grant providers:	105	657	623	-	-	-	-	-	-
Umhlathuze Village Beneficiaries Contribution	42	26	51	-	-	-	-	-	-
Standard Bank - LED Summit	-	-	-	-	-	-	-	-	-
Salga	-	400	-	-	-	-	-	-	-
Absa Bank - Mandela Day	3	-	-	-	-	-	-	-	-
Mayoral Golf Day - Various	60	-	-	-	-	-	-	-	-
Standard Bank - Wellness Day	-	20	-	-	-	-	-	-	-
RBCT - Mayoral	-	100	-	-	-	-	-	-	-
Standard Bank - Beach Festival	-	50	-	-	-	-	-	-	-
KZN Winter Air Show	-	62	-	-	-	-	-	-	-
Absa Bank - Budget Inserts	-	-	10	-	-	-	-	-	-
Saamwu	-	-	561	-	-	-	-	-	-
Total Operating Transfers and Grants	203 584	239 943	239 309	257 953	258 723	258 723	298 237	318 355	343 274

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 decreased due to the drought the purchase costs have increased due to the drastic reduction in usage from the natural lakes of Lake Mzingazi and Lake Cubhu. 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. Reducing 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 within the tiered tariffs 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's rates base is lower than desired as Rates and General Service is making a loss of R 210 million (Target – to at least break even). 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 following table stipulates the Property Rates Policy exemptions and rebates summary:

Table 6 Property Rates Policy exemptions and rebates

Rates Category	Rebates, Exemptions and reductions
RES	R 15 000 Impermissible to all Developed Residential Properties
	R 105 000 Reduction to all Residential Properties with a value below R 400 000
	R 150 000 Reduction to Pensioners
	Places of Worship Exempted as part of Legislation
BUS	No rebates, exemptions or reductions
	Public Benefit Organisations – Regulated Ratio 1:0,25
	Non-profit organisations – 20% Rebate upon successful application
Agricultural	5% Rebate upon successful application
PBO's	Non-profit organisations – 20% Rebate upon successful application
PSI	30% reduction as per Legislation
Mining	No rebates, exemptions or reductions
Industrial	No rebates, exemptions or reductions
Vacant Land	No rebates, exemptions or reductions

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2016/17 financial year based on a 6 per cent increase from 1 July 2016 is contained below:

Table 7 Comparison of proposed rates to levied for the 2016/17 financial year

Category	Current Tariff (1 July 2015)	Proposed tariff (from 1 July 2016)	Ratio to Residential Tariff
	c	c	
Residential properties	0.0078	0.0083	1:1
Business / Commercial	0.0164	0.0174	1:2,1
Industrial	0.0171	0.0181	1:2,2
Agricultural Properties	0.0019	0.0020	1:0,25
Public Service Purposes (State Owned)	0.0090	0.0095	1:1,1
Public Service Infrastructure	0.0019	0.0020	1:0,25
Public benefit organisation properties	0.0019	0.0020	1:0,25
Mining Properties	0.0179	0.0190	1:2,3
Vacant Land	0.0117	0.0124	1:1,75

1.4.2 Sale of Water and Impact of Tariff Increases

The resource scarcity on water due to drought that has hit the entire country is a challenge in the municipal revenue stream. It is therefore expected that due to changes in the consumption patterns downwards by consumers, revenue budgeted to be generated will also be downsized over the MTREF. The resource scarcity in water has had a direct impact on escalated input cost far beyond the inflation forecast of 6.6 per cent (**Source – NT 2016/17 Budget Circular No.79 Annexure L2 – DMS 1117323**)

National Treasury Circular No.79 provides the following guidelines in terms of tariffs settings to ensure financial sustainability of the municipality:

- Cost of bulk purchases and the fluctuation in the seasonal cost thereof;
- Consumption patterns to enable better demand planning and management;
- Embark on a process to correct the tariff structures over a reasonable time period, in the event where cost are under recovered by the municipality to achieve cost reflective tariffs.

The City in 2015/16 took an aggressive approach and increased water tariffs by 40 per cent to achieve the above recommendations from National Treasury. Due to the nature of the current economy in the country, the city in 2016/17 MTREF will limit the tariff increases to the inflation forecast.

The traditional areas are the second challenge in terms of recovering the service provided in these arrears. The majority of the outstanding consumer debt is owed by the consumers from the traditional arrears for water consumed. The City has made investigations to determine the root cause on the failure to recover the revenue and it was established that, as a result of diminishing infrastructure, water leaks and lack of consumer education, the city still need to invest more resources to turn around the current situation.

In line with the initiative to ensure that residents pay for water and as the revenue enhancement strategy, the city has applied a targeted approach where the 6 kilolitre is provided to consumers who only use not more than 6 kl over 30 days period.

The tariffs for the 2016/17 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) consumers who consume less than 6 kℓ and subsidized tariffs for poor consumers as well; and
- Water tariffs are designed to encourage efficient and sustainable consumption.

Feasibility study is planned by the City Engineers for water re-use project estimated at R27 million, planned to be implemented by 2020 as an alternative water savings. This will assist in avoiding further water interruptions should the drought persist due to the national climate changes which are beyond municipal control.

Mhlathuze Water has received an instruction of enforcement to lever four restriction of water supply to the City. This means that the City will also be forced to implement water restrictions and to apply punitive tariffs for the transgressors during the 2016/17 budget year.

The restrictions are as follows as per department of Water Affairs recommendation:

Category	Level one Restrictions	Level two Restrictions	Level three Restrictions	Level four Restrictions
Industries	5%	10%	15%	15%
Domestic Use	10%	20%	30%	60%
Agricultural Use	50%	60%	70%	90%

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

Table 8 Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS 2015/16	PROPOSED TARIFFS 2016/17
	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)	3,7200	3,9432
0.2 - 0.5 kℓ per day (7 - 15 kℓ)	4,4640	4,7318
0.5 - 1.0 kℓ per day (16 - 30 kℓ)	10,4499	11,0769
1.0 - 2.0 kℓ per day (31 - 60 kℓ)	13,8477	14,6786
2 and above kℓ per day (60+ kℓ)	18,0617	19,1454
NON-RESIDENTIAL		
0,0 - 0,5 kℓ per day	8,1855	8,6766
0,5 - 1,0 kℓ per day	11,9364	12,6526
1,0 - 2,0 kℓ per day	14,0969	14,9427
above 2,0 kℓ per day	13,9245	14,7600

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

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

Monthly consumption kℓ	Current amount 2015/16 Payable R	Proposed amount 2016/17 payable R	Difference (Increase) R	Percentage change
20	209,00	221,54	12,54	6%
30	313,50	332,51	18,81	6%
40	553,91	587,14	33,24	6%
50	692,39	733,93	41,55	6%
80	1 444,94	1 531,63	86,70	6%
100	1 806,17	1 914,54	108,37	6%

1.4.3 Sale of Electricity and Impact of Tariff Increases

The electricity tariff increases which the City has applied as per NERSA tariff guideline for 2016/17 have an increase of 7 per cent effective from the 1st of July 2016.

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 electricity charges for domestic customers:

Table 10 Comparison between current electricity charges and increases (Domestic)

Monthly Consumption kWh	Current amount 2015/16 payable R	Proposed amount 2016/17 payable R	Difference (Increase) R	Percentage change
100	99,98	107,15	7,17	7,17%
250	249,95	267,88	17,93	7,17%
500	699,95	751,35	51,40	7,34%
750	1 096,13	1 176,75	80,63	7,36%
1 000	1 461,50	1 569,00	107,50	7,36%
2 000	3 320,00	3 565,00	245,00	7,36%

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.

City Engineers strives to provide sustainable and cost effective networks to support the forecast load growth. This is achieved by providing network-strengthening investment decisions to ensure network integrity and to maintain quality of supply criteria during normal and abnormal network configurations.

The city requires an estimated funding of R600 million over the MTREF for infrastructure asset upgrades and renewals to minimise the risk of revenue losses as a result of network or plant failure. It will also minimize the cost associated with loss of supply and injury or death to the public. Department of Energy and DBSA have been approached to assist with the funding in some of the critical projects identified as per council report **RPT 153971**.

The capital requirement 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; hence, additional loans are necessary to fund the critical municipal infrastructure renewals

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 6 per cent for sanitation from 1 July 2016 is proposed. This is based on the input cost assumptions related to water. Properties below the market value of R120 000 are not charged for sewerage discharged.

The following table compares the current and proposed tariffs:

Table 11 Comparison between current sanitation charges and increases

Tariff Code	Detail	2015/16		2016/17		%
		Excl VAT	Incl VAT	Excl VAT	Incl VAT	
SN	Rebate = 100%	-7,28	-8,30	-7,72	-8,80	6,04
	Valuation of Residential property value < R 110 000 (R 120 000 for 2016/17)					
SO	Rebate = 25%	-1,82	-2,07	-1,93	-2,20	6,04
	Valuation of Residential property value R 110 001 to R 170 000 (R 120 001 to R 170 000 for 2016/17)					
IA	Rebate = 25%	7,28	8,30	7,72	8,80	6,04
	Valuation of Residential property value R 170 001 and above per kℓ as per bylaw					

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

Table 12 Comparison between current sanitation charges and increases, single dwelling-houses

Monthly sanitation consumption kℓ	Current amount 2015/16 Payable R	Proposed amount 2016/17 payable R	Difference (6% increase) R
20	145,58	154,31	8,74

Refer to the comprehensive Tariff of Charges contained on **Annexure C (DMS 1129206)** for residential, business and undeveloped sites tariffs.

1.4.5 Waste Removal and Impact of Tariff Increases

Solid waste removal is operating marginally below breakeven and is currently being subsidised by the Equitable Share Grant over the MTREF. 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 waste removal is proposed to increase by 6 per cent effective from July 2016.

The following table compares current and proposed amounts payable from 1 July 2016:

Table 13 Comparison between current waste removal fees and increases

Tariff Code	Detail	2015/16		2016/17		%
		Excl VAT	Incl VAT	Excl VAT	Incl VAT	
RK	Rebate = 100%					0%
	Refuse valuation sliding scale, Residential property value < R 110 000 (R 120 000 for 2016/17)	105,55 – 100% = 0,00	120,33 100% = 0,00	111,88 – 100% = 0,00	127,54 – 100% = 0,00	
RL	Rebate = 25%					6%
	Refuse valuation sliding scale Residential property value R 110 001 to R 170 000 (R 120 001 to R 170 000 for 2016/17)	105,55 – 25% = 79,16	120,33 25% = 0,00	111,88 – 25% = 0,00	127,54 – 25% = 0,00	
IA	Refuse valuation sliding scale Residential property value R 170 001 – R 400 000	105,55	120,33	111,88	127,54	6%
IA	Refuse valuation sliding scale Residential property value R 400 001 – R 600 000	106,01	120,85	112,37	128,10	6%
IA	Refuse valuation sliding scale Residential property value R 600 001 – R 800 000	106,48	121,39	112,87	128,67	6%
IA	Refuse valuation sliding scale Residential property value R 800 001 – R 1 000 000	106,95	121,92	113,37	129,24	6%
IA	Refuse valuation sliding scale Residential property value R 1 000 001 – R 1 500 000	107,42	122,46	113,86	129,80	6%
IA	Refuse valuation sliding scale Residential property value R 1 500 001 and above	107,88	122,98	114,35	130,36	6%
RM	Residential – Basic Tariff	105,55	120,33	111,88	127,54	6%

1.4.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a medium and 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 6 per cent including indigent households, excluding electricity tariffs.

Table 14 MBRR Table SA14 – Household bills

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework	
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17 % incr.	Budget Year 2016/17
Rand/cent								
Monthly Account for Household - 'Middle Income Range'								
Rates and services charges:								
Property rates	384.74	367.62	411.57	445.25	445.25	445.25	6.4%	473.79
Electricity: Consumption	1 038.05	1 040.24	1 119.06	1 274.06	1 274.06	1 274.06	7.3%	1 366.70
Water: Basic levy	–	–	14.91	17.54	17.54	17.54	6.0%	18.60
Water: Consumption	121.89	132.60	151.39	219.24	219.24	219.24	6.0%	232.40
Sanitation	116.00	124.80	134.80	145.60	145.60	145.60	6.0%	154.40
Refuse removal	78.09	91.29	98.59	106.48	106.48	106.48	6.0%	112.87
sub-total	1 738.77	1 756.55	1 930.32	2 208.17	2 208.17	2 208.17	6.8%	2 358.76
VAT on Services	189.56	194.56	212.63	246.81	246.81	246.81		263.90
Total large household bill:	1 928.33	1 951.11	2 142.95	2 454.98	2 454.98	2 454.98	6.8%	2 622.66
% increase/-decrease		1.2%	9.8%	14.6%	–	–		6.8%
Monthly Account for Household - 'Affordable Range'								
Rates and services charges:								
Property rates	272.41	260.28	291.40	315.25	315.25	315.25	6.4%	335.46
Electricity: Consumption	432.06	572.66	617.66	689.46	689.46	689.46	7.2%	739.10
Water: Basic levy	–	–	14.91	17.54	17.54	17.54	6.0%	18.60
Water: Consumption	89.89	97.72	114.07	167.00	167.00	167.00	6.0%	177.01
Sanitation	116.00	124.80	134.80	145.60	145.60	145.60	6.0%	154.40
Refuse removal	78.09	90.89	98.16	106.01	106.01	106.01	6.0%	112.37
sub-total	988.45	1 146.35	1 271.00	1 440.86	1 440.86	1 440.86	6.7%	1 536.94
VAT on Services	100.25	124.05	137.14	157.59	157.59	157.59		168.21
Total small household bill:	1 088.70	1 270.40	1 408.14	1 598.45	1 598.45	1 598.45	6.7%	1 705.15
% increase/-decrease		16.7%	10.8%	13.5%	–	–		6.7%
Monthly Account for Household - 'Indigent' Household receiving free basic services								
Rates and services charges:								
Property rates	126.38	101.97	114.16	123.16	123.16	123.16	6.4%	131.42
Electricity: Consumption	8.20	8.79	9.35	9.99	9.99	9.99	7.3%	10.72
Water: Basic levy	–	–	14.91	17.54	17.54	17.54	6.0%	18.60
Water: Consumption	57.89	62.85	66.96	92.43	92.43	92.43	6.0%	97.97
Sanitation	116.00	124.80	134.80	145.60	145.60	145.60	6.0%	154.40
Refuse removal	78.09	90.49	97.73	105.55	105.55	105.55	6.0%	111.88
sub-total	386.56	388.90	437.91	494.27	494.27	494.27	6.2%	524.99
VAT on Services	36.43	40.17	45.33	51.96	51.96	51.96		55.10
Total small household bill:	422.99	429.07	483.24	546.23	546.23	546.23	6.2%	580.09
% increase/-decrease		1.4%	12.6%	13.0%	–	–		6.2%

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).

1.5 Operating Expenditure Framework

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

- Given that one of the primary drivers of this budget is to keep tariff increases with the inflationary envelope of 6%, expenditure allocations in excess of the 2015/16 Adjustments budget are very limited;
- Despite the above restriction the Chief Financial Officer has ensured that Repairs and Maintenance provisions are within best practice parameters of 8% of Asset Cost and 13 % of Operating Expenditure. 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 of ensuring budget allocations are used efficiently and effectively;
- Related to the above weakness the capital programme carries the risk on not ensuring that the asset renewal strategy and backlog eradication is achieved in this budget;
- 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. The primary balancing tool was the application of offset against depreciation having the end result of reducing contributions to Capital Replacement Reserves from R230m to R110m. This is acceptable in the short term but not in the medium to long term;
- Funding of the budget over the medium-term is informed by Section 18 and 19 of the MFMA;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of "no project plan no budget". If there is no business plan no funding allocation can be made.

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

Table 15 Summary of operating expenditure by standard classification item

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Expenditure By Type									
Employee related costs	437 126	480 990	533 157	615 819	629 901	629 901	676 869	732 151	794 125
Remuneration of councillors	17 148	21 408	22 622	24 729	24 729	24 729	26 462	26 584	28 711
Debt impairment	3 647	67 969	78 710	3 050	3 064	3 064	6 950	7 339	7 745
Depreciation & asset impairment	345 315	244 340	339 935	205 014	205 014	205 014	252 373	298 616	325 244
Finance charges	79 985	71 145	71 171	79 806	79 806	79 806	80 335	80 611	73 634
Bulk purchases	937 247	1 051 626	1 100 661	1 134 058	1 063 124	1 063 124	1 128 615	1 173 760	1 220 711
Other materials	65 438	75 129	132 082	132 063	136 898	136 898	112 425	116 923	121 599
Contracted services	92 101	100 641	79 887	109 961	104 254	104 254	124 177	128 042	133 375
Transfers and grants	2 091	3 022	4 357	10 473	14 018	14 018	12 681	13 188	13 716
Other expenditure	111 507	180 094	225 873	204 390	214 064	214 064	208 451	219 108	229 212
Loss on disposal of PPE	470	43	315	-	-	-	-	-	-
Total Expenditure	2 092 076	2 296 407	2 588 772	2 519 364	2 474 871	2 474 871	2 629 337	2 796 321	2 948 073

The budgeted allocation for **employee related costs** for the 2016/17 financial year totals R677 million, which equals 26 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a

percentage increase of 6 per cent for the 2016/17 financial year. An annual increase of 6 and 6.5 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 (R115m 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 30 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 overriding solutions here is that of a Municipal Grading in the first instance and an organogram suited for such grading for the administration. Since 2000 the structure of the organogram is dictated by the influences of the different Councils over the years and different managers, hence no collectively and best practice structured staff structure. The correct grading will rationalize this anomaly and ensure the trajectory of future posts created and filled is done properly.

Senior management has agreed in principle that no provision would be made in the 2016/17 and the subsequent two outer years for previously unfunded posts until such time the impact of the demarcation process is known as well as the impact of the Job evaluation exercise and the subsequent implementation of the Wage Curve agreement.

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). An increase of 7 per cent has been budgeted for the 2016/17 financial year.

The provision of debt impairment was determined based on an annual collection rate of 96 per cent and the Debt Write-off Policy of the City. For the 2016/17 financial year this amount is R6.95 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 R252 million for the 2016/17 financial and equates to 9.6 per cent of the total operating expenditure. The risk here is that actual depreciation in the Asset Register amounts to R 372 million, but R 120 million worth of depreciation on these assets is not brought into the expenditure as it is treated offset. This is not sustainable in the long term.

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 (R80 million) of operating expenditure excluding annual redemption but including depreciation for 2016/17 and remains at R80 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 R220 million for 2015/16 and

R223 million for 2016/17 or 8% 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 129 million total electricity comprises R1 008 and water R125 million. The expenditure includes distribution losses.

Other materials comprise 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. 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. Expenditure amounting to R 20 million previously budgeted for under the operating budget has been moved to the Capital budget for the 2016/17 MTREF.

Contracted Services has increased by 18 per cent and needs to be looked at critically, but in conjunction with Employee Related Costs. Contracted services together with Employee Related Costs amount to 31% (26 % + 5%) of total operating cost. 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.

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 2016/17 year with a 4 per cent allowed in the 2017/18 year.

Further details relating to contracted services can be seen in Table 73 MBRR SA1 (see pages 154 to 158).

The following figure gives a breakdown of the main expenditure categories for the 2016/17 financial year.

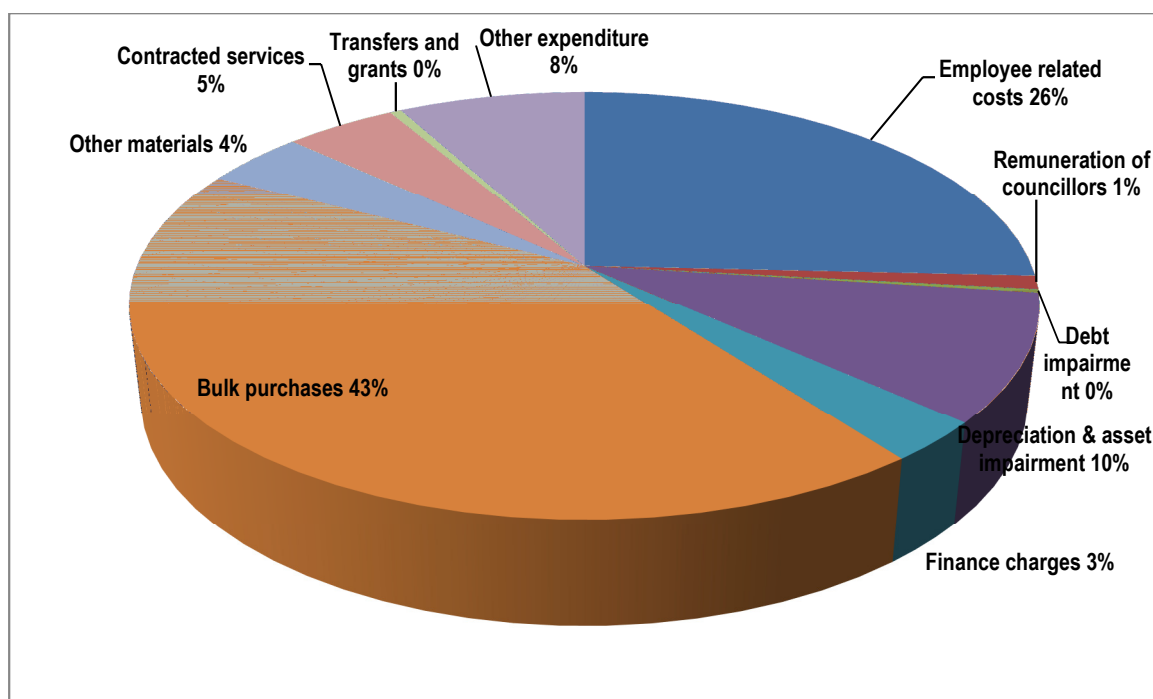


Figure 1 Main operational expenditure categories for the 2016/17 financial year

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 2016/17 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 16 Operational repairs and maintenance

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Repairs and Maintenance by Expenditure Item									
Employee related costs	193 041	250 282	277 451	273 418	273 418	273 418	298 377	317 683	338 327
Other materials	21 145	22 740	42 624	45 366	51 451	51 451	53 844	55 998	58 237
Contracted Services	44 293	52 390	89 460	86 697	85 447	85 447	58 582	60 925	63 362
Total Repairs and Maintenance Expenditure	258 479	325 411	409 534	405 481	410 315	410 315	410 803	434 606	459 926

During the compilation of the 2016/17 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 increased marginally by 0.12 per cent in the 2016/17 financial year, from R 410.3 million to R 410.8 million. In relation to the total operating expenditure, **repairs and maintenance** as a percentage of Total operating expenditure comprises the following **15.7; 15.6 and 15.6 per cent** of the respective financial years MTREF. In addition, repairs and maintenance as a percentage of PPE comprises of **7.7; 8**

and 8.3 per cent of the respective financial years MTREF. These favourable figures are intact despite the removable of R36,75m worth of road resealing from Operating Budget, now been placed on the Capital Budget.

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

Table 17 Repairs and maintenance per asset class

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	177 319	227 954	291 827	286 665	293 492	293 492	297 666	314 474	331 932
Infrastructure - Road transport	58 242	78 340	86 117	108 841	113 999	113 999	97 681	103 786	109 442
Infrastructure - Electricity	42 715	60 448	77 315	78 020	78 020	78 020	85 890	90 625	95 894
Infrastructure - Water	46 869	58 269	80 038	64 027	64 027	64 027	72 983	77 274	82 164
Infrastructure - Sanitation	25 976	30 896	47 261	35 728	37 296	37 296	40 599	42 254	43 873
Infrastructure - Other	3 517	–	1 096	50	150	150	512	535	559
Community	50 821	61 803	68 916	65 329	64 904	64 904	63 749	67 988	72 705
Other assets	30 340	35 655	48 791	53 486	51 920	51 920	47 557	50 239	53 308
Intangibles	–	–	–	–	–	–	1 831	1 904	1 980
Total Repairs and Maintenance Expenditure	258 480	325 411	409 534	405 481	410 315	410 315	410 803	434 606	459 926
R&M as a % of PPE	6.2%	6.9%	8.5%	8.0%	8.0%	8.0%	7.7%	8.0%	8.3%
R&M as % Operating Expenditure	12.4%	14.2%	15.8%	16.1%	16.6%	16.6%	15.6%	15.5%	15.6%

For the 2016/17 financial year, 73 per cent or R298 million of total repairs and maintenance will be spent on infrastructure assets. Road Transport infrastructure has received a significant proportion of this allocation totalling 24 per cent (R98 million), followed by electricity infrastructure at 20 per cent (R86 million), water at 14 per cent (R73 million) and sanitation at 11 per cent (R41 million). Community assets has been allocated R64 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 Litres 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 Litres per day for a month then they **pay for all water consumed**
- Free rates if property value is less than R120 000.
- Free refuse charge if property is valued less than R120 000.
- Free sewer charge if property is valued less than R 120 000.
- 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 34 MBRR A10 (Basic Service Delivery Measurement) on page 86.

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 30 694.

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

Table 18 2016/17 Cross subsidisation versus Free Basic Services

Summary

Source	Free	Subsidy	Total
Waste	16 271 399	1 419 836	17 691 235
Sanitation	18 697 974	5 571 733	24 269 706
Rates	0	9 815 610	9 815 610
Rates	0	21 122 682	21 122 682
Water	69 858 101	70 179 820	140 037 922
Elec	921 197	52 799 604	53 720 801
	105 748 671	160 909 286	266 657 957

The municipality is receiving equitable share of R 263.5 million in 2016/17 while the municipal social package is R 266.6 million. The municipality has requested National Treasury to amend Table A10 in the 2014/15 benchmarking 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 19 2016/17 Medium-term capital budget per vote

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital Expenditure - Standard									
<i>Governance and administration</i>	22 235	33 076	84 002	44 606	65 674	65 704	43 000	25 820	25 820
Executive and council	–	352	50	93	–	–	–	100	100
Budget and treasury office	195	132	43	15	422	422	–	–	–
Corporate services	22 040	32 591	83 908	44 498	65 252	65 282	43 000	25 720	25 720
<i>Community and public safety</i>	15 937	33 791	72 511	119 748	188 950	188 950	39 724	72 018	72 962
Community and social services	4 470	12 847	19 147	35 726	25 039	25 039	13 000	24 480	24 480
Sport and recreation	2 276	9 301	23 935	41 239	38 173	38 173	25 724	30 538	31 482
Public safety	2 920	5 114	17 655	21 345	18 359	18 359	–	16 800	16 800
Housing	6 046	5 756	7 144	18 000	104 212	104 212	1 000	200	200
Health	225	773	4 630	3 439	3 167	3 167	–	–	–
<i>Economic and environmental services</i>	7 247	32 321	19 996	44 411	48 762	48 732	117 108	78 360	81 519
Planning and development	219	86	72	–	476	476	7 000	600	600
Road transport	7 028	32 236	19 925	42 983	46 997	46 967	110 108	77 660	80 819
Environmental protection	–	–	–	1 428	1 290	1 290	–	100	100
<i>Trading services</i>	67 359	205 187	277 864	239 714	197 774	197 774	279 566	240 079	267 660
Electricity	15 544	61 607	43 317	29 631	28 465	28 465	128 900	43 200	45 200
Water	15 048	79 627	155 719	128 429	117 204	117 204	103 043	122 308	145 830
Waste water management	36 584	62 646	76 003	79 876	50 576	50 576	44 122	58 671	60 730
Waste management	183	1 307	2 824	1 778	1 530	1 530	3 500	15 900	15 900
<i>Other</i>	2 258	–	–	300	–	–	–	–	–
Total Capital Expenditure - Standard	115 036	304 375	454 373	448 778	501 161	501 161	479 397	416 277	447 961
Funded by:									
National Government	40 345	110 841	201 357	159 878	159 878	159 878	145 747	180 790	210 544
Provincial Government	11 087	15 246	10 439	18 000	100 312	100 312	–	–	–
District Municipality	97	110	–	–	–	–	–	–	–
Other transfers and grants	131	133	–	–	–	–	–	–	–
Transfers recognised - capital	51 659	126 329	211 796	177 878	260 190	260 190	145 747	180 790	210 544
Public contributions & donations	4 531	62 602	8 323	1 115	1 115	1 115	–	–	–
Borrowing	33 829	69 347	147 302	159 702	137 236	137 236	200 000	100 000	100 000
Internally generated funds	25 017	46 097	86 952	110 082	102 619	102 619	133 650	135 488	137 417
Total Capital Funding	115 036	304 375	454 373	448 778	501 161	501 161	479 397	416 277	447 961

For 2016/17 an amount of R396 million has been appropriated for the development of infrastructure which represents 83 per cent of the total capital budget. In the outer years this amount totals R318 million, 76 per cent and R 349 million, 78 per cent respectively for each of the financial years. Water infrastructure receives the highest allocation of R122 million in 2016/17 which equates to 44 per cent followed by waste water infrastructure at 27 per cent, R79 million, road transport at 15 per cent, R42 million and then electricity infrastructure at 12 per cent, R32 million.

Total new assets represent 76 per cent or R 364 million of the total capital budget while asset renewal equates to 24 per cent or R 116 million. Further detail relating to asset classes and proposed capital expenditure is contained in Table 33 MBRR A9 (Asset Management) on page 84. 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 142, 143, 144 and 145).

Furthermore pages 147 to 151 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.

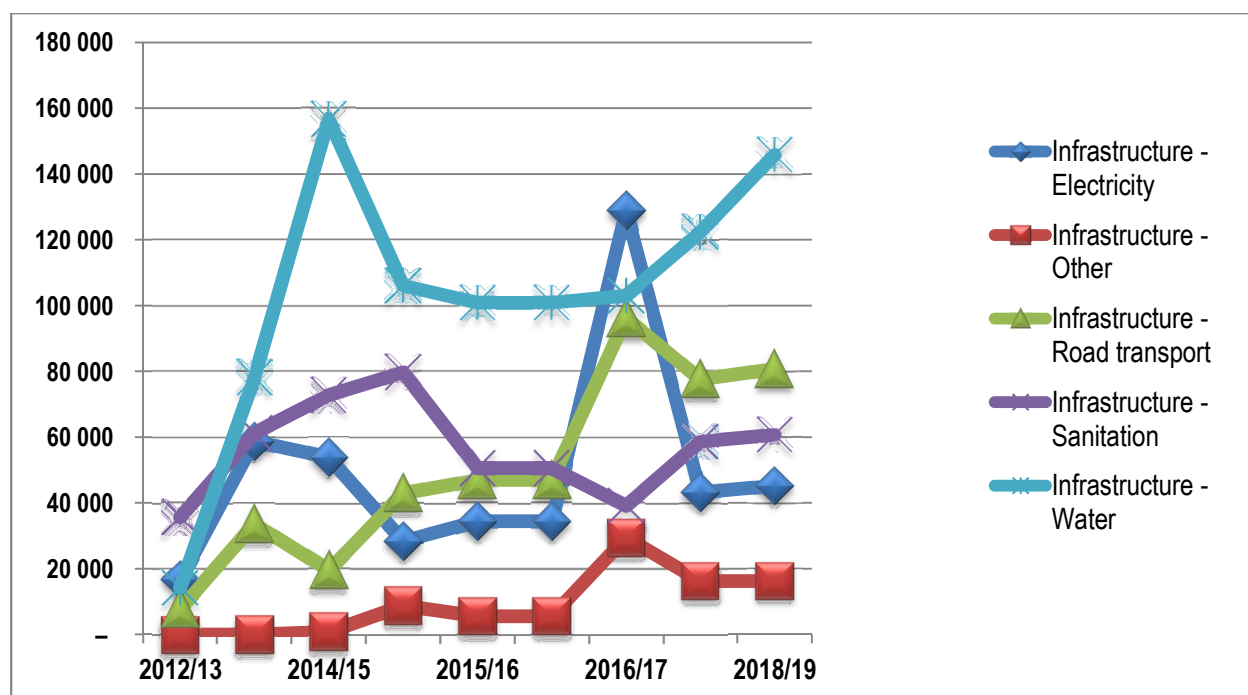


Figure 2 Capital Infrastructure Programme

1.7 Municipal Standard Chart of Accounts (mSCOA)

As Council is aware this Municipality is performing a pilot exercise for the National Treasury on the new Municipal Standard Chart of Accounts. Such are governed by regulations which will become effective Nation-wide on 1 July 2017.

In short the change is resulting in some sound business reforms:

1. Ensuring a more consistent reporting of financial transactions across all municipalities in South Africa; and
2. Ensuring that municipalities can budget per objective or project based, not on items or products.

The Project commenced on the 1 September 2014 and we "went live" on 7 July 2015.

There are many challenges at this stage, however most relate to the effect the new chart has on its existing business processes. Council had to change the Supply Chain and Expenditure side of the existing financial system to accommodate such change using the existing service providers.

Fundamental transactions are taking place such as:

1. Receipting;
2. Billing;
3. Payments;
4. Stock Issues;
5. Requisitions;
6. Orders;
7. Contracts;
8. Bids (Electronic Version);
9. Journals;
10. Virements (Budget transfers);
11. Financial Reporting;
12. General Inquiry's facility;
13. Electronic Approvals (Work Flow); and
14. Interface with Sub ledger and Third Party programmes.

Primary system issues that are posing some problems with the above processes:

1. Works order component of financial system is not working;
2. Contract Payments Module not functional yet. Main reason here is that the user departments are not using it and interrogating any issues that might arise therefrom;
3. Bank Reconciliation is not been done currently, but progress is promising. It is believed that such will be up to date by end of March 2016;
4. Although, the bulk of backlogs are up to date, there are still a number of system issues which still cause delays in current payments, but colleagues are working tirelessly to resolve and report matters to service providers; and
5. It does appear that in the Supply Chain Division, the organizational changes will need to be made to exploit the benefits brought about by the SCOA project.

Primary business processes that are currently not functioning, but at various stages between January and June 2016, these should be up and running:

1. Works Orders;
2. Financial Assets; and
3. Budget Module (New – did not exist in Old Financial System).

The project is run on a strict Project Management basis and project issues are well documented and managed. Council is currently in the "hand holding" phase of the project which was planned to end at the end of September 2015. Given the extent of our challenges currently, it is envisaged that such hand holding phase will need to be extended to end of June 2016.

1.8 Procurement and supply chain management reform

The procurement and supply chain management reforms are part of the South African Planning Commission's National Development Plan 2030: *Our future – make it work*, which proposes that the following five areas be focused on in designing a procurement system that is better able to deliver value for money, while minimising the scope for corruption:

- (i) differentiate between the different types of procurement which pose different challenges and require different skills sets;
- (ii) adopt a strategic approach to procurement above the project level to balance competing objectives and priorities rather than viewing each project in isolation;
- (iii) build relationships of trust and understanding with the private sector;
- (iv) develop professional supply chain management capacity through training and accreditation; and
- (v) incorporate oversight functions to assess value for money.

National Treasury has issued Municipal Finance Management Circular No 77, to municipalities and municipal entities to develop a suitable supply chain management system for infrastructure delivery. This circular provide the guidance on the separation of the current Supply Chain Management Policy (SCMP) as promulgated in 2005 and new Supply Chain Management Policy for Infrastructure Procurement and Delivery Management (IPDM).

During a recent engagement with National Treasury it was felt that the current SCM policy is unrelated to infrastructure delivery because it typically relates to goods and services that are standard, well-defined and readily scoped and specified. Once purchased, goods invariably need to be taken into storage prior to being issued for use. Services most often involve routine, repetitive services with well understood interim and final deliverables which do not require strategic inputs or require decisions to be made regarding the fitness for purpose of the service outputs.

With these reforms it will enable a municipal council to separate the supply chain management requirements for general goods and services from those for infrastructure delivery. Infrastructure delivery is regarded as the combination of all planning, technical, administrative and managerial actions associated with the construction, supply, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure.

The reforms comes with the standards from South African Bureau of Standards (SABS), SANS 10845-1 to 4 (part 1 to 4) and Standard for Uniformity in Construction Procurement, Construction Industry Development Board (CIDB). The features of the policy are more or less the same with the current policy. However the Infrastructure Procurement and Delivery Management policy is underpinned by project management ethos. For example, there is a section that deals with

Control Framework for infrastructure delivery management which comprises of 10 stages (0-9). Stage 0: Project initiation; Stage 1: Infrastructure planning; Stage 2: Strategic resourcing; Stage 3: Preparation and briefing or prefeasibility; Stage 4: Concept and viability or feasibility; Stage 5: Design development; Stage 6: Design documentation; Stage 7: Works ; Stage 8: Handover and Stage 9: Close out.

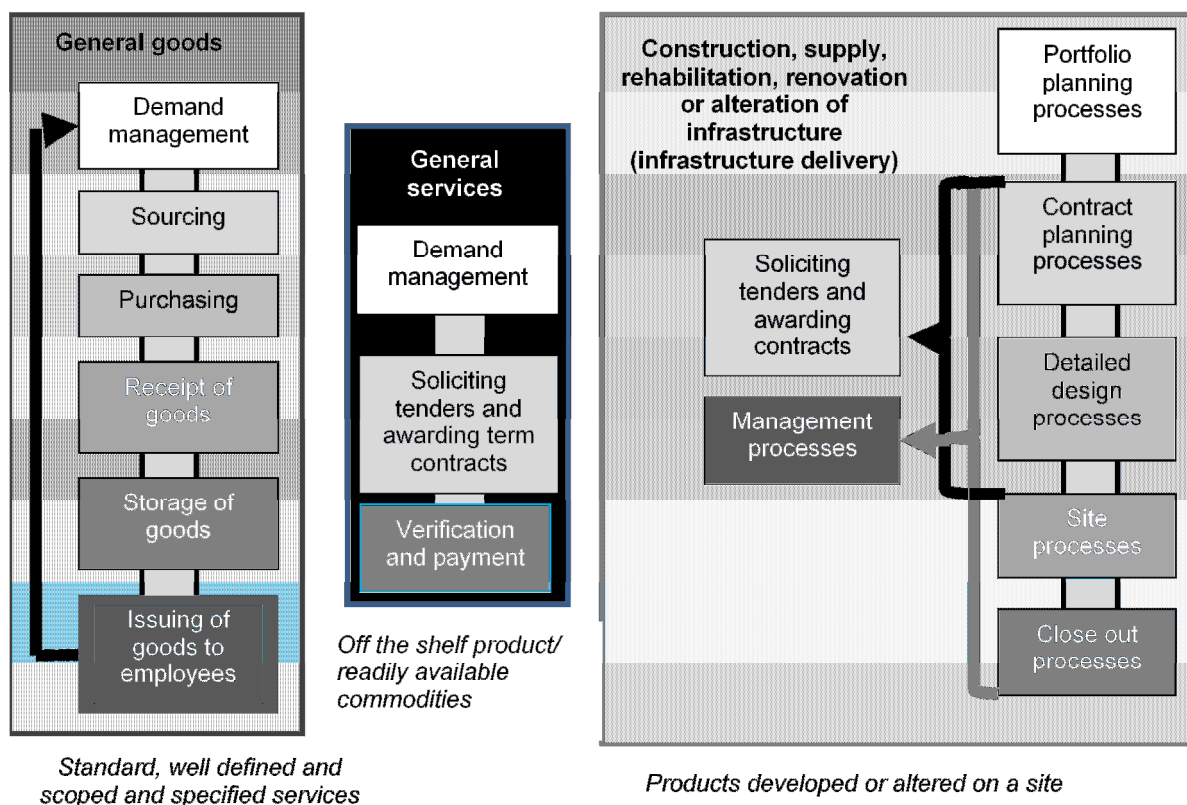


Figure 3 Typical supply chains for general goods, general services and the infrastructure delivery

Each of these stages can have gateway reviews but Stage 4 is crucial and shall have a gateway review to assess the concept and viability of the project before it is accepted and advertised. The reforms enforce the level of academic qualification, experience and membership to professional body with a related to infrastructure for review team. For example people who must lead the review teams must have at least six years postgraduate experience in the planning of infrastructure projects and is registered either as a professional engineer in terms of the Engineering Profession Act, a professional quantity surveyor in terms of the Quantity Surveying Profession Act or a professional architect in terms of the Architectural Profession Act. The members of the team shall, as relevant, have expertise in key technical areas, cost estimating, scheduling and implementation of similar projects.

The bid committees will be called “committee system” that comprising the **documentation committee, evaluation committee** and **tender committee** shall be applied to all procurement procedures where the estimated value of the procurement exceeds the financial threshold for quotations (R200 000, 00).

These reforms are effective from 01 July 2016 but enforceable from 01 July 2017, National Treasury is yet to reschedule training for these new reforms but municipalities are advised to start preparing for the implementation.

1.9 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 2016/17 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the following page.

Table 20 MBRR Table A1 - Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousands									
Financial Performance									
Property rates	239 617	279 679	338 166	361 500	374 178	374 178	402 140	428 181	449 879
Service charges	1 369 810	1 617 726	1 673 840	1 819 968	1 752 777	1 752 777	1 848 200	1 963 995	2 059 960
Investment revenue	14 499	21 060	27 558	21 982	21 982	21 982	29 000	30 740	32 584
Transfers recognised - operational	202 114	232 086	245 789	257 953	258 723	258 723	298 237	318 355	343 274
Other own revenue	162 956	156 896	237 205	62 899	54 918	54 918	58 259	61 549	65 024
Total Revenue (excluding capital transfers and contributions)	1 988 995	2 307 447	2 522 558	2 524 301	2 462 577	2 462 577	2 635 836	2 802 820	2 950 721
Employee costs	437 126	480 990	533 157	615 819	629 901	629 901	676 869	732 151	794 125
Remuneration of councillors	17 148	21 408	22 622	24 729	24 729	24 729	26 462	26 584	28 711
Depreciation & asset impairment	345 315	244 340	339 935	205 014	205 014	205 014	252 373	298 616	325 244
Finance charges	79 985	71 145	71 171	79 806	79 806	79 806	80 335	80 611	73 634
Materials and bulk purchases	1 002 685	1 126 755	1 232 744	1 266 121	1 200 021	1 200 021	1 241 040	1 290 683	1 342 310
Transfers and grants	2 091	3 022	4 357	10 473	14 018	14 018	12 681	13 188	13 716
Other expenditure	207 725	348 747	384 785	317 401	321 381	321 381	339 577	354 488	370 332
Total Expenditure	2 092 076	2 296 407	2 588 772	2 519 364	2 474 871	2 474 871	2 629 337	2 796 321	2 948 073
Surplus/(Deficit)	(103 081)	11 040	(66 214)	4 937	(12 294)	(12 294)	6 500	6 499	2 649
Transfers recognised - capital	51 659	186 865	215 423	159 878	270 405	270 405	145 747	180 790	210 544
Surplus/(Deficit) for the year	(51 421)	197 906	149 209	164 815	258 111	258 111	152 247	187 289	213 192
Capital expenditure & funds sources									
Capital expenditure	115 036	304 375	454 373	448 778	501 161	501 161	479 397	416 277	447 961
Transfers recognised - capital	51 659	126 329	211 796	177 878	260 190	260 190	145 747	180 790	210 544
Public contributions & donations	4 531	62 602	8 323	1 115	1 115	1 115	-	-	-
Borrowing	33 829	69 347	147 302	159 702	137 236	137 236	200 000	100 000	100 000
Internally generated funds	25 017	46 097	86 952	110 082	102 619	102 619	133 650	135 488	137 417
Total sources of capital funds	115 036	304 375	454 373	448 778	501 161	501 161	479 397	416 277	447 961
Financial position									
Total current assets	600 772	866 571	807 887	817 368	869 585	700 233	862 780	846 491	867 346
Total non current assets	4 291 791	4 848 568	4 952 097	5 196 697	5 249 061	5 249 061	5 474 104	5 591 769	5 714 489
Total current liabilities	533 399	621 527	582 411	595 405	596 412	596 412	589 310	610 948	642 973
Total non current liabilities	829 668	835 059	769 811	923 044	923 044	597 230	834 143	791 472	741 018
Community wealth/Equity	3 529 496	4 258 553	4 407 762	4 495 616	4 599 190	4 755 652	4 913 430	5 035 840	5 197 843
Cash flows									
Net cash from (used) operating	293 248	404 704	575 523	385 511	468 266	468 266	346 462	419 432	473 333
Net cash from (used) investing	(112 708)	(243 092)	(433 782)	(303 915)	(405 756)	(405 756)	(471 295)	(424 449)	(444 350)
Net cash from (used) financing	(94 979)	122	(124 613)	45 381	47 881	(137 619)	243 529	(59 208)	(57 499)
Cash/cash equivalents at the year end	242 775	404 509	421 637	435 725	515 881	346 529	465 224	401 000	372 484
Cash backing/surplus reconciliation									
Cash and investments available	242 775	404 509	421 638	435 723	515 881	346 529	465 224	401 000	372 484
Application of cash and investments	111 744	146 026	109 786	251 568	284 321	284 321	253 882	221 899	205 864
Balance - surplus (shortfall)	131 032	258 483	311 852	184 154	231 560	62 208	211 342	179 101	166 620
Asset management									
Asset register summary (WDV)	4 291 434	4 848 409	4 951 982	5 196 554	5 248 918	5 248 918	5 474 014	5 591 675	5 714 391
Depreciation & asset impairment	345 315	244 340	339 935	205 014	205 014	205 014	252 373	298 616	325 244
Renewal of Existing Assets	62 189	113 536	152 468	61 574	72 306	72 306	115 500	17 937	26 500
Repairs and Maintenance	258 480	325 411	409 534	405 481	410 315	410 315	410 803	434 606	459 926
Free services									
Cost of Free Basic Services provided	66 907	76 310	86 027	106 764	106 764	106 764	105 749	105 749	111 882
Revenue cost of free services provided	33 333	37 765	37 605	42 227	42 227	42 227	52 668	55 460	58 577
Households below minimum service level									
Water:	14	14	14	1	1	1	0	0	0
Sanitation/sewerage:	21	21	21	21	9	9	5	5	5
Energy:	-	-	67	67	76	80	80	80	80
Refuse:	27	26	26	22	22	22	21	18	15

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

Standard Classification Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Revenue - Standard									
<i>Governance and administration</i>	300 777	353 377	467 916	403 650	423 474	423 474	455 850	480 702	501 750
Executive and council	228	1 033	1 143	2 955	2 955	2 955	168	171	172
Budget and treasury office	280 077	322 143	397 592	394 207	404 814	404 814	441 662	469 972	493 979
Corporate services	20 472	30 201	69 182	6 489	15 705	15 705	14 020	10 559	7 599
<i>Community and public safety</i>	43 173	112 577	103 280	43 507	139 089	139 089	36 378	39 284	41 412
Community and social services	6 270	14 979	12 511	10 562	11 311	11 311	11 861	12 427	13 024
Sport and recreation	6 017	8 430	7 973	18 593	20 033	20 033	18 354	20 311	21 499
Public safety	12 600	62 501	59 685	12 193	4 677	4 677	4 750	5 042	5 294
Housing	9 042	12 161	16 705	2 147	103 053	103 053	1 400	1 490	1 580
Health	9 244	14 506	6 405	12	13	13	14	14	15
<i>Economic and environmental services</i>	13 613	25 755	14 108	27 733	27 469	27 469	28 806	33 643	35 221
Planning and development	2 439	2 271	1 913	1 834	1 950	1 950	1 947	2 060	2 178
Road transport	11 174	23 483	12 195	25 899	25 519	25 519	26 859	31 583	33 042
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	1 680 336	2 002 064	2 152 120	2 208 694	2 142 356	2 142 356	2 259 904	2 429 284	2 582 136
Electricity	1 133 937	1 366 436	1 378 354	1 402 890	1 352 844	1 352 844	1 434 071	1 525 518	1 604 018
Water	336 876	387 261	420 493	470 063	456 636	456 636	450 888	496 697	545 370
Waste water management	140 170	160 331	250 646	221 534	219 412	219 412	250 865	269 767	287 550
Waste management	69 353	88 037	102 627	114 206	113 465	113 465	124 080	137 302	145 198
<i>Other</i>	2 755	538	557	596	596	596	646	696	747
Total Revenue - Standard	2 040 655	2 494 312	2 737 981	2 684 179	2 732 983	2 732 983	2 781 584	2 983 609	3 161 265
Expenditure - Standard									
<i>Governance and administration</i>	63 396	305 947	356 470	51 721	79 090	79 090	137 379	146 710	155 400
Executive and council	19 576	75 936	74 994	3 371	6 416	6 416	10 972	11 658	12 475
Budget and treasury office	(15 236)	72 794	91 277	4 406	10 495	10 495	5 688	5 957	6 182
Corporate services	59 056	157 218	190 200	43 945	62 179	62 179	120 719	129 095	136 742
<i>Community and public safety</i>	255 156	274 724	301 983	353 232	337 203	337 203	332 185	362 375	393 151
Community and social services	41 735	46 652	56 723	61 319	48 083	48 083	46 918	52 413	57 549
Sport and recreation	95 863	82 422	94 002	125 570	124 477	124 477	127 848	138 401	149 451
Public safety	87 118	115 108	123 501	140 046	137 407	137 407	131 050	142 941	155 160
Housing	7 614	6 256	8 971	16 410	16 388	16 388	17 168	18 582	20 036
Health	22 826	24 286	18 787	9 886	10 848	10 848	9 202	10 038	10 956
<i>Economic and environmental services</i>	215 041	197 832	221 794	236 361	247 866	247 866	254 901	276 468	295 058
Planning and development	27 608	27 667	31 869	41 343	46 738	46 738	49 883	53 071	56 764
Road transport	184 676	169 840	189 925	195 018	201 128	201 128	205 019	223 397	238 294
Environmental protection	2 757	325	-	-	-	-	-	-	-
<i>Trading services</i>	1 558 137	1 517 164	1 707 850	1 877 314	1 809 976	1 809 976	1 904 055	2 009 880	2 103 524
Electricity	960 233	1 066 981	1 083 980	1 211 487	1 147 445	1 147 445	1 210 556	1 268 881	1 318 207
Water	388 937	266 614	412 268	397 688	392 847	392 847	395 341	424 078	445 701
Waste water management	126 335	123 924	141 315	162 473	163 507	163 507	188 038	198 737	210 831
Waste management	82 631	59 644	70 288	105 667	106 177	106 177	110 120	118 185	128 786
<i>Other</i>	345	740	675	736	736	736	816	889	940
Total Expenditure - Standard	2 092 075	2 296 407	2 588 772	2 519 364	2 474 871	2 474 871	2 629 336	2 796 321	2 948 073
Surplus/(Deficit) for the year	(51 420)	197 906	149 209	164 816	258 112	258 112	152 247	187 288	213 192

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. **The major concern here is that all services other than Trading are now running at an R204 million deficit. You will not notice this in A2 because capital transfers distort the actual income. Refer to Table 26 for the actual calculation. This implies that the whole Municipality has a high risk dependency on Electricity Income, given that Water has a deficit and the surpluses on the other two trading services are marginal.**

Table 22 MBRR Table A2A - Budgeted Financial Performance (revenue and expenditure by standard classification - Detail)

Standard Classification Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Revenue - Standard									
Municipal governance and administration	300 777	353 377	467 916	403 650	423 474	423 474	455 850	480 702	501 750
Executive and council	228	1 033	1 143	2 955	2 955	2 955	168	171	172
Mayor and Council	228	1 033	1 143	2 955	2 955	2 955	168	171	172
Municipal Manager	–	–	–	–	–	–	–	–	–
Budget and treasury office	280 077	322 143	397 592	394 207	404 814	404 814	441 662	469 972	493 979
Corporate services	20 472	30 201	69 182	6 489	15 705	15 705	14 020	10 559	7 599
Human Resources	1 755	1 010	915	6	163	163	6	6	7
Information Technology	947	1 367	16 217	297	297	297	312	328	344
Property Services	13 548	20 970	24 023	1 507	1 507	1 507	1 507	1 557	1 608
Other Admin	4 222	6 854	28 026	4 679	13 738	13 738	12 195	8 668	5 641
Community and public safety	43 173	112 577	103 280	43 507	139 089	139 089	36 378	39 284	41 412
Community and social services	6 270	14 979	12 511	10 562	11 311	11 311	11 861	12 427	13 024
Libraries and Archives	3 619	6 662	7 198	7 587	8 132	8 132	8 553	8 908	9 277
Museums & Art Galleries etc	136	289	152	174	174	174	183	192	202
Community halls and Facilities	2 079	7 571	4 697	2 305	2 470	2 470	2 548	2 711	2 879
Cemeteries & Crematoriums	436	457	464	497	536	536	576	617	667
Sport and recreation	6 017	8 430	7 973	18 593	20 033	20 033	18 354	20 311	21 499
Public safety	12 600	62 501	59 685	12 193	4 677	4 677	4 750	5 042	5 294
Police	11 136	60 206	55 621	11 565	4 045	4 045	4 065	4 306	4 506
Fire	1 464	786	772	628	633	633	684	736	788
Street Lighting	–	1 510	3 293	–	–	–	–	–	–
Housing	9 042	12 161	16 705	2 147	103 053	103 053	1 400	1 490	1 580
Health	9 244	14 506	6 405	12	13	13	14	14	15
Clinics	4 842	9 645	5 965	6	6	6	6	6	7
Other	4 401	4 861	440	7	8	8	8	7	9
Economic and environmental services	13 613	25 755	14 108	27 733	27 469	27 469	28 806	33 643	35 221
Planning and development	2 439	2 271	1 913	1 834	1 950	1 950	1 947	2 060	2 178
Economic Development/Planning	2 439	2 271	1 913	1 834	1 950	1 950	1 947	2 060	2 178
Road transport	11 174	23 483	12 195	25 899	25 519	25 519	26 859	31 583	33 042
Roads	1 255	13 116	1 671	15 071	15 091	15 091	16 432	20 851	22 085
Vehicle Licensing and Testing	9 919	10 367	10 524	10 828	10 428	10 428	10 427	10 732	10 958
Environmental protection	–	–	–	–	–	–	–	–	–
Pollution Control	–	–	–	–	–	–	–	–	–

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

Standard Classification Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Revenue - Standard									
<i>Trading services</i>	1 680 336	2 002 064	2 152 120	2 208 694	2 142 356	2 142 356	2 259 904	2 429 284	2 582 136
Electricity	1 133 937	1 366 436	1 378 354	1 402 890	1 352 844	1 352 844	1 434 071	1 525 518	1 604 018
<i>Electricity Distribution</i>	1 133 937	1 366 436	1 378 354	1 402 890	1 352 844	1 352 844	1 434 071	1 525 518	1 604 018
<i>Electricity Generation</i>	–	–	–	–	–	–	–	–	–
Water	336 876	387 261	420 493	470 063	456 636	456 636	450 888	496 697	545 370
<i>Water Distribution</i>	336 876	387 261	420 493	470 063	456 636	456 636	450 888	496 697	545 370
<i>Water Storage</i>	–	–	–	–	–	–	–	–	–
Waste water management	140 170	160 331	250 646	221 534	219 412	219 412	250 865	269 767	287 550
<i>Sewerage</i>	140 170	160 331	250 646	221 534	219 412	219 412	250 865	269 767	287 550
<i>Storm Water Management</i>	–	–	–	–	–	–	–	–	–
<i>Public Toilets</i>	–	–	–	–	–	–	–	–	–
Waste management	69 353	88 037	102 627	114 206	113 465	113 465	124 080	137 302	145 198
<i>Solid Waste</i>	69 353	88 037	102 627	114 206	113 465	113 465	124 080	137 302	145 198
<i>Other</i>	2 755	538	557	596	596	596	646	696	747
Air Transport	2 755	538	557	596	596	596	646	696	747
Total Revenue - Standard	2 040 655	2 494 312	2 737 981	2 684 179	2 732 983	2 732 983	2 781 584	2 983 609	3 161 265
Expenditure - Standard									
<i>Municipal governance and administration</i>	63 396	305 947	356 470	51 721	79 090	79 090	137 379	146 710	155 400
Executive and council	19 576	75 936	74 994	3 371	6 416	6 416	10 972	11 658	12 475
<i>Mayor and Council</i>	16 022	64 286	62 319	1 371	7 826	7 826	(1 545)	(1 615)	(1 688)
<i>Municipal Manager</i>	3 555	11 650	12 675	2 000	(1 410)	(1 410)	12 517	13 273	14 163
Budget and treasury office	(15 236)	72 794	91 277	4 406	10 495	10 495	5 688	5 957	6 182
Corporate services	59 056	157 218	190 200	43 945	62 179	62 179	120 719	129 095	136 742
<i>Human Resources</i>	2 469	19 129	22 500	3 933	(2 221)	(2 221)	3 547	3 764	4 025
<i>Information Technology</i>	3 488	26 281	39 225	3 043	5 608	5 608	2 533	2 703	2 917
<i>Property Services</i>	6 001	4 749	5 453	5 068	5 107	5 107	4 502	4 763	5 027
<i>Other Admin</i>	47 097	107 059	123 021	31 902	53 686	53 686	110 138	117 865	124 773
<i>Community and public safety</i>	255 156	274 724	301 983	353 232	337 203	337 203	332 185	362 375	393 151
Community and social services	41 735	46 652	56 723	61 319	48 083	48 083	46 918	52 413	57 549
<i>Libraries and Archives</i>	13 222	12 129	14 253	18 572	19 946	19 946	18 793	20 227	21 799
<i>Museums & Art Galleries etc</i>	1 247	869	1 647	6 672	5 883	5 883	6 086	6 373	6 678
<i>Community halls and Facilities</i>	20 703	27 902	34 264	26 407	12 523	12 523	12 581	15 756	18 390
<i>Cemeteries & Crematoriums</i>	6 563	5 752	6 559	9 668	9 731	9 731	9 458	10 057	10 682
Sport and recreation	95 863	82 422	94 002	125 570	124 477	124 477	127 848	138 401	149 451

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

Standard Classification Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Expenditure - Standard									
Public safety	87 118	115 108	123 501	140 046	137 407	137 407	131 050	142 941	155 160
<i>Police</i>	30 631	77 478	78 590	51 627	49 313	49 313	50 475	55 683	60 429
<i>Fire</i>	36 553	33 719	38 662	57 635	56 882	56 882	57 123	62 252	68 137
<i>Street Lighting</i>	19 193	3 571	5 471	29 468	29 309	29 309	21 376	22 588	23 805
<i>Other</i>	742	340	777	1 317	1 903	1 903	2 075	2 418	2 790
Housing	7 614	6 256	8 971	16 410	16 388	16 388	17 168	18 582	20 036
Health	22 826	24 286	18 787	9 886	10 848	10 848	9 202	10 038	10 956
<i>Clinics</i>	16 880	16 399	14 017	2 272	2 836	2 836	1 299	1 392	1 493
<i>Other</i>	5 946	7 888	4 770	7 614	8 012	8 012	7 903	8 646	9 462
Economic and environmental services	215 041	197 832	221 794	236 361	247 866	247 866	254 901	276 468	295 058
Planning and development	27 608	27 667	31 869	41 343	46 738	46 738	49 883	53 071	56 764
<i>Economic Development/Planning</i>	27 608	27 667	31 869	41 343	46 738	46 738	49 883	53 071	56 764
Road transport	184 676	169 840	189 925	195 018	201 128	201 128	205 019	223 397	238 294
<i>Roads</i>	176 525	163 082	182 252	183 899	189 788	189 788	193 637	211 292	225 372
<i>Vehicle Licensing and Testing</i>	8 150	6 758	7 673	11 119	11 340	11 340	11 381	12 105	12 922
Environmental protection	2 757	325	–	–	–	–	–	–	–
<i>Pollution Control</i>	2 256	–	–	–	–	–	–	–	–
<i>Other</i>	501	325	–	–	–	–	–	–	–
Trading services	1 558 137	1 517 164	1 707 850	1 877 314	1 809 976	1 809 976	1 904 055	2 009 880	2 103 524
Electricity	960 233	1 066 981	1 083 980	1 211 487	1 147 445	1 147 445	1 210 556	1 268 881	1 318 207
<i>Electricity Distribution</i>	113 813	104 247	130 572	146 728	145 579	145 579	135 167	150 032	153 290
<i>Electricity Generation</i>	846 419	962 734	953 408	1 064 759	1 001 866	1 001 866	1 075 390	1 118 850	1 164 918
Water	388 937	266 614	412 268	397 688	392 847	392 847	395 341	424 078	445 701
<i>Water Distribution</i>	388 937	266 614	412 268	397 688	392 847	392 847	395 341	424 078	445 701
Waste water management	126 335	123 924	141 315	162 473	163 507	163 507	188 038	198 737	210 831
<i>Sewerage</i>	124 879	123 172	140 382	160 595	161 566	161 566	185 920	196 459	208 383
<i>Public Toilets</i>	1 457	752	932	1 878	1 941	1 941	2 118	2 278	2 448
Waste management	82 631	59 644	70 288	105 667	106 177	106 177	110 120	118 185	128 786
<i>Solid Waste</i>	82 631	59 644	70 288	105 667	106 177	106 177	110 120	118 185	128 786
Other	345	740	675	736	736	736	816	889	940
<i>Air Transport</i>	345	740	675	736	736	736	816	889	940
Total Expenditure - Standard	2 092 075	2 296 407	2 588 772	2 519 364	2 474 871	2 474 871	2 629 336	2 796 321	2 948 073
Surplus/(Deficit) for the year	(51 420)	197 906	149 209	164 816	258 112	258 112	152 247	187 288	213 192

Table 23 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Standard Classification Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote									
Vote 1 - CITY DEVELOPMENT	23 352	33 877	41 064	3 981	105 004	105 004	3 347	3 550	3 758
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	101 143	179 281	178 510	137 244	128 589	128 589	139 276	153 097	161 472
Vote 3 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	10 571	16 204	16 167	27 276	29 425	29 425	28 215	30 608	32 256
Vote 4 - CORPORATE SERVICES - ADMINISTRATION	7 306	6 289	21 249	7 228	5 412	5 412	4 629	4 879	5 133
Vote 5 - CORPORATE SERVICES - HUMAN RESOURCES	1 755	1 010	915	6	163	163	6	6	7
Vote 6 - FINANCIAL SERVICES	280 644	322 852	398 593	394 563	405 021	405 021	441 880	470 203	494 223
Vote 7 - INFRASTRUCTURE AND TECHNICAL SERVICES - ELECTRICAL SUPPLY SERVICES	1 133 941	1 367 975	1 381 647	1 402 902	1 352 856	1 352 856	1 434 083	1 525 531	1 604 032
Vote 8 - INFRASTRUCTURE AND TECHNICAL SERVICES - WATER AND SANITATION	474 242	544 076	665 185	676 473	660 923	660 923	685 195	754 366	820 490
Vote 9 - INFRASTRUCTURE AND TECHNICAL SERVICES - TRANSPORT, ROADS AND STORMWATER	2 263	14 082	2 160	16 071	16 091	16 091	17 512	21 971	23 285
Vote 10 - INFRASTRUCTURE AND TECHNICAL SERVICES - ENGINEERING SUPPORT SERVICES	2 965	5 690	28 995	15 417	24 506	24 506	16 852	12 407	12 754
Vote 11 - OFFICE OF THE MUNICIPAL MANAGER	2 473	2 976	3 495	3 018	4 995	4 995	10 587	6 992	3 856
Total Revenue by Vote	2 040 655	2 494 312	2 737 981	2 684 179	2 732 983	2 732 983	2 781 584	2 983 610	3 161 265
Expenditure by Vote to be appropriated									
Vote 1 - CITY DEVELOPMENT	39 180	37 416	45 168	61 019	66 392	66 392	69 984	74 754	80 036
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	187 035	204 111	218 614	240 684	239 973	239 973	245 263	266 009	289 725
Vote 3 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	127 544	109 594	128 321	178 786	178 518	178 518	180 869	195 187	210 266
Vote 4 - CORPORATE SERVICES - ADMINISTRATION	33 995	127 170	142 439	14 273	8 771	8 771	1 465	3 593	5 307
Vote 5 - CORPORATE SERVICES - HUMAN RESOURCES	2 469	19 129	22 500	3 933	(2 221)	(2 221)	3 547	3 764	4 025
Vote 6 - FINANCIAL SERVICES	(15 129)	82 985	102 642	5 138	11 416	11 416	6 189	6 477	6 733
Vote 7 - INFRASTRUCTURE AND TECHNICAL SERVICES - ELECTRICAL SUPPLY SERVICES	985 136	1 076 728	1 089 779	1 240 975	1 176 754	1 176 754	1 231 933	1 291 469	1 342 012
Vote 8 - INFRASTRUCTURE AND TECHNICAL SERVICES - WATER AND SANITATION	509 250	381 798	540 947	537 313	532 853	532 853	569 629	613 956	647 493
Vote 9 - INFRASTRUCTURE AND TECHNICAL SERVICES - TRANSPORT, ROADS AND STORMWATER	177 393	163 999	183 350	185 052	190 986	190 986	194 839	212 555	226 692
Vote 10 - INFRASTRUCTURE AND TECHNICAL SERVICES - ENGINEERING SUPPORT SERVICES	31 744	72 147	91 577	37 847	54 203	54 203	33 893	31 135	31 390
Vote 11 - OFFICE OF THE MUNICIPAL MANAGER	13 457	21 332	23 436	14 345	17 227	17 227	91 727	97 422	104 395
Total Expenditure by Vote	2 092 075	2 296 407	2 588 772	2 519 364	2 474 871	2 474 871	2 629 337	2 796 322	2 948 073
Surplus/(Deficit) for the year	(51 420)	197 906	149 209	164 816	258 112	258 112	152 247	187 288	213 192

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

Vote Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Revenue by Vote									
Vote 1 - CITY DEVELOPMENT	23 352	33 877	41 064	3 981	105 004	105 004	3 347	3 550	3 758
1.1 - CITY DEVELOPMENT (013)	2 439	2 271	1 913	1 834	1 950	1 950	-	-	-
1.2 - CITY DEVELOPMENT (013) - FX005001014 (Valuation Service)	-	-	-	-	-	-	-	-	-
1.3 - CITY DEVELOPMENT (013) - FX009002006 (Tourism)	-	-	-	-	-	-	-	-	-
1.4 - CITY DEVELOPMENT (013) - FX010001001 (Billboards)	-	-	-	-	-	-	-	-	-
1.5 - CITY DEVELOPMENT (013) - FX010001002 (Corporate Wide Strategic Planning (IDPs, LEDS))	-	-	-	-	-	-	-	-	-
1.6 - CITY DEVELOPMENT (013) - FX010001005 (Economic Development/Planning)	-	-	-	-	-	-	-	-	-
1.7 - CITY DEVELOPMENT (013) -FX010001006 (Town Planning, Building Regulations and Enforcement, and City Engineer)	-	-	-	-	-	-	1 947	2 060	2 178
1.8 - TOWNSHIP DEVELOPMENT (045)	11 871	19 445	22 445	-	0	0	-	-	-
1.9 - TOWNSHIP DEVELOPMENT (045) - FX010001004 (Development Facilitation)	-	-	-	-	-	-	-	-	-
1.10 - PIONEER COURT RENTAL SCHEME (015)	426	134	111	-	-	-	-	-	-
1.11 - HOUSING (028)	8 617	12 027	16 594	2 147	103 053	103 053	-	-	-
1.12 - HOUSING (028) - FX007001001 (Housing)	-	-	-	-	-	-	1 400	1 490	1 580
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	101 143	179 281	178 510	137 244	128 589	128 589	139 276	153 097	161 472
2.1 - FIRE BRIGADE (005) - FX011001005 (Fire Fighting and Protection)	1 464	786	772	628	633	633	684	736	788
2.2 - TRAFFIC (006) - FX011001007 (Police Forces, Traffic and Street Parking Control)	11 136	60 206	55 621	11 565	4 045	4 045	4 065	4 306	4 506
2.3 - DISASTER MANAGEMENT (007) - FX001002008 (Disaster Management)	-	-	-	-	-	-	-	-	-
2.4 - HEALTH ADMINISTRATION (008) - FX003001003 (Pollution Control)	4 401	4 861	440	7	8	8	8	8	9
2.5 - CLINICS (009) - FX005001006003 (Occupational Clinic)	4 842	9 645	5 965	6	6	6	6	6	7
2.6 - CRIME PREVENTION (010) - FX005001012 (Security Services)	-	-	-	-	-	-	-	-	-
2.7 - LICENCES TRAFFIC (012) - FX012002001 (Non-Road and Traffic Regulation)	9 919	10 367	10 524	10 828	10 428	10 428	10 427	10 732	10 958
2.8 - COMMUTER FACILITIES (029) - FX012001005 (Taxi ranks)	27	5 380	2 563	6	6	6	6	6	7
2.9 - STREET CLEANING (032) - FX014001004 (Street Cleansing)	369	177	91	6	6	6	6	6	7
2.10 - REFUSE REMOVAL (033) - FX014001003 (Solid Waste Removal)	68 973	87 839	102 520	114 185	113 443	113 443	124 074	137 296	145 192
2.11 - WASTE DISPOSAL (036)	11	20	15	16	16	16	-	-	-
2.12 - PUBLIC CONVENIENCES (037) - FX015001001 (Public Toilets)	-	-	-	-	-	-	-	-	-

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

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote									
Vote 3 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	10 571	16 204	16 167	27 276	29 425	29 425	28 215	30 608	32 256
3.1 - CEMETERY (002) - FX001001003 (Cemeteries, Funeral Parlours and Crematoriums)	436	457	464	497	536	536	576	617	667
3.2 - LIBRARY (004)	3 619	6 662	7 198	7 587	8 132	8 132	–	–	–
3.3 - LIBRARY (004) - FX001001006001 (Libraries and Archives)	–	–	–	–	–	–	7 300	7 592	7 895
3.4 - LIBRARY (004) - FX001001006002 (Cyber Cadets)	–	–	–	–	–	–	1 253	1 316	1 382
3.5 - MUNICIPAL HALLS (016) - FX001001005002 (Halls)	354	366	380	426	550	550	549	580	611
3.6 - PARKS, SPORT AND RECREATION (018) - FX013002003002 (Recreational Facilities - Parks Administration)	–	–	–	–	–	–	–	–	–
3.7 - PARKS AND GARDENS (023)	4 665	4 852	(1 400)	2 756	3 126	3 126	–	–	–
3.8 - PARKS DISTRIBUTION (073)	9	–	–	–	–	–	–	–	–
3.9 - PARKS AND GARDENS (023) & (073) - FX013001002 (Community Parks (including Nurseries))	–	–	–	–	–	–	3 327	3 523	3 721
3.10 - SPORT DEVELOPMENT AND SPORTFIELDS (024) - FX013002004001 (Sport Development and Sportfields)	94	89	4 820	15 101	16 171	16 171	14 290	16 007	16 953
3.11 - STADIUM (025) - FX013002004002 (Sports Grounds and Stadiums - Stadium)	–	120	2 680	–	–	–	–	–	–
3.12 - CARAVAN PARK (026) - FX013002003001 (Recreational Facilities - Caravan Park)	678	708	759	230	230	230	230	243	257
3.13 - BEACH FACILITIES (027) - FX013001001 (Beaches and Jetties)	154	2 196	586	6	6	6	6	6	7
3.14 - SWIMMING POOLS (042) - FX013002003003 (Recreational Facilities - Swimming Pools)	426	465	529	501	501	501	502	531	562
3.15 - MUSEUMS, ARTS & CRAFTS (064) - FX001001008 (Museums and Art Galleries)	136	289	152	174	174	174	183	192	202
Vote 4 - CORPORATE SERVICES - ADMINISTRATION	7 306	6 289	21 249	7 228	5 412	5 412	4 629	4 879	5 133
4.1 - ADMINISTRATION (001)	1 677	–	–	1 507	–	–	–	–	–
4.2 - PRINTING AND PHOTOCOPYING (078)	–	–	–	–	–	–	–	–	–
4.3 - ADMINISTRATION (001) & (078) - FX005001001 (Administrative and Corporate Support)	–	–	–	–	–	–	–	–	–
4.4 - ADMINISTRATION (001) - FX005001008 (Legal Services)	–	–	–	–	–	–	–	–	–
4.5 - ADMINISTRATION (001) - FX009001004 (Licensing and Regulation)	–	–	–	–	–	–	3	3	3
4.6 - HOUSING RENTAL SCHEMES (003) - FX005001010 (Property Services)	1 698	1 525	1 578	1 874	1 507	1 507	1 507	1 557	1 608
4.7 - MUNICIPAL BUILDINGS (019) - FX001001005003 (Municipal Buildings)	228	1 825	1 754	2 955	1 914	1 914	1 994	2 125	2 261
4.8 - COUNCIL GENERAL EXPENDITURE (030)	2 755	1 033	1 143	596	1 098	1 098	–	–	–
4.9 - COUNCIL GENERAL EXPENDITURE (030) - FX004001001001 (Mayor and Council)	–	–	–	–	–	–	168	171	172
4.10 - COUNCIL GENERAL EXPENDITURE (030) - FX004001001002 (Mayor and Council - Municipal Systems Improvement Grant)	–	–	–	–	–	–	–	–	–
4.11 - AIRPORT (058) - FX009001002 (Air Transport)	–	538	557	–	596	596	646	696	747
4.12 - IT SERVICES (082) - FX005001007 (Information Technology)	947	1 367	16 217	297	297	297	312	328	344

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

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote									
Vote 5 - CORPORATE SERVICES - HUMAN RESOURCES	1 755	1 010	915	6	163	163	6	6	7
5.1 - MANAGEMENT SERVICES (014) - FX005001006002 (Management Services)	-	-	-	-	-	-	-	-	-
5.2 - HUMAN RESOURCES AND LOSS CONTROL (021) - FX005001006001 (Human Resources)	-	-	-	-	-	-	-	-	-
5.3 - TRAINING AND INDUSTRIAL RELATIONS (077) - FX005001006004 (Training and Industrial Relations)	1 755	1 010	915	6	163	163	6	6	7
Vote 6 - FINANCIAL SERVICES	280 644	322 852	398 593	394 563	405 021	405 021	441 880	470 203	494 223
6.1 - SUNDRIES (020)	-	-	-	-	-	-	-	-	-
6.2 - FINANCIAL SERVICES (040)	280 077	322 143	397 592	394 207	404 814	404 814	-	-	-
6.3 - FINANCIAL SERVICES (040) - FX005001003001 (Financial Management Grant Interns)	-	-	-	-	-	-	2 537	2 650	2 650
6.4 - FINANCIAL SERVICES (040) - FX005001003002 (Revenue and Expenditure)	-	-	-	-	-	-	439 125	467 322	491 329
6.5 - FINANCIAL SERVICES (040) - FX005001004 (Finance)	-	-	-	-	-	-	-	-	-
6.6 - FINANCIAL SERVICES (040) - FX005002001 (Asset Management)	-	-	-	-	-	-	-	-	-
6.7 - SUPPLY CHAIN MANAGEMENT UNIT (066) - FX005001013 (Supply Chain Management)	568	709	1 001	357	207	207	219	231	245
Vote 7 - INFRASTRUCTURE AND TECHNICAL SERVICES - ELECTRICAL SUPPLY SERVICES	1 133 941	1 367 975	1 381 647	1 402 902	1 352 856	1 352 856	1 434 083	1 525 531	1 604 032
7.1 - STREET LIGHTING (041)	-	1 510	3 293	-	-	-	-	-	-
7.2 - ELECTRICITY SUPPORT SERVICES (083)	19	-	-	-	-	-	-	-	-
7.3 - STREET LIGHTING (041) & (083) - FX002001002 (Street Lighting)	-	-	-	-	-	-	-	-	-
7.4 - ELECTRICITY ADMINISTRATION (054) - FX002001001002 (Administration)	-	-	-	-	-	-	-	-	-
7.5 - ELECTRICITY DISTRIBUTION (055)	1 132 601	1 363 045	1 378 354	1 402 890	1 352 844	1 352 844	-	-	-
7.6 - ELECTRICITY DISTRIBUTION ACCOUNT (072)	4	-	-	-	-	-	-	-	-
7.7 - ELECTRICITY PLANNING AND DEVELOPMENT (081)	1 317	3 391	-	-	-	-	-	-	-
7.8 - ELECTRICITY DISTRIBUTION (055) & (072) & (081) - FX002001001004 (Electricity and Gas Distribution and Planning)	-	-	-	-	-	-	1 434 071	1 525 518	1 604 018
7.9 - ELECTRICITY MARKETING AND CUSTOMER SERVICES (057) - FX002001001001 (Marketing and Customer relations)	-	-	-	-	-	-	-	-	-
7.10 - PROCESS CONTROL SYSTEMS (050)	-	-	-	-	-	-	12	13	14
7.11 - RADIO EQUIPMENT ACCOUNT (076)	-	29	1	12	12	12	-	-	-
7.12 - TRAFFIC TECHNICAL DISTRIBUTION ACCOUNT (079)	-	-	-	-	-	-	-	-	-
7.13 - PROCESS CONTROL SYSTEMS (050) & (076) & (079) - FX002001001003 (Process Control Systems)	-	-	-	-	-	-	-	-	-

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

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote									
Vote 8 - INFRASTRUCTURE AND TECHNICAL SERVICES - WATER AND SANITATION	474 242	544 076	665 185	676 473	660 923	660 923	685 195	754 366	820 490
8.1 - SEWERAGE NETWORKS (034)	137 006	158 573	245 848	212 144	209 922	209 922	-	-	-
8.2 - WATER AND SANITATION DISTRIBUTION ACCOUNT (074)	9	-	-	-	-	-	-	-	-
8.3 - SEWERAGE NETWORKS (034) & (074) - FX015001002003 (Sewerage - Sewerage Network)	-	-	-	-	-	-	232 277	255 468	272 737
8.4 - SEWERAGE PURIFICATION NETWORKS (035) - FX015001004 (Treatment)	-	-	-	-	-	-	-	-	-
8.5 - SEWERAGE PUMPSTATIONS (043)	-	-	-	28	28	28	-	-	-
8.6 - SEWERAGE PUMPSTATIONS DISTRIBUTION ACCOUNT (087)	-	-	-	-	-	-	-	-	-
8.7 - SEWERAGE PUMPSTATIONS (043) & (087) - FX015001002002 (Sewerage - Pumpstations)	-	-	-	-	-	-	29	31	32
8.8 - WATER RURAL AREAS (046)	8 452	44 666	59 611	33 748	33 216	33 216	-	-	-
8.9 - WATER RURAL AREAS (046) & (074) - FX016001002001 (Water Distribution - Rural Water)	-	-	-	-	-	-	32 122	34 771	36 830
8.10 - WATER AND SANITATION INFRASTRUCTURE PLANNING (049) - FX016001002003 (Water Distribution - Water Demand Management)	837	687	103	-	-	-	-	-	-
8.11 - WATER PURIFICATION WORKS (059) - FX016001001002 (Water Treatment - Purification works)	-	-	-	6	6	6	6	6	7
8.12 - WATER DISTRIBUTION (060)	305 977	314 531	327 494	403 077	390 077	390 077	-	-	-
8.13 - WATER DISTRIBUTION (060) & (074) - FX016001002002 (Water Distribution - Urban Water)	-	-	-	-	-	-	391 554	432 714	477 187
8.14 - CLARIFIED WATER (061) - FX016001001001 (Water Treatment - Clarified Water)	14 195	17 751	21 026	20 365	20 770	20 770	22 200	23 900	25 740
8.15 - SCIENTIFIC SERVICES (062) - FX016001001003 (Water Treatment - Scientific Services)	6 008	7 869	9 281	5 306	5 006	5 006	5 006	5 306	5 607
8.16 - INDUSTRIAL EFFLUENT PIPELINE (063) - FX015001002001 (Sewerage - Industrial Effluent Pipeline)	1 757	-	1 821	1 800	1 900	1 900	2 000	2 170	2 350
Vote 9 - INFRASTRUCTURE AND TECHNICAL SERVICES - TRANSPORT, ROADS AND STORMWATER	2 263	14 082	2 160	16 071	16 091	16 091	17 512	21 971	23 285
9.1 - URBAN ROADS AND RAIL (022)	1 255	13 116	1 671	15 071	15 091	15 091	-	-	-
9.2 - URBAN ROADS AND RAIL (022) & (068) - FX012001004002 (Roads - Urban Roads)	-	-	-	-	-	-	16 432	20 851	22 085
9.3 - RURAL ROADS (056)	-	-	-	-	-	-	-	-	-
9.4 - RURAL ROADS (056) & (068) - FX012001004003 (Roads - Rural Roads)	-	-	-	-	-	-	-	-	-
9.5 - ROADS AND STORMWATER DISTRIBUTION ACCOUNT (068)	-	-	-	-	-	-	-	-	-
9.6 - ROADS AND STORMWATER DISTRIBUTION ACCOUNT (068) - FX015001003 (Storm Water Management)	-	-	-	-	-	-	-	-	-
9.7 - RAILWAY SIDINGS (069) - FX012001004001 (Roads - Railway Sidings)	1 008	965	489	1 000	1 000	1 000	1 080	1 120	1 200

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

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote									
Vote 10 - INFRASTRUCTURE AND TECHNICAL SERVICES - ENGINEERING SUPPORT SERVICES	2 965	5 690	28 995	15 417	24 506	24 506	16 852	12 407	12 754
10.1 - ENGINEERING SERVICES (038)	60	35	45	48	37	37	-	-	-
10.2 - ENGINEERING SERVICES (038) - FX010001007001 (Project Management Unit - Administration)	-	-	-	-	-	-	-	-	-
10.3 - ENGINEERING SERVICES (038) - FX010001007002 (Project Management Unit - Asset Management)	-	-	-	-	-	-	37	38	41
10.4 - PROJECT MANAGEMENT (065)	2 813	3 515	5 954	15 124	15 124	15 124	-	-	-
10.5 - PROJECT MANAGEMENT (065) - FX010001007003 (Project Management Unit - Expanded Public Works Programme)	-	-	-	-	-	-	5 061	-	-
10.6 - PROJECT MANAGEMENT (065) - FX010001007004 (Project Management Unit - Infrastructure Skills Development Grant)	-	-	-	-	-	-	6 500	6 500	6 500
10.7 - PROJECT MANAGEMENT (065) - FX010001007005 (Project Management Unit - PMU)	-	-	-	-	-	-	4 997	5 599	5 930
10.8 - MECHANICAL SERVICES (067)	-	-	-	-	245	245	-	-	-
10.9 - EQUIPMENT DISTRIBUTION ACCOUNT (070)	-	-	22 594	11	9 100	9 100	-	-	-
10.10 - VEHICLE DISTRIBUTION ACCOUNT (071)	85	2 140	402	235	-	-	-	-	-
10.11 - MECHANICAL SERVICES (067) & (070) & (071) - FX005001005 (Fleet Management)	-	-	-	-	-	-	258	270	284
10.12 - BUILDING DISTRIBUTION ACCOUNT (075) - FX001001005001 (Buildings Maintenance)	6	-	-	-	-	-	-	-	-
Vote 11 - OFFICE OF THE MUNICIPAL MANAGER	2 473	2 976	3 495	3 018	4 995	4 995	10 587	6 992	3 856
11.1 - OFFICE OF THE MUNICIPAL MANAGER (011)	2 473	2 655	3 395	3 018	4 995	4 995	-	-	-
11.2 - OFFICE OF THE MUNICIPAL MANAGER (011) - FX004001002006 (Municipal Demarcation Transition Grant)	-	-	-	-	-	-	7 286	3 424	-
11.3 - OFFICE OF THE MUNICIPAL MANAGER (011) - FX004001002007 (Performance Management)	-	-	-	-	-	-	-	-	-
11.4 - OFFICE OF THE MUNICIPAL MANAGER (011) - FX005001009 (Marketing, Customer Relations, Publicity and Media Co-ordination)	-	-	-	-	-	-	3 301	3 568	3 856
11.5 - OFFICE OF THE MUNICIPAL MANAGER (011) - FX005001011 (Risk Management)	-	-	-	-	-	-	-	-	-
11.6 - MUNICIPAL MANAGER (039)	-	-	-	-	-	-	-	-	-
11.7 - MUNICIPAL MANAGER (039) - FX004001002001 (DMM - Corporate Services)	-	-	-	-	-	-	-	-	-
11.8 - MUNICIPAL MANAGER (039) - FX004001002002 (DMM - ITS)	-	-	-	-	-	-	-	-	-
11.9 - MUNICIPAL MANAGER (039) - FX004001002003 (DMM - City Development)	-	-	-	-	-	-	-	-	-
11.10 - MUNICIPAL MANAGER (039) - FX004001002004 (DMM - Community Services)	-	-	-	-	-	-	-	-	-
11.11 - MUNICIPAL MANAGER (039) - FX004001002005 (Municipal Manager)	-	-	-	-	-	-	-	-	-
11.12 - INTERNAL AUDIT (080) - FX008001001 (Governance Function)	-	320	100	-	-	-	-	-	-
Total Revenue by Vote	2 040 655	2 494 312	2 737 981	2 684 179	2 732 983	2 732 983	2 781 584	2 983 610	3 161 265

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

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Expenditure by Vote									
Vote 1 - CITY DEVELOPMENT	39 180	37 416	45 168	61 019	66 392	66 392	69 984	74 754	80 036
1.1 - CITY DEVELOPMENT (013)	28 110	27 992	31 869	41 343	46 738	46 738	-	-	-
1.2 - CITY DEVELOPMENT (013) - FX005001014 (Valuation Service)	-	-	-	-	-	-	3 822	4 013	4 227
1.3 - CITY DEVELOPMENT (013) - FX009002006 (Tourism)	-	-	-	-	-	-	2 607	2 757	2 933
1.4 - CITY DEVELOPMENT (013) - FX010001001 (Billboards)	-	-	-	-	-	-	1 738	1 838	1 955
1.5 - CITY DEVELOPMENT (013) - FX010001002 (Corporate Wide Strategic Planning (IDPs, LEDS))	-	-	-	-	-	-	11 179	11 838	12 615
1.6 - CITY DEVELOPMENT (013) - FX010001005 (Economic Development/Planning)	-	-	-	-	-	-	19 030	20 110	21 342
1.7 - CITY DEVELOPMENT (013) -FX010001006 (Town Planning, Building Regulations and Enforcement, and City Engineer)	-	-	-	-	-	-	11 507	12 515	13 691
1.8 - TOWNSHIP DEVELOPMENT (045)	3 457	3 168	4 327	3 266	3 266	3 266	-	-	-
1.9 - TOWNSHIP DEVELOPMENT (045) - FX010001004 (Development Facilitation)	-	-	-	-	-	-	2 933	3 100	3 236
1.10 - PIONEER COURT RENTAL SCHEME (015)	-	-	-	-	-	-	-	-	-
1.11 - HOUSING (028)	7 614	6 256	8 971	16 410	16 388	16 388	-	-	-
1.12 - HOUSING (028) - FX007001001 (Housing)	-	-	-	-	-	-	17 168	18 582	20 036
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	187 035	204 111	218 614	240 684	239 973	239 973	245 263	266 009	289 725
2.1 - FIRE BRIGADE (005) - FX011001005 (Fire Fighting and Protection)	36 553	33 719	38 662	57 635	56 882	56 882	57 123	62 252	68 137
2.2 - TRAFFIC (006) - FX011001007 (Police Forces, Traffic and Street Parking Control)	30 374	76 567	73 895	46 799	43 940	43 940	44 610	49 323	53 517
2.3 - DISASTER MANAGEMENT (007) - FX001002008 (Disaster Management)	742	340	777	1 317	1 903	1 903	2 075	2 418	2 790
2.4 - HEALTH ADMINISTRATION (008) - FX003001003 (Pollution Control)	8 201	7 888	4 770	7 614	8 012	8 012	7 903	8 646	9 462
2.5 - CLINICS (009) - FX005001006003 (Occupational Clinic)	16 880	16 399	14 017	2 272	2 836	2 836	1 299	1 392	1 493
2.6 - CRIME PREVENTION (010) - FX005001012 (Security Services)	257	911	4 695	4 828	5 372	5 372	5 866	6 360	6 912
2.7 - LICENCES TRAFFIC (012) - FX012002001 (Non-Road and Traffic Regulation)	8 150	6 758	7 673	11 119	11 340	11 340	11 381	12 105	12 922
2.8 - COMMUTER FACILITIES (029) - FX012001005 (Taxi ranks)	1 790	1 134	2 904	1 556	1 569	1 569	2 768	3 050	3 259
2.9 - STREET CLEANING (032) - FX014001004 (Street Cleansing)	20 960	21 593	26 027	34 639	31 999	31 999	34 574	37 561	41 371
2.10 - REFUSE REMOVAL (033) - FX014001003 (Solid Waste Removal)	61 652	37 832	43 926	70 752	74 178	74 178	75 546	80 623	87 414
2.11 - WASTE DISPOSAL (036)	19	218	335	277	-	-	-	-	-
2.12 - PUBLIC CONVENIENCES (037) - FX015001001 (Public Toilets)	1 457	752	932	1 878	1 941	1 941	2 118	2 278	2 448

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

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Expenditure by Vote									
Vote 3 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	127 544	109 594	128 321	178 786	178 518	178 518	180 869	195 187	210 266
3.1 - CEMETERY (002) - FX001001003 (Cemeteries, Funeral Parlours and Crematoriums)	6 564	5 752	6 559	9 668	9 731	9 731	9 458	10 057	10 682
3.2 - LIBRARY (004)	13 222	12 129	14 253	18 572	19 946	19 946	–	–	–
3.3 - LIBRARY (004) - FX001001006001 (Libraries and Archives)	–	–	–	–	–	–	17 540	18 911	20 417
3.4 - LIBRARY (004) - FX001001006002 (Cyber Cadets)	–	–	–	–	–	–	1 253	1 316	1 382
3.5 - MUNICIPAL HALLS (016) - FX001001005002 (Halls)	10 649	8 422	11 860	18 304	18 482	18 482	18 684	20 129	21 657
3.6 - PARKS, SPORT AND RECREATION (018) - FX013002003002 (Recreational Facilities - Parks Administration)	6 351	6 374	8 451	9 628	9 839	9 839	9 608	10 380	11 272
3.7 - PARKS AND GARDENS (023)	45 124	5 934	6 198	57 137	57 121	57 121	–	–	–
3.8 - PARKS DISTRIBUTION (073)	217	32 470	36 155	4	–	–	–	–	–
3.9 - PARKS AND GARDENS (023) & (073) -FX013001002 (Community Parks (including Nurseries))	–	–	–	–	–	–	58 348	63 297	68 747
3.10 - SPORT DEVELOPMENT AND SPORTFIELDS (024) - FX013002004001 (Sport Development and Sportfields)	19 165	16 379	18 982	24 279	23 619	23 619	24 546	27 070	29 406
3.11 - STADIUM (025) - FX013002004002 (Sports Grounds and Stadiums - Stadium)	182	31	128	143	162	162	165	175	184
3.12 - CARAVAN PARK (026) - FX013002003001 (Recreational Facilities - Caravan Park)	11	43	45	43	43	43	31	35	37
3.13 - BEACH FACILITIES (027) - FX013001001 (Beaches and Jetties)	10 829	9 456	10 899	15 335	15 996	15 996	15 893	16 952	17 979
3.14 - SWIMMING POOLS (042) - FX013002003003 (Recreational Facilities - Swimming Pools)	13 984	11 735	13 144	19 002	17 697	17 697	19 258	20 492	21 826
3.15 - MUSEUMS, ARTS & CRAFTS (064) - FX001001008 (Museums and Art Galleries)	1 247	869	1 647	6 672	5 883	5 883	6 086	6 373	6 678
Vote 4 - CORPORATE SERVICES - ADMINISTRATION	33 995	127 170	142 439	14 273	8 771	8 771	1 465	3 593	5 307
4.1 - ADMINISTRATION (001)	3 325	14 357	18 271	774	2 188	2 188	–	–	–
4.2 - PRINTING AND PHOTOCOPYING (078)	6	1 580	1 323	–	–	–	–	–	–
4.3 - ADMINISTRATION (001) & (078) - FX005001001 (Administrative and Corporate Support)	–	–	–	–	–	–	232	242	257
4.4 - ADMINISTRATION (001) - FX005001008 (Legal Services)	–	–	–	–	–	–	5 020	5 319	5 672
4.5 - ADMINISTRATION (001) - FX009001004 (Licensing and Regulation)	–	–	–	–	–	–	1 712	1 816	1 942
4.6 - HOUSING RENTAL SCHEMES (003) - FX005001010 (Property Services)	2 545	1 581	1 126	1 802	1 841	1 841	1 568	1 663	1 792
4.7 - MUNICIPAL BUILDINGS (019) - FX001001005003 (Municipal Buildings)	8 265	18 346	19 500	6 547	(7 528)	(7 528)	(8 871)	(7 423)	(6 526)
4.8 - COUNCIL GENERAL EXPENDITURE (030)	16 022	64 286	62 319	1 371	5 924	5 924	–	–	–
4.9 - COUNCIL GENERAL EXPENDITURE (030) - FX004001001001 (Mayor and Council)	–	–	–	–	–	–	(1 545)	(1 615)	(1 688)
4.10 - COUNCIL GENERAL EXPENDITURE (030) - FX004001001002 (Mayor and Council - Municipal Systems Improvement Grant)	–	–	–	–	–	–	–	–	–
4.11 - AIRPORT (058) - FX009001002 (Air Transport)	345	740	675	736	736	736	816	889	940
4.12 - IT SERVICES (082) - FX005001007 (Information Technology)	3 488	26 281	39 225	3 043	5 608	5 608	2 533	2 703	2 917

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

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Expenditure by Vote									
Vote 5 - CORPORATE SERVICES - HUMAN RESOURCES	2 469	19 129	22 500	3 933	(2 221)	(2 221)	3 547	3 764	4 025
5.1 - MANAGEMENT SERVICES (014) - FX005001006002 (Management Services)	689	1 403	1 316	1 907	2 009	2 009	1 984	2 100	2 236
5.2 - HUMAN RESOURCES AND LOSS CONTROL (021) - FX005001006001 (Human Resources)	9	5 662	6 911	669	954	954	482	514	553
5.3 - TRAINING AND INDUSTRIAL RELATIONS (077) - FX005001006004 (Training and Industrial Relations)	1 772	12 063	14 273	1 356	(5 184)	(5 184)	1 081	1 151	1 236
Vote 6 - FINANCIAL SERVICES	(15 129)	82 985	102 642	5 138	11 416	11 416	6 189	6 477	6 733
6.1 - SUNDRIES (020)	–	–	–	–	–	–	–	–	–
6.2 - FINANCIAL SERVICES (040)	(15 236)	72 794	91 277	4 406	10 495	10 495	–	–	–
6.3 - FINANCIAL SERVICES (040) - FX005001003001 (Financial Management Grant Interns)	–	–	–	–	–	–	2 537	2 650	2 650
6.4 - FINANCIAL SERVICES (040) - FX005001003002 (Revenue and Expenditure)	–	–	–	–	–	–	(4 029)	(4 299)	(4 579)
6.5 - FINANCIAL SERVICES (040) - FX005001004 (Finance)	–	–	–	–	–	–	5 893	6 240	6 648
6.6 - FINANCIAL SERVICES (040) - FX005002001 (Asset Management)	–	–	–	–	–	–	1 287	1 365	1 463
6.7 - SUPPLY CHAIN MANAGEMENT UNIT (066) - FX005001013 (Supply Chain Management)	107	10 191	11 365	733	921	921	501	521	551
Vote 7 - INFRASTRUCTURE AND TECHNICAL SERVICES - ELECTRICAL SUPPLY SERVICES	985 136	1 076 728	1 089 779	1 240 975	1 176 754	1 176 754	1 231 933	1 291 469	1 342 012
7.1 - STREET LIGHTING (041)	19 193	3 571	5 471	29 468	29 309	29 309	–	–	–
7.2 - ELECTRICITY SUPPORT SERVICES (083)	34	6 857	7 109	–	–	–	–	–	–
7.3 - STREET LIGHTING (041) & (083) - FX002001002 (Street Lighting)	–	–	–	–	–	–	21 376	22 588	23 805
7.4 - ELECTRICITY ADMINISTRATION (054) - FX002001001002 (Administration)	846 419	962 734	953 408	1 064 759	1 001 866	1 001 866	1 075 390	1 118 850	1 164 918
7.5 - ELECTRICITY DISTRIBUTION (055)	104 528	62 607	67 289	119 724	118 351	118 351	–	–	–
7.6 - ELECTRICITY DISTRIBUTION ACCOUNT (072)	136	21 541	25 028	1	–	–	–	–	–
7.7 - ELECTRICITY PLANNING AND DEVELOPMENT (081)	1 378	6 471	8 198	5	–	–	–	–	–
7.8 - ELECTRICITY DISTRIBUTION (055) & (072) & (081) - FX002001001004 (Electricity and Gas Distribution and Planning)	–	–	–	–	–	–	110 929	124 304	125 911
7.9 - ELECTRICITY MARKETING AND CUSTOMER SERVICES (057) - FX002001001001 (Marketing and Customer relations)	7 736	6 771	11 419	14 351	14 384	14 384	13 381	14 267	15 300
7.10 - PROCESS CONTROL SYSTEMS (050)	5 591	5 968	9 871	12 647	12 844	12 844	10 857	11 461	12 078
7.11 - RADIO EQUIPMENT ACCOUNT (076)	119	208	329	20	–	–	–	–	–
7.12 - TRAFFIC TECHNICAL DISTRIBUTION ACCOUNT (079)	–	–	1 657	–	–	–	–	–	–
7.13 - PROCESS CONTROL SYSTEMS (050) & (076) & (079) - FX002001001003 (Process Control Systems)	–	–	–	–	–	–	–	–	–

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

Vote Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Expenditure by Vote									
Vote 8 - INFRASTRUCTURE AND TECHNICAL SERVICES - WATER AND SANITATION	509 250	381 798	540 947	537 313	532 853	532 853	569 629	613 956	647 493
8.1 - SEWERAGE NETWORKS (034)	59 466	38 702	47 767	51 106	86 273	86 273	-	-	-
8.2 - WATER AND SANITATION DISTRIBUTION ACCOUNT (074)	120	40 261	52 526	6	-	-	-	-	-
8.3 - SEWERAGE NETWORKS (034) & (074) - FX015001002003 (Sewerage - Sewerage Network)	-	-	-	-	-	-	106 033	117 652	125 824
8.4 - SEWERAGE PURIFICATION NETWORKS (035) - FX015001004 (Treatment)	38 013	35 683	32 254	65 093	34 046	34 046	36 607	38 449	40 408
8.5 - SEWERAGE PUMPSTATIONS (043)	24 623	15 798	18 291	32 000	28 617	28 617	-	-	-
8.6 - SEWERAGE PUMPSTATIONS DISTRIBUTION ACCOUNT (087)	(5)	7 296	8 393	58	-	-	-	-	-
8.7 - SEWERAGE PUMPSTATIONS (043) & (087) - FX015001002002 (Sewerage - Pumpstations)	-	-	-	-	-	-	30 263	32 298	34 091
8.8 - WATER RURAL AREAS (046)	31 051	19 795	26 382	43 879	104 738	104 738	-	-	-
8.9 - WATER RURAL AREAS (046) & (074) - FX016001002001 (Water Distribution - Rural Water)	-	-	-	-	-	-	39 188	43 578	46 327
8.10 - WATER AND SANITATION INFRASTRUCTURE PLANNING (049) - FX016001002003 (Water Distribution - Water Demand Management)	4 193	4 220	4 105	4 988	5 551	5 551	5 546	5 873	6 226
8.11 - WATER PURIFICATION WORKS (059) - FX016001001002 (Water Treatment - Purification works)	129 230	116 581	177 691	191 623	191 829	191 829	194 462	203 727	212 921
8.12 - WATER DISTRIBUTION (060)	195 617	79 152	137 971	110 732	47 981	47 981	-	-	-
8.13 - WATER DISTRIBUTION (060) & (074) - FX016001002002 (Water Distribution - Urban Water)	-	-	-	-	-	-	127 575	140 754	148 455
8.14 - CLARIFIED WATER (061) - FX016001001001 (Water Treatment - Clarified Water)	12 549	11 239	14 043	17 578	13 437	13 437	9 894	10 066	10 195
8.15 - SCIENTIFIC SERVICES (062) - FX016001001003 (Water Treatment - Scientific Services)	13 955	11 504	19 961	18 400	18 531	18 531	18 676	20 079	21 578
8.16 - INDUSTRIAL EFFLUENT PIPELINE (063) - FX015001002001 (Sewerage - Industrial Effluent Pipeline)	438	1 567	1 562	1 850	1 850	1 850	1 386	1 480	1 470
Vote 9 - INFRASTRUCTURE AND TECHNICAL SERVICES - TRANSPORT, ROADS AND STORMWATER	177 393	163 999	183 350	185 052	190 986	190 986	194 839	212 555	226 692
9.1 - URBAN ROADS AND RAIL (022)	161 313	111 055	127 017	144 774	189 788	189 788	-	-	-
9.2 - URBAN ROADS AND RAIL (022) & (068) - FX012001004002 (Roads - Urban Roads)	-	-	-	-	-	-	98 212	107 250	113 848
9.3 - RURAL ROADS (056)	15 014	16 968	16 491	39 125	-	-	-	-	-
9.4 - RURAL ROADS (056) & (068) - FX012001004003 (Roads - Rural Roads)	-	-	-	-	-	-	69 424	75 602	81 240
9.5 - ROADS AND STORMWATER DISTRIBUTION ACCOUNT (068)	198	35 059	38 744	-	-	-	-	-	-
9.6 - ROADS AND STORMWATER DISTRIBUTION ACCOUNT (068) - FX015001003 (Storm Water Management)	-	-	-	-	-	-	26 001	28 439	30 285
9.7 - RAILWAY SIDINGS (069) - FX012001004001 (Roads - Railway Sidings)	868	916	1 099	1 153	1 198	1 198	1 201	1 264	1 320

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

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Expenditure by Vote									
Vote 10 - INFRASTRUCTURE AND TECHNICAL SERVICES - ENGINEERING SUPPORT SERVICES	31 744	72 147	91 577	37 847	54 203	54 203	33 893	31 135	31 390
10.1 - ENGINEERING SERVICES (038)	13 401	6 677	9 045	13 235	14 141	14 141	–	–	–
10.2 - ENGINEERING SERVICES (038) - FX010001007001 (Project Management Unit - Administration)	–	–	–	–	–	–	5 459	6 072	6 756
10.3 - ENGINEERING SERVICES (038) - FX010001007002 (Project Management Unit - Asset Management)	–	–	–	–	–	–	13 630	14 389	15 273
10.4 - PROJECT MANAGEMENT (065)	4 566	7 988	11 704	20 970	21 560	21 560	–	–	–
10.5 - PROJECT MANAGEMENT (065) - FX010001007003 (Project Management Unit - Expanded Public Works Programme)	–	–	–	–	–	–	5 061	–	–
10.6 - PROJECT MANAGEMENT (065) - FX010001007004 (Project Management Unit - Infrastructure Skills Development Grant)	–	–	–	–	–	–	6 500	6 500	6 500
10.7 - PROJECT MANAGEMENT (065) - FX010001007005 (Project Management Unit - PMU)	–	–	–	–	–	–	71	81	91
10.8 - MECHANICAL SERVICES (067)	54	8 561	10 952	36	4 646	4 646	–	–	–
10.9 - EQUIPMENT DISTRIBUTION ACCOUNT (070)	1 149	5 741	8 122	2 252	–	–	–	–	–
10.10 - VEHICLE DISTRIBUTION ACCOUNT (071)	12 563	36 448	43 655	1 355	–	–	–	–	–
10.11 - MECHANICAL SERVICES (067) & (070) & (071) - FX005001005 (Fleet Management)	–	–	–	–	–	–	(11 049)	(11 338)	(14 049)
10.12 - BUILDING DISTRIBUTION ACCOUNT (075) - FX001001005001 (Buildings Maintenance)	11	6 732	8 099	–	13 856	13 856	14 221	15 432	16 819
Vote 11 - OFFICE OF THE MUNICIPAL MANAGER	13 457	21 332	23 436	14 345	17 227	17 227	91 727	97 422	104 395
11.1 - OFFICE OF THE MUNICIPAL MANAGER (011)	9 903	6 978	8 079	12 330	15 940	15 940	–	–	–
11.2 - OFFICE OF THE MUNICIPAL MANAGER (011) - FX004001002006 (Municipal Demarcation Transition Grant)	–	–	–	–	–	–	7 286	7 577	7 881
11.3 - OFFICE OF THE MUNICIPAL MANAGER (011) - FX004001002007 (Performance Management)	–	–	–	–	–	–	21 616	23 013	24 763
11.4 - OFFICE OF THE MUNICIPAL MANAGER (011) - FX005001009 (Marketing, Customer Relations, Publicity and Media Co-ordination)	–	–	–	–	–	–	29 968	31 896	34 261
11.5 - OFFICE OF THE MUNICIPAL MANAGER (011) - FX005001011 (Risk Management)	–	–	–	–	–	–	20 330	21 652	23 315
11.6 - MUNICIPAL MANAGER (039)	3 555	11 650	12 675	2 000	(1 410)	(1 410)	–	–	–
11.7 - MUNICIPAL MANAGER (039) - FX004001002001 (DMM - Corporate Services)	–	–	–	–	–	–	2 791	2 959	3 156
11.8 - MUNICIPAL MANAGER (039) - FX004001002002 (DMM - ITS)	–	–	–	–	–	–	4 159	4 409	4 705
11.9 - MUNICIPAL MANAGER (039) - FX004001002003 (DMM - City Development)	–	–	–	–	–	–	2 999	3 181	3 396
11.10 - MUNICIPAL MANAGER (039) - FX004001002004 (DMM - Community Services)	–	–	–	–	–	–	2 568	2 724	2 906
11.11 - MUNICIPAL MANAGER (039) - FX004001002005 (Municipal Manager)	–	–	–	–	–	–	–	–	–
11.12 - INTERNAL AUDIT (080) - FX008001001 (Governance Function)	–	2 704	2 683	16	2 698	2 698	10	11	12
Total Expenditure by Vote	2 092 075	2 296 407	2 588 772	2 519 364	2 474 871	2 474 871	2 629 337	2 796 322	2 948 073
Surplus/(Deficit) for the year	(51 420)	197 906	149 209	164 816	258 112	258 112	152 247	187 288	213 192

Table 25 Surplus/ (Deficit) calculations for the trading services

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Electricity									
Total revenue (incl capital grants and transfers)	1 133 937	1 366 436	1 378 354	1 402 890	1 352 844	1 352 844	1 434 071	1 525 518	1 604 018
Operating Expenditure	960 233	1 066 981	1 083 980	1 211 487	1 147 445	1 147 445	1 210 556	1 268 881	1 318 207
Surplus/(Deficit) for the year	173 704	299 454	294 374	191 403	205 399	205 399	223 515	256 637	285 811
Percentage Surplus	15.3%	21.9%	21.4%	13.6%	15.2%	15.2%	15.6%	16.8%	17.8%
Water									
Total revenue (incl capital grants and transfers)	336 876	387 261	420 493	470 063	456 636	456 636	450 888	496 697	545 370
Operating Expenditure	388 937	266 614	412 268	397 688	392 847	392 847	395 341	424 078	445 701
Surplus/(Deficit) for the year	(52 061)	120 647	8 225	72 376	63 789	63 789	55 548	72 620	99 669
Percentage Surplus	(15.5%)	31.2%	2.0%	15.4%	14.0%	14.0%	12.3%	14.6%	18.3%
Waste water management									
Total revenue (incl capital grants and transfers)	140 170	160 331	250 646	221 534	219 412	219 412	250 865	269 767	287 550
Operating Expenditure	126 335	123 924	141 315	162 473	163 507	163 507	188 038	198 737	210 831
Surplus/(Deficit) for the year	13 835	36 407	109 332	59 062	55 905	55 905	62 826	71 030	76 719
Percentage Surplus	9.9%	22.7%	43.6%	26.7%	25.5%	25.5%	25.0%	26.3%	26.7%
Waste management									
Total revenue (incl capital grants and transfers)	69 353	88 037	102 627	114 206	113 465	113 465	124 080	137 302	145 198
Operating Expenditure	82 631	59 644	70 288	105 667	106 177	106 177	110 120	118 185	128 786
Surplus/(Deficit) for the year	(13 278)	28 393	32 339	8 540	7 288	7 288	13 960	19 117	16 413
Percentage Surplus	(19.1%)	32.3%	31.5%	7.5%	6.4%	6.4%	11.3%	13.9%	11.3%

1. 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.
2. The electricity trading surplus is fairly constant over the 2016/17 MTREF from 15.6 per cent or R223 million in 2016/17 to 16.8 per cent by 2017/18.
3. The surplus on the water account is distorted in the 2016/17 year by the inclusion of capital grants amounting to R 83 million. If the capital grant is excluded from the Revenue, Water Service will be making a deficit of R 27.5 million. However based on the inflated surplus this evens out over the remainder of the MTREF translating into a surplus of 12.3 per cent, 14.6 per cent and 18.3 per cent for each of the respective financial years.
4. 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 26 Surplus/ (Deficit) calculations for other services

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Governance and administration									
Total revenue (incl capital grants and transfers)	303 532	353 916	468 473	404 246	424 069	424 069	456 495	481 398	502 496
Operating Expenditure	63 741	306 687	357 145	52 457	79 826	79 826	138 195	147 598	156 340
Surplus/(Deficit) for the year	239 791	47 229	111 328	351 789	344 243	344 243	318 300	318 300	333 800
Percentage Surplus	79.0%	13.3%	23.8%	87.0%	81.2%	81.2%	69.7%	69.7%	66.1%
Community and public safety									
Total revenue (incl capital grants and transfers)	34 131	100 416	86 574	41 360	36 035	36 035	34 978	37 794	39 832
Operating Expenditure	247 542	268 468	293 012	336 822	320 815	320 815	315 017	343 793	373 115
Surplus/(Deficit) for the year	(213 411)	(168 052)	(206 437)	(295 462)	(284 779)	(284 779)	(280 039)	(280 039)	(305 999)
Percentage Surplus/ (Deficit)	(625.3%)	(167.4%)	(238.5%)	(714.4%)	(790.3%)	(790.3%)	(800.6%)	(800.6%)	(741.0%)
Economic and environmental services									
Total revenue (incl capital grants and transfers)	13 613	25 755	14 108	27 733	27 469	27 469	28 806	33 643	35 221
Operating Expenditure	215 041	197 832	221 794	236 361	247 866	247 866	254 901	276 468	295 058
Surplus/(Deficit) for the year	(201 428)	(172 077)	(207 687)	(208 628)	(220 397)	(220 397)	(226 095)	(226 095)	(242 825)
Percentage Surplus/ (Deficit)	(1479.7%)	(668.1%)	(1472.1%)	(752.3%)	(802.3%)	(802.3%)	(784.9%)	(784.9%)	(672.0%)
Housing									
Total revenue (incl capital grants and transfers)	9 042	12 161	16 705	2 147	103 053	103 053	1 400	1 490	1 580
Operating Expenditure	7 614	6 256	8 971	16 410	16 388	16 388	17 168	18 582	20 036
Surplus/(Deficit) for the year	1 429	5 905	7 734	(14 263)	86 665	86 665	(15 768)	(15 768)	(17 092)
Percentage Surplus/ (Deficit)	15.8%	48.6%	46.3%	(664.3%)	84.1%	84.1%	(1126.3%)	(1126.3%)	(1058.3%)

1. This table highlights the extent of cross-subsidisation from the trading services to the Community and public safety, Economic and environmental and Housing services.
2. **The major concern here is that all services other than Trading are now running at a R204 million deficit. You will not notice this in A2 because capital transfers distort the actual income. See Table 26 for the actual calculation. This implies that the whole Municipality has a high risk dependency on Electricity Income, given that Water has a deficit and the surpluses on the other two trading services are marginal.**
3. **Although Council has received Level II Accreditation, the subsidisation of Housing services can be construed as an “unfunded” mandate.**

Table 27 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source									
Property rates	239 617	279 679	338 166	361 500	374 178	374 178	402 140	428 181	449 879
Service charges - electricity revenue	1 091 706	1 311 519	1 336 447	1 386 603	1 336 170	1 336 170	1 424 840	1 505 505	1 581 210
Service charges - water revenue	158 637	176 552	200 460	281 565	268 270	268 270	265 520	284 520	299 100
Service charges - sanitation revenue	66 946	71 241	75 579	84 000	81 200	81 200	86 820	95 330	98 650
Service charges - refuse revenue	52 520	58 414	61 353	67 800	67 137	67 137	71 020	78 640	81 000
Service charges - other	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	16 860	13 501	11 648	10 874	11 524	11 524	12 099	12 865	13 656
Interest earned - external investments	14 499	21 060	27 558	21 982	21 982	21 982	29 000	30 740	32 584
Interest earned - outstanding debtors	168	52	56	58	90	90	100	110	120
Fines	10 550	59 986	55 369	11 231	3 732	3 732	3 732	3 953	4 133
Licences and permits	1 933	1 744	1 777	1 765	3 607	3 607	3 631	3 847	3 986
Agency services	6 093	6 630	6 726	7 000	7 000	7 000	7 000	7 100	7 200
Transfers recognised - operational	202 114	232 086	245 789	257 953	258 723	258 723	298 237	318 355	343 274
Other revenue	126 783	67 453	140 258	31 970	28 965	28 965	31 697	33 673	35 929
Gains on disposal of PPE	569	7 530	21 371	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	1 988 995	2 307 447	2 522 558	2 524 301	2 462 577	2 462 577	2 635 836	2 802 820	2 950 721
Expenditure By Type									
Employee related costs	437 126	480 990	533 157	615 819	629 901	629 901	676 869	732 151	794 125
Remuneration of councillors	17 148	21 408	22 622	24 729	24 729	24 729	26 462	26 584	28 711
Debt impairment	3 647	67 969	78 710	3 050	3 064	3 064	6 950	7 339	7 745
Depreciation & asset impairment	345 315	244 340	339 935	205 014	205 014	205 014	252 373	298 616	325 244
Finance charges	79 985	71 145	71 171	79 806	79 806	79 806	80 335	80 611	73 634
Bulk purchases	937 247	1 051 626	1 100 661	1 134 058	1 063 124	1 063 124	1 128 615	1 173 760	1 220 711
Other materials	65 438	75 129	132 082	132 063	136 898	136 898	112 425	116 923	121 599
Contracted services	92 101	100 641	79 887	109 961	104 254	104 254	124 177	128 042	133 375
Transfers and grants	2 091	3 022	4 357	10 473	14 018	14 018	12 681	13 188	13 716
Other expenditure	111 507	180 094	225 873	204 390	214 064	214 064	208 451	219 108	229 212
Loss on disposal of PPE	470	43	315	-	-	-	-	-	-
Total Expenditure	2 092 076	2 296 407	2 588 772	2 519 364	2 474 871	2 474 871	2 629 337	2 796 321	2 948 073
Surplus/(Deficit)	(103 081)	11 040	(66 214)	4 937	(12 294)	(12 294)	6 500	6 499	2 649
Transfers recognised - capital	51 659	186 865	215 423	159 878	270 405	270 405	145 747	180 790	210 544
Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(51 421)	197 906	149 209	164 815	258 111	258 111	152 247	187 289	213 192
Taxation	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	(51 421)	197 906	149 209	164 815	258 111	258 111	152 247	187 289	213 192
Attributable to minorities	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	(51 421)	197 906	149 209	164 815	258 111	258 111	152 247	187 289	213 192
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(51 421)	197 906	149 209	164 815	258 111	258 111	152 247	187 289	213 192

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

1. Total revenue is R2.6 billion in 2016/17 and escalates to R2.8 billion by 2017/18 and R2.9 billion by 2018/19. This represents a year-on-year increase of 7 per cent for the 2016/17 financial year and 6 per cent for the 2017/18 financial year and 5 per cent for the 2018/19 financial year.
2. Revenue to be generated from Property Rates is R 402 million in the 2016/17 financial year and increases to R 428 million by 2017/18 which represents 15 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 2016/17 financial year and increasing to R1.9 billion by 2017/18. For the 2016/17 financial year services charges amount to 70 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.
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 term the grants receipts from national government having only increased marginally over the MTREF by 6.7 per cent and 7.8 per cent for the two outer years.
5. The following graph illustrates the major expenditure items per type.

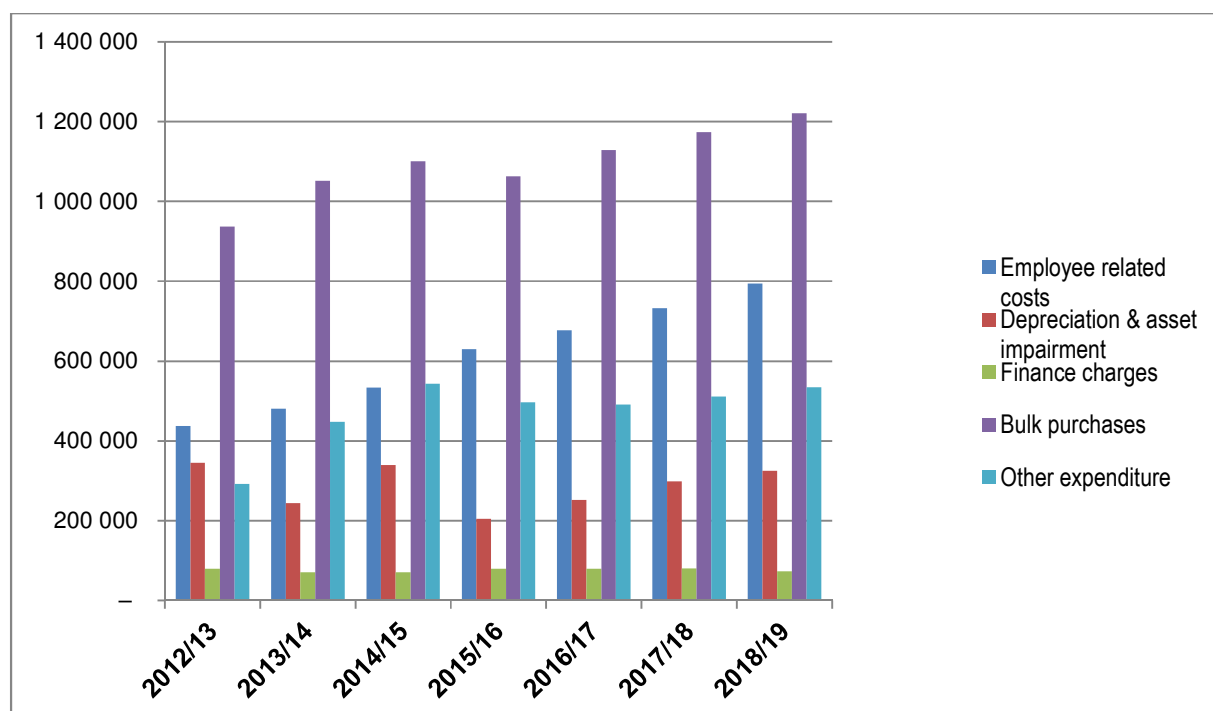
**Figure 4 Expenditure by major type**

Table 28 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Vote									
Multi-year expenditure to be appropriated									
Vote 1 - CITY DEVELOPMENT	6 098	7 595	7 063	18 000	100 320	100 320	–	200	200
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH	901	8 941	13 146	16 233	12 119	12 119	16 000	15 900	15 900
Vote 3 - COMMUNITY SERVICES - RECREATIONAL	2 797	9 579	16 621	37 403	31 404	31 404	15 500	14 600	14 600
Vote 4 - CORPORATE SERVICES - ADMINISTRATIO	9 480	5 923	2 066	8 980	23 842	23 842	36 000	15 100	15 100
Vote 5 - CORPORATE SERVICES - HUMAN RESOUR	–	12	64	–	–	–	–	–	–
Vote 6 - FINANCIAL SERVICES	142	–	–	–	–	–	–	–	–
Vote 7 - INFRASTRUCTURE AND TECHNICAL SERV	12 722	65 291	30 876	31 688	29 659	29 659	20 000	10 000	12 000
Vote 8 - INFRASTRUCTURE AND TECHNICAL SERV	47 811	114 084	185 107	182 144	161 180	161 180	125 166	134 079	159 660
Vote 9 - INFRASTRUCTURE AND TECHNICAL SERV	5 025	25 670	10 880	27 909	31 967	31 967	80 750	56 788	58 717
Vote 10 - INFRASTRUCTURE AND TECHNICAL SER	–	–	4 817	4 444	1 724	1 724	9 500	–	–
Vote 11 - OFFICE OF THE MUNICIPAL MANAGER	49	–	38	–	–	–	–	–	–
Capital multi-year expenditure sub-total	85 024	237 096	270 679	326 799	392 214	392 214	302 916	246 667	276 177
Single-year expenditure to be appropriated									
Vote 1 - CITY DEVELOPMENT	1 123	1 012	152	–	4 368	4 368	–	300	300
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH	495	1 165	2 756	13 228	9 897	9 897	2 000	17 100	17 100
Vote 3 - COMMUNITY SERVICES - RECREATIONAL	2 610	4 320	20 215	17 541	18 222	18 222	14 224	29 938	30 882
Vote 4 - CORPORATE SERVICES - ADMINISTRATIO	5 492	5 746	25 070	16 119	8 360	8 360	6 000	10 980	10 980
Vote 5 - CORPORATE SERVICES - HUMAN RESOUR	16	5	18	18	–	–	–	200	200
Vote 6 - FINANCIAL SERVICES	104	151	43	15	772	772	–	–	–
Vote 7 - INFRASTRUCTURE AND TECHNICAL SERV	6 820	4 185	24 510	2 505	4 436	4 436	108 900	33 200	33 200
Vote 8 - INFRASTRUCTURE AND TECHNICAL SERV	3 790	28 189	46 616	23 876	6 400	6 400	22 000	46 900	46 900
Vote 9 - INFRASTRUCTURE AND TECHNICAL SERV	1 998	6 202	9 038	15 044	15 000	15 000	16 358	20 772	22 002
Vote 10 - INFRASTRUCTURE AND TECHNICAL SER	7 543	16 085	54 266	33 634	41 492	41 492	7 000	10 200	10 200
Vote 11 - OFFICE OF THE MUNICIPAL MANAGER	22	220	1 008	–	–	–	–	20	20
Capital single-year expenditure sub-total	30 012	67 280	183 694	121 979	108 946	108 946	176 481	169 610	171 784
Total Capital Expenditure - Vote	115 036	304 375	454 373	448 778	501 161	501 161	479 397	416 277	447 961

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

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital Expenditure - Standard									
Governance and administration	22 235	33 076	84 002	44 606	65 674	65 704	43 000	25 820	25 820
Executive and council	–	352	50	93	–	–	–	100	100
Budget and treasury office	195	132	43	15	422	422	–	–	–
Corporate services	22 040	32 591	83 908	44 498	65 252	65 282	43 000	25 720	25 720
Community and public safety	15 937	33 791	72 511	119 748	188 950	188 950	39 724	72 018	72 962
Community and social services	4 470	12 847	19 147	35 726	25 039	25 039	13 000	24 480	24 480
Sport and recreation	2 276	9 301	23 935	41 239	38 173	38 173	25 724	30 538	31 482
Public safety	2 920	5 114	17 655	21 345	18 359	18 359	–	16 800	16 800
Housing	6 046	5 756	7 144	18 000	104 212	104 212	1 000	200	200
Health	225	773	4 630	3 439	3 167	3 167	–	–	–
Economic and environmental services	7 247	32 321	19 996	44 411	48 762	48 732	117 108	78 360	81 519
Planning and development	219	86	72	–	476	476	7 000	600	600
Road transport	7 028	32 236	19 925	42 983	46 997	46 967	110 108	77 660	80 819
Environmental protection	–	–	–	1 428	1 290	1 290	–	100	100
Trading services	67 359	205 187	277 864	239 714	197 774	197 774	279 566	240 079	267 660
Electricity	15 544	61 607	43 317	29 631	28 465	28 465	128 900	43 200	45 200
Water	15 048	79 627	155 719	128 429	117 204	117 204	103 043	122 308	145 830
Waste water management	36 584	62 646	76 003	79 876	50 576	50 576	44 122	58 671	60 730
Waste management	183	1 307	2 824	1 778	1 530	1 530	3 500	15 900	15 900
Other	2 258	–	–	300	–	–	–	–	–
Total Capital Expenditure - Standard	115 036	304 375	454 373	448 778	501 161	501 161	479 397	416 277	447 961
Funded by:									
National Government	40 345	110 841	201 357	159 878	159 878	159 878	145 747	180 790	210 544
Provincial Government	11 087	15 246	10 439	18 000	100 312	100 312	–	–	–
District Municipality	97	110	–	–	–	–	–	–	–
Other transfers and grants	131	133	–	–	–	–	–	–	–
Transfers recognised - capital	51 659	126 329	211 796	177 878	260 190	260 190	145 747	180 790	210 544
Public contributions & donations	4 531	62 602	8 323	1 115	1 115	1 115	–	–	–
Borrowing	33 829	69 347	147 302	159 702	137 236	137 236	200 000	100 000	100 000
Internally generated funds	25 017	46 097	86 952	110 082	102 619	102 619	133 650	135 488	137 417
Total Capital Funding	115 036	304 375	454 373	448 778	501 161	501 161	479 397	416 277	447 961

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 2016/17 R302.9 million has been allocated of the total R479.3 million capital budget, which totals 63 per cent. This allocation decreases to R 246.6 million in 2017/18 and then increases to R 276 million in 2018/19.
3. Single-year capital expenditure has been appropriated at R 176.4 million for the 2016/17 financial year and reduces slightly over the MTREF to levels of R 169.6 million and R 171.7 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 2016/17, capital transfers totals R 333.6 million (70 per cent) and decreases to R 235.4 million in the 2017/18 financial year (56 per cent). Borrowing has been provided at R 400 million over the MTREF with internally generated funding totaling R 133.6 million, R 135.4 million and R 137.4 million for each of the respective financial years of the MTREF.
6. Included in the 2016/17 Borrowings is R 100 million that has been earmarked for the 132KV oil filled cables in the South Dunes between Hydra and Capella Substations. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 29 MBRR Table A5A - Budgeted Capital Expenditure by vote, Municipal classification

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Municipal Vote									
Multi-year expenditure appropriation									
Vote 1 - CITY DEVELOPMENT	6 098	7 595	7 063	18 000	100 320	100 320	-	200	200
1.1 - CITY DEVELOPMENT (013)	2	74	72	-	-	-	-	-	-
1.2 - CITY DEVELOPMENT (013) - FX005001014 (Valuation Service)	-	-	-	-	-	-	-	-	-
1.3 - CITY DEVELOPMENT (013) - FX009002006 (Tourism)	-	-	-	-	-	-	-	-	-
1.4 - CITY DEVELOPMENT (013) - FX010001001 (Billboards)	-	-	-	-	-	-	-	-	-
1.5 - CITY DEVELOPMENT (013) - FX010001002 (Corporate Wide Strategic Planning (IDPs, LEDs))	-	-	-	-	-	-	-	-	-
1.6 - CITY DEVELOPMENT (013) - FX010001005 (Economic Development/Planning)	-	-	-	-	-	-	-	-	-
1.7 - CITY DEVELOPMENT (013) -FX010001006 (Town Planning, Building Regulations and Enforcement, and City Engineer)	-	-	-	-	-	-	-	-	-
1.8 - TOWNSHIP DEVELOPMENT (045)	50	2 029	-	-	8	8	-	-	-
1.9 - TOWNSHIP DEVELOPMENT (045) - FX010001004 (Development Facilitation)	-	-	-	-	-	-	-	-	-
1.10 - PIONEER COURT RENTAL SCHEME (015)	-	-	-	-	-	-	-	-	-
1.11 - HOUSING (028)	6 046	5 493	6 992	18 000	100 312	100 312	-	-	-
1.12 - HOUSING (028) - FX007001001 (Housing)	-	-	-	-	-	-	-	200	200
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	901	8 941	13 146	16 233	12 119	12 119	16 000	15 900	15 900
2.1 - FIRE BRIGADE (005) - FX011001005 (Fire Fighting and Protection)	901	1 554	4 612	3 959	2 421	2 421	-	-	-
2.2 - TRAFFIC (006) - FX011001007 (Police Forces, Traffic and Street Parking Control)	-	-	-	-	-	-	-	-	-
2.3 - DISASTER MANAGEMENT (007) - FX001002008 (Disaster Management)	-	-	-	-	-	-	-	-	-
2.4 - HEALTH ADMINISTRATION (008) - FX003001003 (Pollution Control)	-	23	3 206	-	-	-	-	-	-
2.5 - CLINICS (009) - FX005001006003 (Occupational Clinic)	-	677	415	1 604	2 167	2 167	-	-	-
2.6 - CRIME PREVENTION (010) - FX005001012 (Security Services)	-	-	-	2 000	2 000	2 000	500	-	-
2.7 - LICENCES TRAFFIC (012) - FX012002001 (Non-Road and Traffic Regulation)	-	-	-	-	-	-	-	-	-

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

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Municipal Vote									
Multi-year expenditure appropriation									
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	901	8 941	13 146	16 233	12 119	12 119	16 000	15 900	15 900
2.8 - COMMUTER FACILITIES (029) - FX012001005 (Taxi ranks)	–	5 380	2 563	7 000	4 000	4 000	14 000	–	–
2.9 - STREET CLEANING (032) - FX014001004 (Street Cleansing)	–	–	–	–	–	–	–	–	–
2.10 - REFUSE REMOVAL (033) - FX014001003 (Solid Waste Removal)	–	1 307	2 350	1 670	1 530	1 530	1 500	15 900	15 900
2.11 - WASTE DISPOSAL (036)	–	–	–	–	–	–	–	–	–
2.12 - PUBLIC CONVENIENCES (037) - FX015001001 (Public Toilets)	–	–	–	–	–	–	–	–	–
Vote 3 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	2 797	9 579	16 621	37 403	31 404	31 404	15 500	14 600	14 600
3.1 - CEMETERY (002) - FX001001003 (Cemeteries, Funeral Parlours and Crematoriums)	637	675	1 299	2 017	784	784	–	–	–
3.2 - LIBRARY (004)	575	348	3 902	3 849	1 675	1 675	–	–	–
3.3 - LIBRARY (004) - FX001001006001 (Libraries and Archives)	–	–	–	–	–	–	–	–	–
3.4 - LIBRARY (004) - FX001001006002 (Cyber Cadets)	–	–	–	–	–	–	–	–	–
3.5 - MUNICIPAL HALLS (016) - FX001001005002 (Halls)	370	2 202	381	7 210	6 305	6 305	4 000	–	–
3.6 - PARKS, SPORT AND RECREATION (018) - FX013002003002 (Recreational Facilities - Parks Administration)	–	–	–	6 849	2 745	2 745	–	–	–
3.7 - PARKS AND GARDENS (023)	–	583	643	–	–	–	–	–	–
3.8 - PARKS DISTRIBUTION (073)	302	709	711	–	–	–	–	–	–
3.9 - PARKS AND GARDENS (023) & (073) - FX013001002 (Community Parks (including Nurseries))	–	–	–	–	–	–	3 000	–	–
3.10 - SPORT DEVELOPMENT AND SPORTFIELDS (024) - FX013002004001 (Sport Development and Sportfields)	531	2 219	8 648	10 818	13 301	13 301	8 500	14 600	14 600
3.11 - STADIUM (025) - FX013002004002 (Sports Grounds and Stadiums - Stadium)	–	–	–	–	–	–	–	–	–
3.12 - CARAVAN PARK (026) - FX013002003001 (Recreational Facilities - Caravan Park)	–	–	–	–	–	–	–	–	–

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

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Municipal Vote									
Multi-year expenditure appropriation									
Vote 3 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	2 797	9 579	16 621	37 403	31 404	31 404	15 500	14 600	14 600
3.13 - BEACH FACILITIES (027) - FX013001001 (Beaches and Jetties)	178	2 405	845	6 635	6 594	6 594	-	-	-
3.14 - SWIMMING POOLS (042) - FX013002003003 (Recreational Facilities - Swimming Pools)	204	438	192	25	-	-	-	-	-
3.15 - MUSEUMS, ARTS & CRAFTS (064) - FX001001008 (Museums and Art Galleries)	-	-	-	-	-	-	-	-	-
Vote 4 - CORPORATE SERVICES - ADMINISTRATION	9 480	5 923	2 066	8 980	23 842	23 842	36 000	15 100	15 100
4.1 - ADMINISTRATION (001)	-	-	-	17	-	-	-	-	-
4.2 - PRINTING AND PHOTOCOPYING (078)	-	-	-	-	-	-	-	-	-
4.3 - ADMINISTRATION (001) & (078) - FX005001001 (Administrative and Corporate Support)	-	-	-	-	-	-	-	-	-
4.4 - ADMINISTRATION (001) - FX005001008 (Legal Services)	-	-	-	-	-	-	-	-	-
4.5 - ADMINISTRATION (001) - FX009001004 (Licensing and Regulation)	-	-	-	-	-	-	-	-	-
4.6 - HOUSING RENTAL SCHEMES (003) - FX005001010 (Property Services)	-	-	-	-	-	-	-	-	-
4.7 - MUNICIPAL BUILDINGS (019) - FX001001005003 (Municipal Buildings)	264	709	48	4 093	2 335	2 335	3 000	-	-
4.8 - COUNCIL GENERAL EXPENDITURE (030)	-	-	-	93	-	-	-	-	-
4.9 - COUNCIL GENERAL EXPENDITURE (030) - FX004001001001 (Mayor and Council)	-	-	-	-	-	-	-	100	100
4.10 - COUNCIL GENERAL EXPENDITURE (030) - FX004001001002 (Mayor and Council - Municipal Systems Improvement Grant)	-	-	-	-	-	-	-	-	-
4.11 - AIRPORT (058) - FX009001002 (Air Transport)	2 258	-	-	300	-	-	-	-	-
4.12 - IT SERVICES (082) - FX005001007 (Information Technology)	6 957	5 214	2 018	4 477	21 507	21 507	33 000	15 000	15 000
Vote 5 - CORPORATE SERVICES - HUMAN RESOURCES	-	12	64	-	-	-	-	-	-
5.1 - MANAGEMENT SERVICES (014) - FX005001006002 (Management Services)	-	12	-	-	-	-	-	-	-
5.2 - HUMAN RESOURCES AND LOSS CONTROL (021) - FX005001006001 (Human Resources)	-	-	24	-	-	-	-	-	-
5.3 - TRAINING AND INDUSTRIAL RELATIONS (077) - FX005001006004 (Training and Industrial Relations)	-	-	40	-	-	-	-	-	-

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

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Municipal Vote									
Multi-year expenditure appropriation									
Vote 6 - FINANCIAL SERVICES	142	-	-	-	-	-	-	-	-
6.1 - SUNDRIES (020)	-	-	-	-	-	-	-	-	-
6.2 - FINANCIAL SERVICES (040)	142	-	-	-	-	-	-	-	-
6.3 - FINANCIAL SERVICES (040) - FX005001003001 (Financial Management Grant Interns)	-	-	-	-	-	-	-	-	-
6.4 - FINANCIAL SERVICES (040) - FX005001003002 (Revenue and Expenditure)	-	-	-	-	-	-	-	-	-
6.5 - FINANCIAL SERVICES (040) - FX005001004 (Finance)	-	-	-	-	-	-	-	-	-
6.6 - FINANCIAL SERVICES (040) - FX005002001 (Asset Management)	-	-	-	-	-	-	-	-	-
6.7 - SUPPLY CHAIN MANAGEMENT UNIT (066) - FX005001013 (Supply Chain Management)	-	-	-	-	-	-	-	-	-
Vote 7 - INFRASTRUCTURE AND TECHNICAL SERVICES - ELECTRICAL SUPPLY SERVICES	12 722	65 291	30 876	31 688	29 659	29 659	20 000	10 000	12 000
7.1 - STREET LIGHTING (041)	1 737	2 832	10 281	7 745	6 531	6 531	11 000	-	-
7.2 - ELECTRICITY SUPPORT SERVICES (083)	-	-	69	-	-	-	-	-	-
7.3 - STREET LIGHTING (041) & (083) - FX002001002 (Street Lighting)	-	-	-	-	-	-	-	-	-
7.4 - ELECTRICITY ADMINISTRATION (054) - FX002001001002 (Administration)	-	-	-	-	-	-	-	-	-
7.5 - ELECTRICITY DISTRIBUTION (055)	10 984	55 863	20 092	23 291	23 115	23 115	-	-	-
7.6 - ELECTRICITY DISTRIBUTION ACCOUNT (072)	-	-	-	-	-	-	-	-	-
7.7 - ELECTRICITY PLANNING AND DEVELOPMENT (081)	-	3 319	-	40	14	14	-	-	-
7.8 - ELECTRICITY DISTRIBUTION (055) & (072) & (081) - FX002001001004 (Electricity and Gas Distribution and Planning)	-	-	-	-	-	-	9 000	10 000	12 000
7.9 - ELECTRICITY MARKETING AND CUSTOMER SERVICES (057) - FX002001001001 (Marketing and Customer relations)	-	41	-	-	-	-	-	-	-
7.10 - PROCESS CONTROL SYSTEMS (050)	-	-	434	612	-	-	-	-	-
7.11 - RADIO EQUIPMENT ACCOUNT (076)	-	-	-	-	-	-	-	-	-
7.12 - TRAFFIC TECHNICAL DISTRIBUTION ACCOUNT (079)	-	-	-	-	-	-	-	-	-
7.13 - PROCESS CONTROL SYSTEMS (050) & (076) & (079) - FX002001001003 (Process Control Systems)	-	3 235	-	-	-	-	-	-	-

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

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Municipal Vote									
Multi-year expenditure appropriation									
Vote 8 - INFRASTRUCTURE AND TECHNICAL SERVICES - WATER AND SANITATION	47 811	114 084	185 107	182 144	161 180	161 180	125 166	134 079	159 660
8.1 - SEWERAGE NETWORKS (034)	34 626	57 897	70 858	54 665	45 376	45 376	-	-	-
8.2 - WATER AND SANITATION DISTRIBUTION ACCOUNT (074)	-	-	-	-	-	-	-	-	-
8.3 - SEWERAGE NETWORKS (034) & (074)- FX015001002003 (Sewerage - Sewerage Network)	-	-	-	-	-	-	37 122	34 771	36 830
8.4 - SEWERAGE PURIFICATION NETWORKS (035) - FX015001004 (Treatment)	-	-	-	-	-	-	-	-	-
8.5 - SEWERAGE PUMPSTATIONS (043)	94	-	1 446	-	-	-	-	-	-
8.6 - SEWERAGE PUMPSTATIONS DISTRIBUTION ACCOUNT (087)	-	-	-	-	-	-	-	-	-
8.7 - SEWERAGE PUMPSTATIONS (043) & (087) - FX015001002002 (Sewerage - Pumpstations)	-	-	-	449	-	-	-	-	-
8.8 - WATER RURAL AREAS (046)	8 595	51 923	84 736	34 344	40 099	40 099	-	-	-
8.9 - WATER RURAL AREAS (046) & (074) - FX016001002001 (Water Distribution - Rural Water)	-	-	-	-	-	-	32 122	34 771	36 830
8.10 - WATER AND SANITATION INFRASTRUCTURE PLANNING (049) - FX016001002003 (Water Distribution - Water Demand Management)	1 559	1 805	1 210	816	295	295	-	-	-
8.11 - WATER PURIFICATION WORKS (059) - FX016001001002 (Water Treatment - Purification works)	-	-	-	-	-	-	-	-	-
8.12 - WATER DISTRIBUTION (060)	1 887	2 459	25 212	91 870	75 410	75 410	-	-	-
8.13 - WATER DISTRIBUTION (060) & (074) - FX016001002002 (Water Distribution - Urban Water)	333	-	345	-	-	-	55 921	64 537	86 000
8.14 - CLARIFIED WATER (061) - FX016001001001 (Water Treatment - Clarified Water)	-	-	-	-	-	-	-	-	-
8.15 - SCIENTIFIC SERVICES (062) - FX016001001003 (Water Treatment - Scientific Services)	716	-	1 300	-	-	-	-	-	-
8.16 - INDUSTRIAL EFFLUENT PIPELINE (063) - FX015001002001 (Sewerage - Industrial Effluent Pipeline)	-	-	-	-	-	-	-	-	-

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

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Municipal Vote									
Multi-year expenditure appropriation									
Vote 9 - INFRASTRUCTURE AND TECHNICAL SERVICES - TRANSPORT, ROADS AND STORMWATER	5 025	25 670	10 880	27 909	31 967	31 967	80 750	56 788	58 717
9.1 - URBAN ROADS AND RAIL (022)	5 025	25 670	10 880	27 909	31 967	31 967	-	-	-
9.2 - URBAN ROADS AND RAIL (022) & (068) - FX012001004002 (Roads - Urban Roads)	-	-	-	-	-	-	80 750	56 788	58 717
9.3 - RURAL ROADS (056)	-	-	-	-	-	-	-	-	-
9.4 - RURAL ROADS (056) & (068) - FX012001004003 (Roads - Rural Roads)	-	-	-	-	-	-	-	-	-
9.5 - ROADS AND STORMWATER DISTRIBUTION ACCOUNT (068)	-	-	-	-	-	-	-	-	-
9.6 - ROADS AND STORMWATER DISTRIBUTION ACCOUNT (068) - FX015001003 (Storm Water Management)	-	-	-	-	-	-	-	-	-
9.7 - RAILWAY SIDINGS (069) - FX012001004001 (Roads - Railway Sidings)	-	-	-	-	-	-	-	-	-
Vote 10 - INFRASTRUCTURE AND TECHNICAL SERVICES - ENGINEERING SUPPORT SERVICES	-	-	4 817	4 444	1 724	1 724	9 500	-	-
10.1 - ENGINEERING SERVICES (038)	-	-	-	-	-	-	-	-	-
10.2 - ENGINEERING SERVICES (038) - FX010001007001 (Project Management Unit - Administration)	-	-	-	-	-	-	-	-	-
10.3 - ENGINEERING SERVICES (038) - FX010001007002 (Project Management Unit - Asset Management)	-	-	-	-	-	-	-	-	-
10.4 - PROJECT MANAGEMENT (065)	-	-	-	-	-	-	-	-	-
10.5 - PROJECT MANAGEMENT (065) - FX010001007003 (Project Management Unit - Expanded Public Works Programme)	-	-	-	-	-	-	-	-	-
10.6 - PROJECT MANAGEMENT (065) - FX010001007004 (Project Management Unit - Infrastructure Skills Development Grant)	-	-	-	-	-	-	-	-	-
10.7 - PROJECT MANAGEMENT (065) - FX010001007005 (Project Management Unit - PMU)	-	-	-	-	-	-	-	-	-
10.8 - MECHANICAL SERVICES (067)	-	-	-	-	-	-	-	-	-
10.9 - EQUIPMENT DISTRIBUTION ACCOUNT (070)	-	-	30	250	-	-	-	-	-
10.10 - VEHICLE DISTRIBUTION ACCOUNT (071)	-	-	4 787	4 194	1 724	1 724	-	-	-

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

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Municipal Vote									
Multi-year expenditure appropriation									
Vote 10 - INFRASTRUCTURE AND TECHNICAL SERVICES - ENGINEERING SUPPORT SERVICES	-	-	4 817	4 444	1 724	1 724	9 500	-	-
10.11 - MECHANICAL SERVICES (067) & (070) & (071) - FX005001005 (Fleet Management)	-	-	-	-	-	-	9 500	-	-
10.12 - BUILDING DISTRIBUTION ACCOUNT (075) - FX001001005001 (Buildings Maintenance)	-	-	-	-	-	-	-	-	-
Vote 11 - OFFICE OF THE MUNICIPAL MANAGER	49	-	38	-	-	-	-	-	-
11.1 - OFFICE OF THE MUNICIPAL MANAGER (011)	49	-	-	-	-	-	-	-	-
11.2 - OFFICE OF THE MUNICIPAL MANAGER (011) - FX004001002006 (Municipal Demarcation Transition Grant)	-	-	-	-	-	-	-	-	-
11.3 - OFFICE OF THE MUNICIPAL MANAGER (011) - FX004001002007 (Performance Management)	-	-	-	-	-	-	-	-	-
11.4 - OFFICE OF THE MUNICIPAL MANAGER (011) - FX005001009 (Marketing, Customer Relations, Publicity and Media Co-ordination)	-	-	-	-	-	-	-	-	-
11.5 - OFFICE OF THE MUNICIPAL MANAGER (011) - FX005001011 (Risk Management)	-	-	-	-	-	-	-	-	-
11.6 - MUNICIPAL MANAGER (039)	-	-	-	-	-	-	-	-	-
11.7 - MUNICIPAL MANAGER (039) - FX004001002001 (DMM - Corporate Services)	-	-	-	-	-	-	-	-	-
11.8 - MUNICIPAL MANAGER (039) - FX004001002002 (DMM - ITS)	-	-	-	-	-	-	-	-	-
11.9 - MUNICIPAL MANAGER (039) - FX004001002003 (DMM - City Development)	-	-	-	-	-	-	-	-	-
11.10 - MUNICIPAL MANAGER (039) - FX004001002004 (DMM - Community Services)	-	-	-	-	-	-	-	-	-
11.11 - MUNICIPAL MANAGER (039) - FX004001002005 (Municipal Manager)	-	-	38	-	-	-	-	-	-
11.12 - INTERNAL AUDIT (080) - FX008001001 (Governance Function)	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	85 024	237 096	270 679	326 799	392 214	392 214	302 916	246 667	276 177

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

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Municipal Vote									
Single-year expenditure appropriation									
Vote 1 - CITY DEVELOPMENT	1 123	1 012	152	–	4 368	4 368	–	300	300
1.1 - CITY DEVELOPMENT (013)	217	12	–	–	468	468	–	–	–
1.2 - CITY DEVELOPMENT (013) - FX005001014 (Valuation Service)	–	–	–	–	–	–	–	–	–
1.3 - CITY DEVELOPMENT (013) - FX009002006 (Tourism)	–	–	–	–	–	–	–	–	–
1.4 - CITY DEVELOPMENT (013) - FX010001001 (Billboards)	–	–	–	–	–	–	–	–	–
1.5 - CITY DEVELOPMENT (013) - FX010001002 (Corporate Wide Strategic Planning (IDPs, LEDs))	–	–	–	–	–	–	–	–	–
1.6 - CITY DEVELOPMENT (013) - FX010001005 (Economic Development/Planning)	–	–	–	–	–	–	–	300	300
1.7 - CITY DEVELOPMENT (013) -FX010001006 (Town Planning, Building Regulations and Enforcement, and City Engineer)	–	–	–	–	–	–	–	–	–
1.8 - TOWNSHIP DEVELOPMENT (045)	906	737	–	–	–	–	–	–	–
1.9 - TOWNSHIP DEVELOPMENT (045) - FX010001004 (Development Facilitation)	–	–	–	–	–	–	–	–	–
1.10 - PIONEER COURT RENTAL SCHEME (015)	–	–	–	–	–	–	–	–	–
1.11 - HOUSING (028)	–	263	152	–	3 900	3 900	–	–	–
1.12 - HOUSING (028) - FX007001001 (Housing)	–	–	–	–	–	–	–	–	–
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	495	1 165	2 756	13 228	9 897	9 897	2 000	17 100	17 100
2.1 - FIRE BRIGADE (005) - FX011001005 (Fire Fighting and Protection)	81	520	1 163	7 641	7 408	7 408	–	16 800	16 800
2.2 - TRAFFIC (006) - FX011001007 (Police Forces, Traffic and Street Parking Control)	–	207	86	–	–	–	–	–	–
2.3 - DISASTER MANAGEMENT (007) - FX001002008 (Disaster Management)	–	–	–	–	–	–	–	–	–
2.4 - HEALTH ADMINISTRATION (008) - FX003001003 (Pollution Control)	27	14	117	1 428	1 290	1 290	–	100	100

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

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Municipal Vote									
Single-year expenditure appropriation									
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	495	1 165	2 756	13 228	9 897	9 897	2 000	17 100	17 100
2.5 - CLINICS (009) - FX005001006003 (Occupational Clinic)	198	60	891	1 834	1 000	1 000	-	100	100
2.6 - CRIME PREVENTION (010) - FX005001012 (Security Services)	-	-	18	-	-	-	-	-	-
2.7 - LICENCES TRAFFIC (012) - FX012002001 (Non-Road and Traffic Regulation)	6	363	6	30	-	-	-	100	100
2.8 - COMMUTER FACILITIES (029) - FX012001005 (Taxi ranks)	-	-	-	-	-	-	-	-	-
2.9 - STREET CLEANING (032) - FX014001004 (Street Cleansing)	20	-	7	-	-	-	-	-	-
2.10 - REFUSE REMOVAL (033) - FX014001003 (Solid Waste Removal)	163	-	290	108	-	-	2 000	-	-
2.11 - WASTE DISPOSAL (036)	-	-	-	-	-	-	-	-	-
2.12 - PUBLIC CONVENIENCES (037) - FX015001001 (Public Toilets)	-	-	178	2 186	200	200	-	-	-
Vote 3 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	2 610	4 320	20 215	17 541	18 222	18 222	14 224	29 938	30 882
3.1 - CEMETERY (002) - FX001001003 (Cemeteries, Funeral Parlours and Crematoriums)	129	-	-	-	-	-	-	-	-
3.2 - LIBRARY (004)	194	256	3 835	125	-	-	-	-	-
3.3 - LIBRARY (004) - FX001001006001 (Libraries and Archives)	-	-	-	-	-	-	-	-	-
3.4 - LIBRARY (004) - FX001001006002 (Cyber Cadets)	-	-	-	-	-	-	-	-	-
3.5 - MUNICIPAL HALLS (016) - FX001001005002 (Halls)	1 225	1 082	3 483	500	2 689	2 689	-	14 000	14 000
3.6 - PARKS, SPORT AND RECREATION (018) - FX013002003002 (Recreational Facilities - Parks Administration)	-	-	-	-	-	-	-	-	-
3.7 - PARKS AND GARDENS (023)	-	798	193	-	-	-	-	-	-
3.8 - PARKS DISTRIBUTION (073)	139	1 391	193	653	64	64	-	-	-

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

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Municipal Vote									
Single-year expenditure appropriation									
Vote 3 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	2 610	4 320	20 215	17 541	18 222	18 222	14 224	29 938	30 882
3.9 - PARKS AND GARDENS (023) & (073) - FX013001002 (Community Parks (including Nurseries))	–	–	–	–	–	–	–	–	–
3.10 - SPORT DEVELOPMENT AND SPORTFIELDS (024) - FX013002004001 (Sport Development and Sportfields)	590	519	3 159	15 600	15 444	15 444	14 224	15 938	16 882
3.11 - STADIUM (025) - FX013002004002 (Sports Grounds and Stadiums - Stadium)	–	120	8 402	–	–	–	–	–	–
3.12 - CARAVAN PARK (026) - FX013002003001 (Recreational Facilities - Caravan Park)	–	–	–	–	–	–	–	–	–
3.13 - BEACH FACILITIES (027) - FX013001001 (Beaches and Jetties)	–	–	69	39	–	–	–	–	–
3.14 - SWIMMING POOLS (042) - FX013002003003 (Recreational Facilities - Swimming Pools)	333	120	881	620	24	24	–	–	–
3.15 - MUSEUMS, ARTS & CRAFTS (064) - FX001001008 (Museums and Art Galleries)	–	34	1	5	–	–	–	–	–
Vote 4 - CORPORATE SERVICES - ADMINISTRATION	5 492	5 746	25 070	16 119	8 360	8 360	6 000	10 980	10 980
4.1 - ADMINISTRATION (001)	3	78	95	–	–	–	–	–	–
4.2 - PRINTING AND PHOTOCOPYING (078)	–	–	–	–	–	–	–	–	–
4.3 - ADMINISTRATION (001) & (078) - FX005001001 (Administrative and Corporate Support)	–	–	–	–	–	–	–	–	–
4.4 - ADMINISTRATION (001) - FX005001008 (Legal Services)	–	–	–	–	–	–	–	–	–
4.5 - ADMINISTRATION (001) - FX009001004 (Licensing and Regulation)	–	–	–	–	–	–	–	–	–
4.6 - HOUSING RENTAL SCHEMES (003) - FX005001010 (Property Services)	–	–	–	–	–	–	–	–	–
4.7 - MUNICIPAL BUILDINGS (019) - FX001001005003 (Municipal Buildings)	1 074	2 160	3 651	15 728	8 152	8 152	6 000	1 080	1 080

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

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Municipal Vote									
Single-year expenditure appropriation									
Vote 4 - CORPORATE SERVICES - ADMINISTRATION	5 492	5 746	25 070	16 119	8 360	8 360	6 000	10 980	10 980
4.8 - COUNCIL GENERAL EXPENDITURE (030)	–	132	0	–	–	–	–	–	–
4.9 - COUNCIL GENERAL EXPENDITURE (030) - FX004001001001 (Mayor and Council)	–	–	–	–	–	–	–	–	–
4.10 - COUNCIL GENERAL EXPENDITURE (030) - FX004001001002 (Mayor and Council - Municipal Systems Improvement Grant)	–	–	–	–	–	–	–	–	–
4.11 - AIRPORT (058) - FX009001002 (Air Transport)	–	–	–	–	–	–	–	–	–
4.12 - IT SERVICES (082) - FX005001007 (Information Technology)	4 415	3 376	21 324	391	208	208	–	9 900	9 900
Vote 5 - CORPORATE SERVICES - HUMAN RESOURCES	16	5	18	18	–	–	–	200	200
5.1 - MANAGEMENT SERVICES (014) - FX005001006002 (Management Services)	2	–	18	2	–	–	–	–	–
5.2 - HUMAN RESOURCES AND LOSS CONTROL (021) - FX005001006001 (Human Resources)	–	–	–	6	–	–	–	200	200
5.3 - TRAINING AND INDUSTRIAL RELATIONS (077) - FX005001006004 (Training and Industrial Relations)	13	5	–	10	–	–	–	–	–
Vote 6 - FINANCIAL SERVICES	104	151	43	15	772	772	–	–	–
6.1 - SUNDRIES (020)	–	–	–	–	–	–	–	–	–
6.2 - FINANCIAL SERVICES (040)	53	132	43	15	422	422	–	–	–
6.3 - FINANCIAL SERVICES (040) - FX005001003001 (Financial Management Grant Interns)	–	–	–	–	–	–	–	–	–
6.4 - FINANCIAL SERVICES (040) - FX005001003002 (Revenue and Expenditure)	–	–	–	–	–	–	–	–	–
6.5 - FINANCIAL SERVICES (040) - FX005001004 (Finance)	–	–	–	–	–	–	–	–	–
6.6 - FINANCIAL SERVICES (040) - FX005002001 (Asset Management)	–	–	–	–	–	–	–	–	–
6.7 - SUPPLY CHAIN MANAGEMENT UNIT (066) - FX005001013 (Supply Chain Management)	51	18	–	–	350	350	–	–	–

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

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Municipal Vote									
Single-year expenditure appropriation									
Vote 7 - INFRASTRUCTURE AND TECHNICAL SERVICES - ELECTRICAL SUPPLY SERVICES	6 820	4 185	24 510	2 505	4 436	4 436	108 900	33 200	33 200
7.1 - STREET LIGHTING (041)	200	–	498	–	–	–	–	–	–
7.2 - ELECTRICITY SUPPORT SERVICES (083)	10	76	–	–	–	–	–	–	–
7.3 - STREET LIGHTING (041) & (083) - FX002001002 (Street Lighting)	–	–	–	–	–	–	–	–	–
7.4 - ELECTRICITY ADMINISTRATION (054) - FX002001001002 (Administration)	13	12	–	–	–	–	–	–	–
7.5 - ELECTRICITY DISTRIBUTION (055)	3 312	2 080	23 002	1 500	4 436	4 436	108 900	33 200	33 200
7.6 - ELECTRICITY DISTRIBUTION ACCOUNT (072)	2	138	–	–	–	–	–	–	–
7.7 - ELECTRICITY PLANNING AND DEVELOPMENT (081)	1 223	79	56	–	–	–	–	–	–
7.8 - ELECTRICITY DISTRIBUTION (055) & (072) & (081) - FX002001001004 (Electricity and Gas Distribution and Planning)	–	–	84	–	–	–	–	–	–
7.9 - ELECTRICITY MARKETING AND CUSTOMER SERVICES (057) - FX002001001001 (Marketing and Customer relations)	–	–	14	–	–	–	–	–	–
7.10 - PROCESS CONTROL SYSTEMS (050)	2 060	–	697	1 005	–	–	–	–	–
7.11 - RADIO EQUIPMENT ACCOUNT (076)	–	193	159	–	–	–	–	–	–
7.12 - TRAFFIC TECHNICAL DISTRIBUTION ACCOUNT (079)	–	–	–	–	–	–	–	–	–
7.13 - PROCESS CONTROL SYSTEMS (050) & (076) & (079) - FX002001001003 (Process Control Systems)	–	1 608	–	–	–	–	–	–	–
Vote 8 - INFRASTRUCTURE AND TECHNICAL SERVICES - WATER AND SANITATION	3 790	28 189	46 616	23 876	6 400	6 400	22 000	46 900	46 900
8.1 - SEWERAGE NETWORKS (034)	902	1 563	1 553	22 425	5 000	5 000	7 000	–	–
8.2 - WATER AND SANITATION DISTRIBUTION ACCOUNT (074)	–	–	–	39	–	–	–	–	–
8.3 - SEWERAGE NETWORKS (034) & (074) - FX015001002003 (Sewerage - Sewerage Network)	–	–	–	–	–	–	–	–	–
8.4 - SEWERAGE PURIFICATION NETWORKS (035) - FX015001004 (Treatment)	–	–	–	–	–	–	–	–	–

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

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Municipal Vote									
Single-year expenditure appropriation									
Vote 8 - INFRASTRUCTURE AND TECHNICAL SERVICES - WATER AND SANITATION	3 790	28 189	46 616	23 876	6 400	6 400	22 000	46 900	46 900
8.5 - SEWERAGE PUMPSTATIONS (043)	174	79	–	10	–	–	–	23 900	23 900
8.6 - SEWERAGE PUMPSTATIONS DISTRIBUTION ACCOUNT (087)	–	1 765	321	2	–	–	–	–	–
8.7 - SEWERAGE PUMPSTATIONS (043) & (087) - FX015001002002 (Sewerage - Pumpstations)	–	–	–	–	–	–	–	–	–
8.8 - WATER RURAL AREAS (046)	1 075	–	–	–	–	–	–	–	–
8.9 - WATER RURAL AREAS (046) & (074) - FX016001002001 (Water Distribution - Rural Water)	–	–	–	–	–	–	–	–	–
8.10 - WATER AND SANITATION INFRASTRUCTURE PLANNING (049) - FX016001002003 (Water Distribution - Water Demand Management)	255	21	–	–	–	–	–	–	–
8.11 - WATER PURIFICATION WORKS (059) - FX016001001002 (Water Treatment - Purification works)	–	–	–	–	–	–	–	–	–
8.12 - WATER DISTRIBUTION (060)	888	22 078	44 561	1 400	1 400	1 400	–	–	–
8.13 - WATER DISTRIBUTION (060) & (074) - FX016001002002 (Water Distribution - Urban Water)	2	231	180	–	–	–	15 000	23 000	23 000
8.14 - CLARIFIED WATER (061) - FX016001001001 (Water Treatment - Clarified Water)	–	–	–	–	–	–	–	–	–
8.15 - SCIENTIFIC SERVICES (062) - FX016001001003 (Water Treatment - Scientific Services)	493	2 453	–	–	–	–	–	–	–
8.16 - INDUSTRIAL EFFLUENT PIPELINE (063) - FX015001002001 (Sewerage - Industrial Effluent Pipeline)	–	–	–	–	–	–	–	–	–
Vote 9 - INFRASTRUCTURE AND TECHNICAL SERVICES - TRANSPORT, ROADS AND STORMWATER	1 998	6 202	9 038	15 044	15 000	15 000	16 358	20 772	22 002
9.1 - URBAN ROADS AND RAIL (022)	1 998	6 202	9 038	15 044	15 000	15 000	16 358	20 772	22 002
9.2 - URBAN ROADS AND RAIL (022) & (068) - FX012001004002 (Roads - Urban Roads)	–	–	–	–	–	–	–	–	–
9.3 - RURAL ROADS (056)	–	–	–	–	–	–	–	–	–
9.4 - RURAL ROADS (056) & (068) - FX012001004003 (Roads - Rural Roads)	–	–	–	–	–	–	–	–	–
9.5 - ROADS AND STORMWATER DISTRIBUTION ACCOUNT (068)	–	–	–	–	–	–	–	–	–
9.6 - ROADS AND STORMWATER DISTRIBUTION ACCOUNT (068) - FX015001003 (Storm Water Management)	–	–	–	–	–	–	–	–	–
9.7 - RAILWAY SIDINGS (069) - FX012001004001 (Roads - Railway Sidings)	–	–	–	–	–	–	–	–	–

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

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Municipal Vote									
Single-year expenditure appropriation									
Vote 10 - INFRASTRUCTURE AND TECHNICAL SERVICES - ENGINEERING SUPPORT SERVICES	7 543	16 085	54 266	33 634	41 492	41 492	7 000	10 200	10 200
10.11 - MECHANICAL SERVICES (067) & (070) & (071) - FX005001005 (Fleet Management)	-	-	-	-	-	-	-	9 900	9 900
10.12 - BUILDING DISTRIBUTION ACCOUNT (075) - FX001001005001 (Buildings Maintenance)	-	-	-	-	-	-	-	-	-
Vote 11 - OFFICE OF THE MUNICIPAL MANAGER	22	220	1 008	-	-	-	-	20	20
11.1 - OFFICE OF THE MUNICIPAL MANAGER (011)	22	-	996	-	-	-	-	-	-
11.2 - OFFICE OF THE MUNICIPAL MANAGER (011) - FX004001002006 (Municipal Demarcation Transition Grant)	-	220	-	-	-	-	-	-	-
11.3 - OFFICE OF THE MUNICIPAL MANAGER (011) - FX004001002007 (Performance Management)	-	-	-	-	-	-	-	-	-
11.4 - OFFICE OF THE MUNICIPAL MANAGER (011) - FX005001009 (Marketing, Customer Relations, Publicity and Media Co-ordination)	-	-	-	-	-	-	-	-	-
11.5 - OFFICE OF THE MUNICIPAL MANAGER (011) - FX005001011 (Risk Management)	-	-	-	-	-	-	-	-	-
11.6 - MUNICIPAL MANAGER (039)	-	-	-	-	-	-	-	-	-
11.7 - MUNICIPAL MANAGER (039) - FX004001002001 (DMM - Corporate Services)	-	-	-	-	-	-	-	-	-
11.8 - MUNICIPAL MANAGER (039) - FX004001002002 (DMM - ITS)	-	-	-	-	-	-	-	-	-
11.9 - MUNICIPAL MANAGER (039) - FX004001002003 (DMM - City Development)	-	-	-	-	-	-	-	-	-
11.10 - MUNICIPAL MANAGER (039) - FX004001002004 (DMM - Community Services)	-	-	-	-	-	-	-	-	-
11.11 - MUNICIPAL MANAGER (039) - FX004001002005 (Municipal Manager)	-	-	12	-	-	-	-	-	-
11.12 - INTERNAL AUDIT (080) - FX008001001 (Governance Function)	-	-	-	-	-	-	-	20	20
Capital single-year expenditure sub-total	30 012	67 280	183 694	121 979	108 946	108 946	176 481	169 610	171 784
Total Capital Expenditure	115 036	304 375	454 373	448 778	501 161	501 161	479 397	416 277	447 961

Table 30 MBRR Table A6 - Budgeted Financial Position

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
ASSETS									
Current assets									
Cash	202 775	364 509	271 638	235 723	315 881	146 529	165 224	51 000	(27 516)
Call investment deposits	40 000	40 000	150 000	200 000	200 000	200 000	300 000	350 000	400 000
Consumer debtors	239 463	316 529	251 350	276 096	245 066	245 066	283 122	323 626	366 077
Other debtors	42 920	41 567	61 901	28 128	31 216	31 216	31 903	34 219	35 967
Current portion of long-term receivables	111	41	44	43	43	43	45	47	49
Inventory	75 503	103 924	72 955	77 379	77 379	77 379	82 486	87 600	92 768
Total current assets	600 772	866 571	807 887	817 368	869 585	700 233	862 780	846 491	867 346
Non current assets									
Long-term receivables	357	159	115	143	143	143	90	94	98
Investment property	135 312	135 192	125 459	124 850	124 850	124 850	124 189	123 570	122 899
Investment in Associate	-	-	-	-	-	-	-	-	-
Property, plant and equipment	4 142 445	4 703 206	4 817 346	5 066 451	5 114 896	5 114 896	5 329 789	5 435 751	5 547 764
Intangible	11 188	7 288	6 453	2 529	6 448	6 448	17 312	29 630	41 005
Other non-current assets	2 489	2 724	2 724	2 724	2 724	2 724	2 724	2 724	2 724
Total non current assets	4 291 791	4 848 568	4 952 097	5 196 697	5 249 061	5 249 061	5 474 104	5 591 769	5 714 489
TOTAL ASSETS	4 892 563	5 715 139	5 759 984	6 014 065	6 118 646	5 949 294	6 336 884	6 438 260	6 581 834
LIABILITIES									
Current liabilities									
Borrowing	106 224	124 739	129 687	140 619	140 619	140 619	162 390	160 292	170 688
Consumer deposits	39 779	44 908	43 952	47 138	42 854	42 854	43 797	46 976	49 772
Trade and other payables	364 078	431 489	388 775	386 360	391 651	391 651	360 601	379 806	397 088
Provisions	23 317	20 391	19 998	21 288	21 288	21 288	22 523	23 874	25 426
Total current liabilities	533 399	621 527	582 411	595 405	596 412	596 412	589 310	610 948	642 973
Non current liabilities									
Borrowing	625 250	601 727	471 210	645 473	645 473	319 659	540 473	480 182	409 494
Provisions	204 419	233 332	298 601	277 571	277 571	277 571	293 670	311 290	331 524
Total non current liabilities	829 668	835 059	769 811	923 044	923 044	597 230	834 143	791 472	741 018
TOTAL LIABILITIES	1 363 067	1 456 587	1 352 222	1 518 449	1 519 456	1 193 642	1 423 454	1 402 420	1 383 991
NET ASSETS	3 529 496	4 258 553	4 407 762	4 495 616	4 599 190	4 755 652	4 913 430	5 035 840	5 197 843
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	3 479 189	4 208 619	4 353 845	4 370 485	4 474 059	4 630 521	4 722 371	4 839 846	4 991 725
Reserves	50 306	49 934	53 916	125 131	125 131	125 131	191 059	195 994	206 119
TOTAL COMMUNITY WEALTH/EQUITY	3 529 496	4 258 553	4 407 762	4 495 616	4 599 190	4 755 652	4 913 430	5 035 840	5 197 843

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 161 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 31 MBRR Table A7 - Budgeted Cash Flow Statement

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates, penalties & collection charges	239 617	278 249	338 166	359 300	372 078	372 078	385 722	406 424	431 512
Service charges	1 369 810	1 617 726	1 673 840	1 775 388	1 694 381	1 694 381	1 715 369	1 823 115	1 911 629
Other revenue	156 697	99 273	185 995	49 537	54 828	54 828	58 159	61 439	64 904
Government - operating	202 114	236 770	249 416	257 953	258 723	258 723	298 237	318 355	343 274
Government - capital	51 658	109 208	211 796	159 878	261 305	261 305	145 747	180 790	210 544
Interest	14 669	21 113	27 615	23 540	23 872	23 872	29 100	30 850	32 704
Payments									
Suppliers and employees	(1 659 241)	(1 883 468)	(2 035 776)	(2 151 396)	(2 102 685)	(2 102 685)	(2 192 857)	(2 307 741)	(2 433 884)
Finance charges	(79 985)	(71 145)	(71 171)	(79 806)	(79 806)	(79 806)	(80 335)	(80 611)	(73 634)
Transfers and Grants	(2 091)	(3 022)	(4 358)	(8 883)	(14 430)	(14 430)	(12 681)	(13 188)	(13 716)
NET CASH FROM/(USED) OPERATING ACTIVITIES	293 248	404 704	575 523	385 511	468 266	468 266	346 462	419 432	473 333
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	2 193	7 530	19 000	10 000	20 000	20 000	-	-	-
Decrease (Increase) in non-current debtors	135	267	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	41	230	230	230	90	94	98
Payments									
Capital assets	(115 036)	(250 889)	(452 823)	(314 145)	(425 986)	(425 986)	(471 385)	(424 543)	(444 448)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(112 708)	(243 092)	(433 782)	(303 915)	(405 756)	(405 756)	(471 295)	(424 449)	(444 350)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Borrowing long term/refinancing	-	100 000	-	185 500	185 500	-	385 500	100 000	100 000
Increase (decrease) in consumer deposits	860	5 129	956	500	3 000	3 000	943	3 182	2 793
Payments									
Repayment of borrowing	(95 839)	(105 007)	(125 569)	(140 619)	(140 619)	(140 619)	(142 914)	(162 390)	(160 292)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(94 979)	122	(124 613)	45 381	47 881	(137 619)	243 529	(59 208)	(57 499)
NET INCREASE/ (DECREASE) IN CASH HELD	85 561	161 734	17 128	126 977	110 391	(75 109)	118 695	(64 225)	(28 516)
Cash/cash equivalents at the year begin:	157 214	242 775	404 509	308 748	405 490	421 638	346 529	465 224	401 000
Cash/cash equivalents at the year end:	242 775	404 509	421 637	435 725	515 881	346 529	465 224	401 000	372 484

Table 32 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Cash and investments available									
Cash/cash equivalents at the year end	242 775	404 509	421 637	435 725	515 881	346 529	465 224	401 000	372 484
Other current investments > 90 days	0	(0)	1	(2)	-	-	-	-	-
Non current assets - Investments	-	-	-	-	-	-	-	-	-
Cash and investments available:	242 775	404 509	421 638	435 723	515 881	346 529	465 224	401 000	372 484
Application of cash and investments									
Unspent conditional transfers	113 803	92 231	30 959	105 801	105 801	105 801	57 078	57 078	57 078
Unspent borrowing	22 193	52 940	-	15 000	15 000	15 000	30 000	15 000	15 000
Statutory requirements	(16 014)	(9 557)	10 182	2 763	2 763	2 763	2 885	2 849	2 857
Other working capital requirements	(31 555)	(9 979)	48 647	(18 415)	14 338	14 338	5 909	(14 319)	(38 935)
Other provisions	23 317	20 391	19 998	21 288	21 288	21 288	22 523	23 874	25 426
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	125 131	125 131	125 131	135 488	137 417	144 439
Total Application of cash and investments:	111 744	146 026	109 786	251 568	284 321	284 321	253 882	221 899	205 864
Surplus(shortfall)	131 032	258 483	311 852	184 154	231 560	62 208	211 342	179 101	166 620

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 2012/13 to 2016/17 period and the years thereafter owing directly to a myriad of cash flow interventions introduced over the past years.
4. The 2016/17 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
5. Cash and cash equivalents totals R 465 million as at the end of the 2016/17 financial year and declines to R 372 million by 2018/19.

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

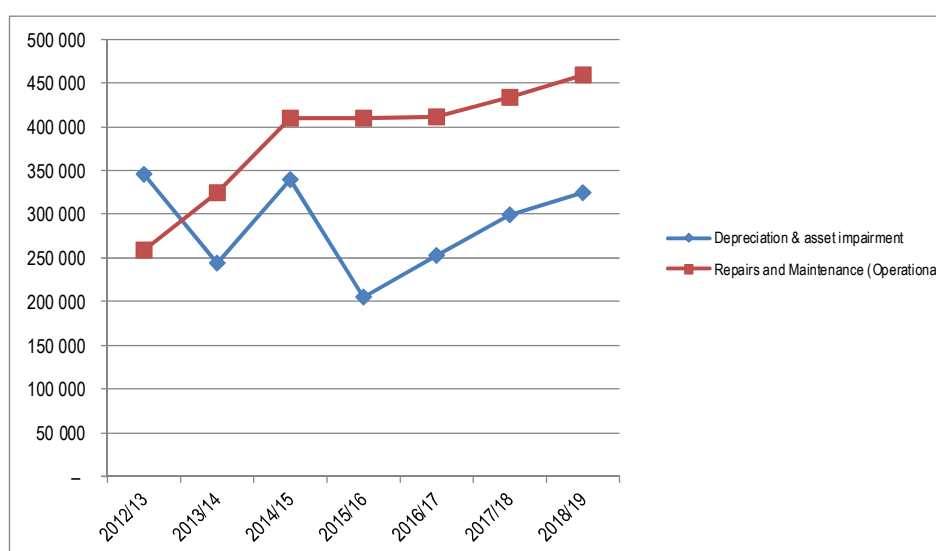
1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available 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 2012/13 to 2016/17 the surplus improved from R131 million to R211 million.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2016/17 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 33 MBRR Table A9 - Asset Management

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
CAPITAL EXPENDITURE									
Total New Assets	52 847	190 840	301 905	387 204	428 854	428 854	363 897	398 340	421 461
Infrastructure - Road transport	6 782	18 333	6 963	42 939	31 967	31 967	96 108	77 560	80 719
Infrastructure - Electricity	3 993	27 958	43 222	16 123	16 866	16 866	28 900	33 200	33 200
Infrastructure - Water	3 412	69 561	144 624	95 137	89 922	89 922	98 043	114 871	131 830
Infrastructure - Sanitation	32 115	53 835	70 675	75 406	50 576	50 576	39 122	58 671	60 730
Infrastructure - Other	—	—	590	8 670	5 530	5 530	27 500	16 200	16 200
Infrastructure	46 301	169 687	266 074	238 275	194 861	194 861	289 673	300 502	322 679
Community	167	6 970	11 401	87 213	166 627	166 627	31 224	61 738	62 682
Other assets	6 318	14 183	23 936	61 717	63 447	63 447	28 000	21 100	21 100
Intangibles	61	—	494	—	3 919	3 919	15 000	15 000	15 000
Total Renewal of Existing Assets	62 189	113 536	152 468	61 574	72 306	72 306	115 500	17 937	26 500
Infrastructure - Road transport	964	15 375	12 528	—	15 000	15 000	—	—	—
Infrastructure - Electricity	12 599	30 667	10 561	12 299	17 590	17 590	100 000	10 000	12 000
Infrastructure - Water	10 834	8 625	12 024	10 882	10 882	10 882	5 000	7 437	14 000
Infrastructure - Sanitation	3 629	7 328	2 114	4 331	—	—	—	—	—
Infrastructure - Other	—	—	180	108	—	—	2 000	—	—
Infrastructure	28 026	61 995	37 407	27 620	43 472	43 472	107 000	17 437	26 000
Community	9 865	16 032	36 352	2 112	2 142	2 142	—	—	—
Heritage assets	—	235	—	—	—	—	—	—	—
Investment properties	2 258	—	—	—	—	—	—	—	—
Other assets	16 677	31 674	78 230	31 841	26 692	26 692	8 500	500	500
Intangibles	5 363	3 599	479	—	—	—	—	—	—
Total Capital Expenditure	7 746	33 708	19 491	42 939	46 967	46 967	96 108	77 560	80 719
Infrastructure - Road transport	16 592	58 625	53 783	28 422	34 457	34 457	128 900	43 200	45 200
Infrastructure - Electricity	14 246	78 186	156 647	106 019	100 804	100 804	103 043	122 308	145 830
Infrastructure - Water	35 743	61 163	72 790	79 737	50 576	50 576	39 122	58 671	60 730
Infrastructure - Sanitation	—	—	770	8 778	5 530	5 530	29 500	16 200	16 200
Infrastructure - Other	74 327	231 682	303 481	265 895	238 333	238 333	396 673	317 939	348 679
Infrastructure	10 032	23 001	47 753	89 325	168 769	168 769	31 224	61 738	62 682
Community	—	235	—	—	—	—	—	—	—
Heritage assets	2 258	—	—	—	—	—	—	—	—
Investment properties	22 995	45 858	102 165	93 558	90 140	90 140	36 500	21 600	21 600
Other assets	5 424	3 599	974	—	3 919	3 919	15 000	15 000	15 000
Intangibles	11 188	7 288	6 453	2 529	6 448	6 448	17 312	29 630	41 005
TOTAL CAPITAL EXPENDITURE - Asset class	115 036	304 375	454 373	448 778	501 161	501 161	479 397	416 277	447 961
ASSET REGISTER SUMMARY - PPE (WDV)									
Infrastructure - Road transport	1 115 224	1 272 348	1 210 201	1 220 878	1 224 906	1 224 906	1 257 829	1 262 816	1 264 813
Infrastructure - Electricity	354 020	399 572	410 783	400 522	410 456	410 456	517 432	530 688	548 624
Infrastructure - Water	1 043 198	1 257 749	1 296 085	1 355 265	1 350 050	1 350 050	1 364 656	1 385 518	1 421 447
Infrastructure - Sanitation	612 600	666 715	699 184	749 591	720 430	720 430	728 729	751 230	771 914
Infrastructure - Other	4 567	6 800	8 445	16 337	13 090	13 090	41 417	55 458	68 408
Infrastructure	3 129 609	3 603 185	3 624 698	3 742 594	3 718 932	3 718 932	3 910 064	3 985 710	4 075 206
Community	268 917	289 994	316 113	387 633	463 177	463 177	480 033	523 861	565 629
Heritage assets	2 489	2 724	2 724	2 724	2 724	2 724	2 724	2 724	2 724
Investment properties	135 312	135 192	125 459	124 850	124 850	124 850	124 189	123 570	122 899
Other assets	743 920	810 027	876 535	936 224	932 787	932 787	939 692	926 180	906 929
Intangibles	11 188	7 288	6 453	2 529	6 448	6 448	17 312	29 630	41 005
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	4 291 434	4 848 409	4 951 982	5 196 554	5 248 918	5 248 918	5 474 014	5 591 675	5 714 391
EXPENDITURE OTHER ITEMS									
Depreciation & asset impairment	345 315	244 340	339 935	205 014	205 014	205 014	252 373	298 616	325 244
Repairs and Maintenance by Asset Class	258 480	325 411	409 534	405 481	410 315	410 315	411 569	435 403	460 755
Infrastructure - Road transport	58 242	78 340	86 117	108 841	113 999	113 999	97 681	103 786	109 442
Infrastructure - Electricity	42 715	60 448	77 315	78 020	78 020	78 020	85 890	90 625	95 894
Infrastructure - Water	46 869	58 269	80 038	64 027	64 027	64 027	72 983	77 274	82 164
Infrastructure - Sanitation	25 976	30 896	47 261	35 728	37 296	37 296	40 599	42 254	43 873
Infrastructure - Other	3 517	—	1 096	50	150	150	1 278	1 332	1 389
Infrastructure	177 319	227 954	291 827	286 665	293 492	293 492	298 432	315 271	332 761
Community	50 821	61 803	68 916	65 329	64 904	64 904	63 749	67 988	72 705
Other assets	30 340	35 655	48 791	53 486	51 920	51 920	49 388	52 144	55 289
TOTAL EXPENDITURE OTHER ITEMS	603 795	569 752	749 469	610 495	615 329	615 329	663 942	734 019	786 000
Renewal of Existing Assets as % of total capex	54.1%	37.3%	33.6%	13.7%	14.4%	14.4%	24.1%	4.3%	5.9%
Renewal of Existing Assets as % of deprecn"	18.0%	46.5%	44.9%	30.0%	35.3%	35.3%	45.8%	6.0%	8.1%
R&M as a % of PPE	6.2%	6.9%	8.5%	8.0%	8.0%	8.0%	7.7%	8.0%	8.3%
Renewal and R&M as a % of PPE	7.0%	9.0%	11.0%	9.0%	9.0%	9.0%	10.0%	8.0%	9.0%

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.
3. Although the City will only spend 24 per cent of the capital budget on the renewal of existing assets, this is as a result an initiative to promote economic development by the construction of various SMME structures as well as infrastructure for a new housing development.
4. Repairs and maintenance as a per cent age of PPE equates to 7.7 per cent, this decrease is as a result of the movement of expenditure relating to the resealing of urban roads which historically has been treated as an operating expense from the 2016/17 MTREF will be treated as a capital expense funded from the Capital Replacement Reserve. It has also been increased by 80%. (Original 2015/16 – R 20 m to R 36.75 m for 2016/17).
5. 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.



	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Depreciation & asset impairment	345 315	244 340	339 935	205 014	252 373	298 616	325 244
Repairs and Maintenance (Operational)	258 480	325 411	409 534	410 315	410 803	434 606	459 926

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

Table 34 MBRR Table A10 - Basic Service Delivery Measurement

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Household service targets									
Water:									
Piped water inside dwelling	35 752	35 752	35 752	44 308	44 308	44 308	44 308	44 308	44 308
Piped water inside yard (but not in dwelling)	35 619	35 619	35 619	40 604	41 301	41 301	41 403	41 753	41 903
Using public tap (at least min.service level)	1 039	1 039	1 039	498	498	498	498	498	498
Other water supply (at least min.service level)	–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>	72 410	72 410	72 410	85 410	86 107	86 107	86 209	86 559	86 709
Using public tap (< min.service level)	–	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	14 199	14 199	14 199	1 199	502	502	400	250	100
No water supply	–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	14 199	14 199	14 199	1 199	502	502	400	250	100
Total number of households	86 609	86 609	86 609	86 609	86 609	86 609	86 609	86 809	86 809
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	32 605	32 605	32 605	32 605	43 608	43 608	43 608	43 608	43 608
Flush toilet (with septic tank)	–	–	–	–	–	–	–	–	–
Chemical toilet	–	–	–	–	–	–	–	–	–
Pit toilet (ventilated)	33 152	33 152	33 152	33 152	34 063	34 063	38 063	42 063	43 001
Other toilet provisions (> min.service level)	–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>	65 757	65 757	65 757	65 757	77 671	77 671	81 671	85 671	86 609
Bucket toilet	–	–	–	–	–	–	–	–	–
Other toilet provisions (< min.service level)	20 852	20 852	20 852	20 852	8 938	8 939	4 938	4 938	4 938
No toilet provisions	–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	20 852	20 852	20 852	20 852	8 938	8 939	4 938	4 938	4 938
Total number of households	86 609	86 609	86 609	86 609	86 609	86 510	86 609	90 609	91 547
Energy:									
Electricity (at least min.service level)	74 269	86 609	2 200	2 200	2 200	1 011	1 011	1 011	1 011
Electricity - prepaid (min.service level)	–	–	32 000	32 000	33 900	35 229	35 229	35 229	35 229
<i>Minimum Service Level and Above sub-total</i>	74 269	86 609	34 200	34 200	36 100	36 240	36 240	36 240	36 240
Electricity (< min.service level)	–	–	67 000	67 000	76 000	79 800	79 800	79 800	79 800
Electricity - prepaid (< min. service level)	–	–	–	–	–	–	–	–	–
Other energy sources	–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	–	–	67 000	67 000	76 000	79 800	79 800	79 800	79 800
Total number of households	74 269	86 609	101 200	101 200	112 100	116 040	116 040	116 040	116 040
Refuse:									
Removed at least once a week	58 562	60 000	60 000	64 000	64 000	64 000	65 000	68 000	71 000
<i>Minimum Service Level and Above sub-total</i>	58 562	60 000	60 000	64 000	64 000	64 000	65 000	68 000	71 000
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	21 000	18 000	15 000
<i>Below Minimum Service Level sub-total</i>	27 438	26 000	26 000	22 000	22 000	22 000	21 000	18 000	15 000
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)	86 609	86 609	58 395	58 822	58 822	58 822	49 665	50 000	51 000
Sanitation (free minimum level service)	5 104	3 100	34 168	34 535	34 535	34 535	38 063	39 000	40 000
Electricity/other energy (50kwh per household per month)	597	600	540	540	540	540	545	547	551
Refuse (removed at least once a week)	5 104	3 100	17 456	17 823	17 823	17 823	18 470	19 000	20 000
Cost of Free Basic Services provided - Formal Settlements (R'000)									
Water (6 kilolitres per indigent household per month)	41 032	48 813	56 901	70 373	70 373	70 373	69 858	69 858	73 910
Sanitation (free sanitation service to indigent households)	6 670	6 900	7 987	20 302	20 302	20 302	18 698	18 698	19 782
Electricity/other energy (50kwh per indigent household per month)	719	751	857	822	822	822	921	921	975
Refuse (removed once a week for indigent households)	18 486	19 846	20 282	15 267	15 267	15 267	16 271	16 271	17 215
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)	–	–	–	–	–	–	–	–	–
Total cost of FBS provided	66 907	76 310	86 027	106 764	106 764	106 764	105 749	105 749	111 882
Highest level of free service provided per household									
Property rates (R value threshold)	75 000	110 000	110 000	110 000	110 000	110 000	120 000	120 000	120 000
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)	116	135	135	146	146	146	154	163	173
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 subsidised services provided (R'000)									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)	3 005	2 905	3 255	3 523	3 523	3 523	3 721	3 951	4 181
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)	25 799	31 109	30 216	34 344	34 344	34 344	44 326	46 621	49 223
Water (in excess of 6 kilolitres per indigent household per month) households)	2 707	2 175	2 175	2 175	2 175	2 175	2 306	2 439	2 581
per month)	–	–	235	252	252	252	267	282	299
Refuse (in excess of one removal a week for indigent households)	1 822	1 576	1 576	1 577	1 577	1 577	1 671	1 768	1 871
Municipal Housing - rental rebates	–	–	–	–	–	–	–	–	–
Housing - top structure subsidies	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–
Total revenue cost of subsidised services provided	33 333	37 765	37 605	42 227	42 227	42 227	52 668	55 460	58 577

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.
3. The budget provides for a universal approach to the provision of free subsidised services to both indigent and poor households for the 2016/17 MTREF.
4. **This Municipality is of the view that following the strict Indigent route of frees basic services for indigent consumers only and ignoring the plight of the poor and less wealthy is not the correct approach in the application of the Equitable Share and the equitable distribution that arises from tiered or block tariffs.** The cost of free basic services amounts to R 105.7 million. 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 35 2016/17 Cross subsidisation versus Free Basic Services**Summary**

Source	Free	Subsidy	Total
Waste	16 271 399	1 419 836	17 691 235
Sanitation	18 697 974	5 571 733	24 269 706
Rates	0	9 815 610	9 815 610
Rates	0	21 122 682	21 122 682
Water	69 858 101	70 179 820	140 037 922
Elec	921 197	52 799 604	53 720 801
	105 748 671	160 909 286	266 657 957

5. Cost of Free Basic Services provided - Informal Formal Settlements – After an internal consultation with the Management of the Revenue Section it has been agreed that the cost of Free Basic Services provided for Informal Formal Settlements will be extracted from the Financial System in preparation for the 2017/18 MTREF.

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
- Municipal 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 2015) 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 23 September 2015. The report was subsequently adopted by Council on 3 November 2015. Key dates applicable to the process were:

- **August 2015** – Joint strategic planning session of the Financial Services Management team and the Budget Office. Aim: to assess Council's 2014/15 Financial Statements and current year's (2015/16) revised results and capacity, to determine the impact on future strategies and budgets;
- **September 2015** – Issuing of the 2016/17 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.;
- **November 2015** - Submission of the Adjusted Capital and Operating Budget for the 2015/16 Medium Term Revenue and Expenditure Framework Plan (MTTREF),

- 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 2016/17 Medium Term Revenue and Expenditure Framework Plan (MTREF);
- **18 January 2016** – Budget Steering Committee to discuss the 2015/16 Mid-year Review as well as the 2015/16 Adjustment Budget proposals and the proposed 2016/17 Budget tariff increases;
 - **22 January 2016** - Council considered the 2015/16 Mid-year Review;
 - **15 to 16 February 2016** – National Treasury's Mid-year Budget and Performance Assessment Visit;
 - **30 March 2016** - Tabling in Council of the draft 2016/17 IDP and 2016/17 MTREF for public consultation;
 - **April 2015** – Public consultation;
 - **17 May 2016** – National Treasury's 2016/17 Tabled MTREF Engagement and Municipal Benchmarking Exercise;
 - **13 May 2016** - Closing date for written comments;
 - **16 to 19 May 2016** – finalisation of the 2016/17 IDP and 2016/17 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
 - **25 May 2016** - Tabling of the 2016/17 MTREF before Council for consideration and approval.

It is important to note that in terms of MFMA the Budget process plan should serve in August of each year, however due to the implementation of mSCOA, the report was only presented to the Portfolio committee in September 2015.

Although challenges have been experienced during the Budget Participation process, there have been 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 2012. It started in September 2015 after the tabling of the IDP Process Plan for the 2016/17 MTREF on 28 September 2015 (**DMS 1064198**).

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:-

- Re-determination of Municipal Boundaries
- Overall Summary of key achievements since the adoption of the five year IDP IN 2012,
- Alignment of Municipal Framework with Back to Basics program.
- Comments from MEC on 2015/2016 IDP Review
- Economic Growth and Job Creation Roadmap
- Financial Planning and Budgeting
- Public Participation, Needs analysis

The IDP has been taken into a business and financial planning process leading up to the 2016/17 MTREF, based on the approved 2015/16 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 2016/17 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and second quarter performance against the 2015/16 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

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

- 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 2015/16 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 78 and 79 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The 2016/17 MTREF that will be tabled before Council on 31st March 2016 will be presented to the community for consultation.

An insert was included in the local newspapers highlighting the Tabled 2016/17 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 clusters have however been combined for the 2016/17 Budget Participation process in light of the impending Local Government Elections.

The following table set out the meetings that were proposed and prepared by the Community Facilitation section for the 2016/17 budget public participation meetings:

CLUSTER	WARDS	AREA	VENUE	PROPOSED DATES	TIME
	Amakhosi	Amakhosi	R/Bay Civic Centre (Council Chambers)	06 April 2016 (Wednesday)	14:00
1	Ward Committees	Ward Committees	R/Bay Civic Centre (Auditorium)	7 April 2016 (Thursday)	17:00
10, 11, 5 & 6	24, 25, 27, 28, 29, 9, 23, portion 24	Empangeni and Ngwelezane	Ngwelezane new Sportsfield (Tent)	17 April 2016 (Sunday)	10:00
4, 7, 8 & 9	10, 11, 30, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22 & 30	eSikhaleni and Vulindela	eSikhaleni College (Tent)	24 April 2016 (Sunday)	13:00
2, 3 & 5	1, 2, 3, 4, 5, 6, 7, 8 & 26	Richards Bay and Nseleni	Mzuvukile Sportsfield (Tent)	8 May 2016 (Sunday)	13:00
12	Stakeholders	Stakeholders	Stakeholders	11 May 2016 (Wednesday)	14:00

Table 36 Proposed dates for the 2016/17 budget public participation meetings

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 was also published on the municipality's website, and detailed copies of the 2016/17 Medium Term Revenue and Expenditure Framework (MTREF) were made available for inspection at all municipal offices and libraries within the City of uMhlathuze.

All documents in the appropriate format (electronic and printed) were 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 were received during the community consultation process have been addressed, and where relevant, considered as part of the finalisation of the 2016/17 MTREF. Feedback and responses to the submissions received will be available.

The following pertinent issues were raised during the community consultation process. Minutes of the various meetings have been prepared and have been included as **Annexure M (DMS 1130170)**.

- Maintenance of Madlanzini road;
- Pedestrian bridges;
- Water losses – community reporting issues- delays in resolving issues;
- Rural sports facilities;
- Provision of community sportfields;
- Streetlights in high crime areas;
- Improved communication with regards to water interruption etc.;
- Sponsorship for agricultural projects;
- Multi-purpose centres to be fully utilised;
- Electricity supply in Eskom supply areas;
- Provision of halls clinics and libraries;
- Introduction of Drought water tariffs;
- Improvements to Richards Bay Fire Station;
- RDP Housing;
- Shopping facilities in Nseleni;
- Water storage tanks (Jo-Jo tanks); and
Community Waste Skips.

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 37 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 2016/17 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 38 MBRR SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
<u>Good Governance and Public Participation</u>										
Democratic, Responsible, Transparent , Objective And Equitable Municipal Governance	To promote and foster sound internal and external communication	228	991	1 143	1 098	1 098	1 098	168	171	172
Risk Governance		518	1 087	1 284	297	297	297	312	328	344
		2 452	2 976	3 495	4 875	4 995	4 995	10 587	6 992	3 856
<u>Basic Services and Infrastructure Provision</u>		-	-	-	-	-	-	-	-	-
<u>Efficient and integrated infrastructure and services</u>										
	Eradicate water services backlogs through provision of basic water services	326 145	320 656	322 996	378 433	365 538	365 538	367 845	397 389	422 540
	Eradicate Sanitation services backlogs through provision of basic sanitation services	111 466	107 162	200 144	192 286	189 631	189 631	218 742	234 996	250 720
	Eradicate electricity supply backlogs through provision of basic electricity supply services	1 132 792	1 330 817	1 369 746	1 393 902	1 343 856	1 343 856	1 434 083	1 515 531	1 592 032
	To expand and maintain Road infrastructure in order to improve access and promote Local Economic development	1 183	2 036	2 160	1 071	1 091	1 091	1 155	1 199	1 283
	Provision of public transport facilities and infrastructure in the rural areas	27	-	-	6	6	6	6	6	7
	To promote the achievement of a non-racial, integrated society, through the development of sustainable human settlements and quality housing	2 997	6 406	9 561	2 147	2 742	2 742	1 400	1 490	1 580
	To ensure effective Fleet Management	85	111	139	245	245	245	258	270	284
	Maintenance of Municipal fixed assets	1 634	1 697	1 799	1 922	1 951	1 951	2 031	2 163	2 301
<u>Local Economic Development</u>										
Viable Economic Growth And Development		13 904	20 293	24 915	2 430	2 546	2 546	2 593	2 756	2 925
Public Safety and Security		22 519	71 358	66 916	23 019	15 105	15 105	15 179	15 777	16 254
Safe and Healthy Living Environment		74 170	93 355	103 524	114 711	114 009	114 009	124 664	137 927	145 874
Social Cohesion		14 865	23 166	13 665	11 779	12 774	12 774	13 415	14 053	14 707
<u>Municipal Institutional Development and Transformation</u>										
Municipality Resourced and Committed to attaining the vision and mission of the organisation		3 433	2 535	2 493	1 518	1 675	1 675	1 519	1 570	1 621
<u>Municipal Financial Viability and Management</u>										
Sound Financial And Supply Chain Management		280 577	322 800	398 578	394 563	405 021	405 021	441 880	470 203	494 223
<u>Cross Cutting</u>										
Integrated Urban and Rural Development		-	-	-	-	-	-	-	-	-
Immovable Property Management		-	-	-	-	-	-	-	-	-
Disaster Management		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		1 988 995	2 307 447	2 522 558	2 524 301	2 462 577	2 462 577	2 635 837	2 802 820	2 950 722

Table 39 MBRR SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
<u>Good Governance and Public Participation</u>										
Democratic, Responsible, Transparent , Objective And Equitable Municipal Governance	To promote and foster sound internal and external communication	32 810	98 850	102 667	10 921	21 406	21 406	78 788	83 582	89 395
Risk Governance		3 488 –	26 281 2 704	39 225 2 683	3 111 1 246	5 608 3 934	5 608 3 934	2 533 20 340	2 703 21 664	2 917 23 327
<u>Basic Services and Infrastructure Provision</u>										
Efficient and integrated infrastructure and services										
	Eradicate water services backlogs through provision of basic water services	388 880	246 485	386 005	401 881	391 367	391 367	401 911	430 658	452 292
	Eradicate Sanitation services backlogs through provision of basic sanitation services	124 936	143 301	166 645	156 259	160 085	160 085	174 289	189 879	201 792
	Eradicate electricity supply backlogs through provision of basic electricity supply services	985 136	1 076 728	1 089 779	1 241 610	1 176 754	1 176 754	1 231 959	1 291 469	1 342 012
	To expand and maintain Road infrastructure in order to improve access and promote Local Economic development	177 393	163 999	183 350	188 624	193 947	193 947	199 900	212 555	226 692
	Provision of public transport facilities and infrastructure in the rural areas	1 790	1 134	2 904	1 562	1 569	1 569	2 768	3 050	3 259
	To promote the achievement of a non-racial, integrated society, through the development of sustainable human settlements and quality housing	7 614	6 256	8 971	16 491	16 388	16 388	17 168	18 582	20 036
	To ensure effective Fleet Management	13 766	50 750	62 730	3 732	4 646	4 646	(11 049)	(11 338)	(14 049)
	Maintenance of Municipal fixed assets	21 677	31 754	36 644	19 954	20 469	20 469	24 439	28 470	32 322
<u>Local Economic Development</u>										
Viable Economic Growth And Development		31 911	31 900	36 872	45 833	49 245	49 245	49 810	53 047	56 713
Public Safety and Security		75 334	117 955	124 926	121 060	117 535	117 535	118 980	130 040	141 487
		97 396	73 283	81 616	124 828	123 920	123 920	127 481	136 888	148 930
Safe and Healthy Living Environment										
Social Cohesion		139 318	120 993	136 711	171 791	170 728	170 728	173 529	187 408	202 032
<u>Municipal Institutional Development and Transformation</u>										
Municipality Resourced and Committed to attaining the vision and mission of the organisation		5 015	20 710	23 626	3 320	2 456	2 456	6 388	6 819	7 310
<u>Municipal Financial Viability and Management</u>										
Sound Financial And Supply Chain Management		(15 129)	82 985	102 642	4 371	11 416	11 416	6 189	6 477	6 733
<u>Cross Cutting</u>										
Integrated Urban and Rural Development		–	–	–	–	–	–	–	–	–
Immovable Property Management		–	–	–	1 452	1 494	1 494	1 840	1 952	2 083
Disaster Management		742	340	777	1 317	1 903	1 903	2 075	2 418	2 790
Total Expenditure		2 092 076	2 296 407	2 588 772	2 519 364	2 474 871	2 474 871	2 629 337	2 796 321	2 948 073

Table 40 MBRR SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
<u>Good Governance and Public Participation</u>										
Democratic, Responsible, Transparent , Objective And Equitable Municipal Governance		3	210	96	110	–	–	–	600	600
	To promote and foster sound internal and external communication	11 372	8 590	23 342	4 868	21 716	21 716	33 000	24 900	24 900
Risk Governance		70	220	1 046	–	–	–	–	100	100
	Ensuring compliance with the Occupational Health and Safety Act and Compensation for occupational injuries and diseases	–	–	–	3 439	3 167	3 167	–	100	100
<u>Basic Services and Infrastructure Provision</u>										
Efficient and integrated infrastructure and services										
	Eradicate water services backlogs through provision of basic water services	15 469	80 738	157 019	128 429	117 204	117 204	103 043	122 308	145 830
	Eradicate Sanitation services backlogs through provision of basic sanitation services	36 132	61 535	74 703	77 590	50 376	50 376	44 122	58 671	60 730
	Eradicate electricity supply backlogs through provision of basic electricity supply services	19 542	69 475	55 386	34 188	34 074	34 074	128 900	43 200	45 200
	To expand and maintain Road infrastructure in order to improve access and promote Local Economic development	7 023	31 872	19 919	42 909	46 967	46 967	97 108	77 560	80 719
	Provision of public transport facilities and infrastructure in the rural areas	–	5 380	2 563	7 000	4 000	4 000	14 000	–	–
	To promote the achievement of a non-racial, integrated society, through the development of sustainable human settlements and quality housing	6 046	5 756	7 144	18 000	104 212	104 212	–	200	200
	To ensure effective Fleet Management	7 493	16 085	59 074	37 967	43 216	43 216	9 500	9 900	9 900
	Maintenance of Municipal fixed assets	1 389	2 869	3 708	15 176	9 598	9 598	11 000	300	300
	<u>Local Economic Development</u>									
Viable Economic Growth And Development		3 433	2 852	72	5 100	1 376	1 376	5 000	300	300
Public Safety and Security		989	2 645	5 886	13 630	11 829	11 829	500	16 900	16 900
Safe and Healthy Living Environment		976	2 020	7 268	5 223	3 604	3 604	3 500	16 000	16 000
Social Cohesion		4 839	13 960	37 021	55 118	49 051	49 051	29 724	44 538	45 482
<u>Municipal Institutional Development and Transformation</u>		–	–	–	–	–	–	–	–	–
Municipality Resourced and Committed to attaining the vision and mission of the organisation		16	17	82	18	–	–	–	200	200
<u>Municipal Financial Viability and Management</u>		–	–	–	–	–	–	–	–	–
Sound Financial And Supply Chain Management		246	151	43	15	772	772	–	500	500
<u>Cross Cutting</u>		–	–	–	–	–	–	–	–	–
Integrated Urban and Rural Development		–	–	–	–	–	–	–	–	–
Immovable Property Management		–	–	–	–	–	–	–	–	–
Disaster Management		–	–	–	–	–	–	–	–	–
Total Capital Expenditure		115 036	304 375	454 373	448 778	501 161	501 161	479 397	416 277	447 961

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 adopted by the uMhlatuze Municipality on 28 May 2002. The framework was reviewed and amended during 2012/2013 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 framework/policy was again reviewed in May 2015 to address the Auditor General finding that the municipality did not have documented and approved internal policies and procedures to address the process of collection, recording, processing, monitoring and reporting of performance information.

The Reviewed Performance Management Framework and Policy has been enhanced to include the National Treasury Communications Directive: Framework for Managing Programme Performance Information (FMPPI). The Local Government Regulations on the appointment and conditions of employment of Senior Managers (Reg 21 of 17 January 2014) were also included in the reviewed framework, since it was promulgated after the adoption of the previous Performance Management Framework and Policy.

The most recent review of the Performance Management Framework/Policy was approved and adopted in June 2015, per item on RPT 158204 and framework/policy document on DMS 997565 and is available on Councils official website (www.umhlathuze.gov.za under the "Performance Management" link).

The Organisational Performance Management function of uMhlathuze Municipality is delivered by an internal Performance Management Unit within the Office of the Municipal Manager under the direct supervision of the Chief Operations Officer. The Performance Management unit consists of two permanent employees, i.e. one post of Manager: Performance Management and one post of Performance Management Specialist.

Organisational Performance Management Process

The legislative framework as set out above provides for performance management at various levels in a municipality including organisational (sometimes also referred to as municipal, corporate or strategic) level, operational (also referred to as services, departmental or section/team level) and lastly, at individual level as. These levels are however integrated and interdependent on each other.

The following diagram illustrates performance at various levels in the organisation:

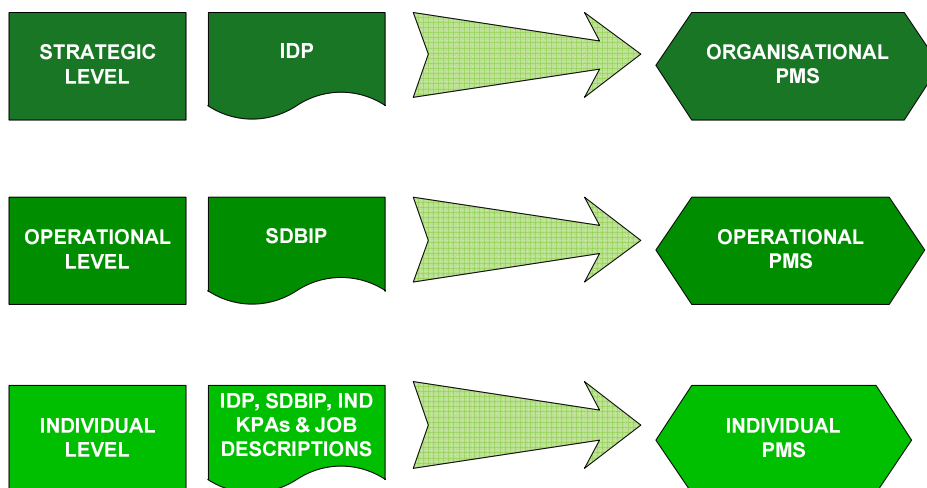


Figure 6 Performance at various levels

The process of managing performance at organisational level in the uMhlathuze Municipality involves the stages as set out in the following diagram:

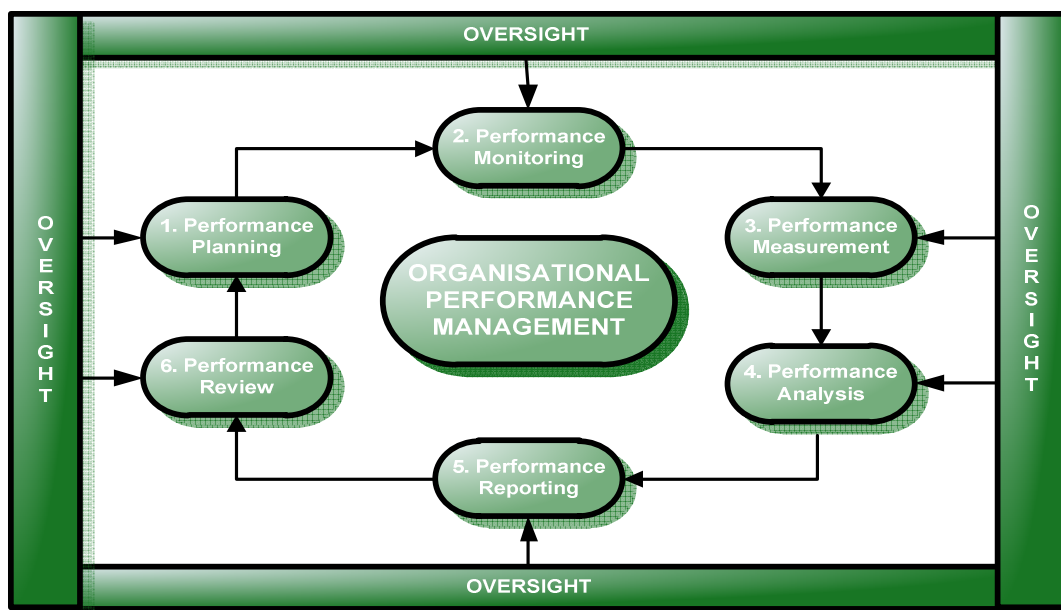


Figure 7 Performance process

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 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 were established and are reflected on the 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 for each financial year 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, Chief Operations Officer 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 (No 56 of 2003)

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

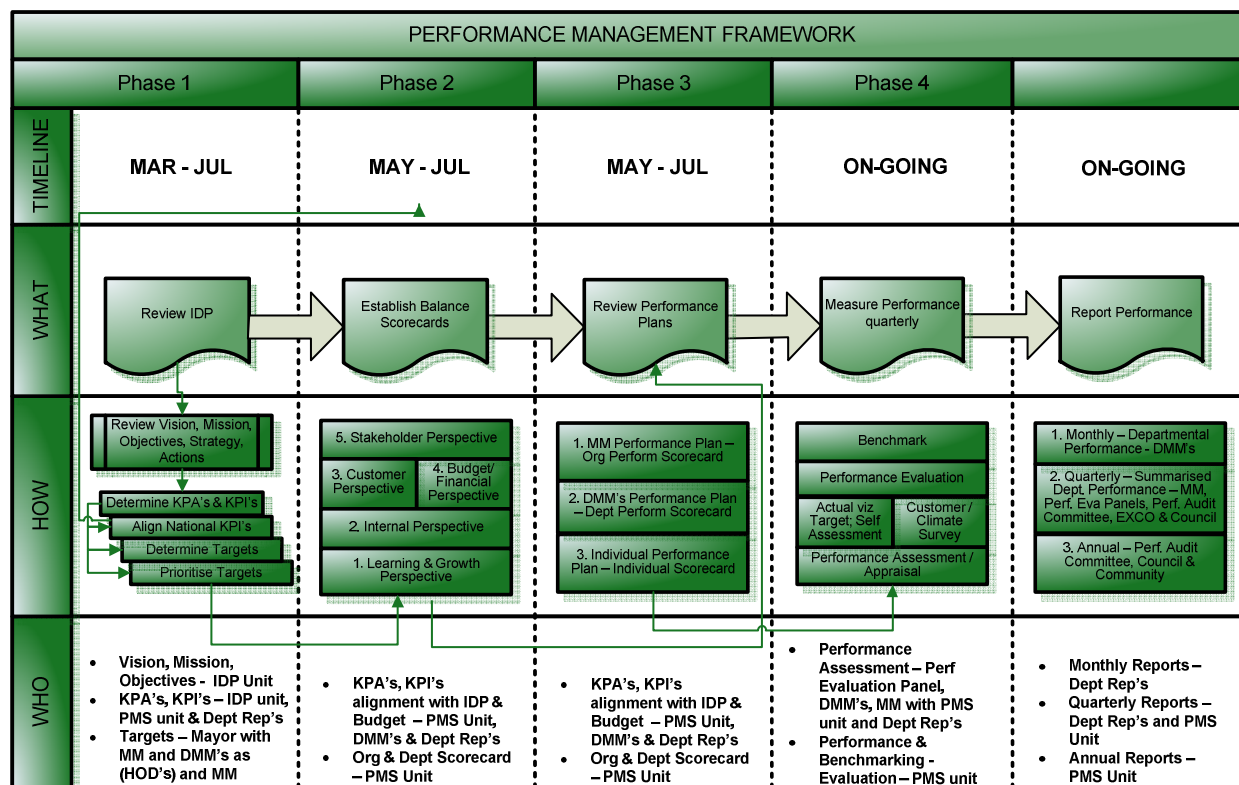


Figure 8 uMhlathuze Performance Management Framework

Performance Audit Committee

The Performance Audit Committee was established in 2003 in terms of of Section 14(2) (a) of the Local Government: Municipal Planning and Performance Management Regulations of 2001 and membership changed of time. The Performance Audit Committee for the 2015/2016 financial year was re-affirmed on 24 February 2016, by Council Resolution 10664 (Item on RPT 159661).

The appointment of the following members will lapse at the end of January 2017 after the annual report was adopted by the Council:

- Ms M J Ndlovu – Chairperson (external member)
- Ms R de Waal (external member)
- Mr B S Ndaba (external member)
- Cllr MG Mhlongo (Mayor)
- Cllr N V Gumbi (Deputy Mayor)

The Performance Audit Committee is meeting on a quarterly basis for each financial to consider the reported quarterly performance achievements reported on the OPMS scorecard as well as the Performance Achievements reported in terms of the Service Delivery Budget Implementation Plan.

Performance Evaluation Panels

Performance Evaluation Panels have initially been established for the assessment of performance of the Municipal Manager as well as Managers directly accountable to the Municipal Manager per Council Resolution 4120 of 10 October 2006. The Performance Evaluation Panels were re-affirmed over time and subsequently again for the 2015/2016 financial year on 3 November 2015, by Council Resolution 10431 (Item on RPT 159161).

Performance Assessment Panels for the assessment of Section 57 employees were established as follows:

- a) for purposes of evaluating the annual performance of the municipal manager (section 54A), an evaluation panel constituting of the following persons was established -
- (i) Executive Mayor or Mayor;
 - (ii) Chairperson of the 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 M G Mhlongo	Mayor/Chairperson
Clr N V Gumbi	Member of the Executive Committee
Ms M J Ndlovu	Chairperson of the Performance Audit Committee
Clr S W Mgenge	Mayor from another Municipality (Mfolozi)
Mr E S Luthuli	Ward Committee member

- b) 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 N V Gumbi	Member of the Executive Committee
Ms M J Ndlovu	Chairperson of the Performance Audit Committee
Mr K E Gamede	Municipal Manager from another Municipality (Mfolozi)

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 (Reg. 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. A Panel of service providers has been appointed by uMhlathuze municipality for a three year period 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.

As part of their scope, auditing of the Performance Management System and Audit of Performance Information was performed and reports received for each quarter in terms of the following internal audit plan:

Audit Project	Focus Area
Review of Performance Information - Quarter 1	<ul style="list-style-type: none"> • Consistency in reporting; • Measurability and reliability; • Performance reports reviews; • Performance score verification (Municipal Manager and Deputy Municipal Managers); • Compliance with relevant laws and regulations.

Audit Project	Focus Area
Review of Performance Information - Quarter 2	<ul style="list-style-type: none"> • Consistency in reporting; • Measurability and reliability; • Performance reports reviews; • Compliance with relevant laws and regulations
Review of Performance Information - Quarter 3	<ul style="list-style-type: none"> • Consistency in reporting; • Measurability and reliability; • Performance reports reviews; • Compliance with relevant laws and regulations
Review of Performance Information - Quarter 4 (Annual Performance Report)	<ul style="list-style-type: none"> • Consistency in reporting; • Measurability and reliability; • Performance reports reviews; • Compliance with relevant laws and regulations

Figure 9 Performance Management internal audit plan

The Auditor General finally audits all achievements reported in the Organisational Performance Management System Scorecard as reported in the Draft Annual Performance Report that is submitted together with the Draft Annual Financial Statements at the end of August of each year. Their findings are reported in their management letter and are included in the Annual Report. The information reported therefore is validated for correctness.

Customer Satisfaction

Council is conducting a Customer Satisfaction Survey on municipal services delivered to the community on a bi-annual basis. The latest Comprehensive feedback and analysis report was completed in June 2015. The results were reported to via the Performance Audit Committee per Council Resolution 10335, RPT 158509 on 28 August 2015 to Council on 29 September 2015. The comprehensive analysis feedback report is available on Council's official website. (www.umhlathuze.gov.za in the "Performance Management" link). Provision is made for conducting the next a Customer Satisfaction Survey in the 2016/2017 financial year.

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 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 41 MBRR SA7 - Measurable performance objectives

Description	Unit of measurement	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Vote 1 - Water and Sanitation Services										
Function 1 - Delivery of Basic Water Services										
Sub-function 1 - House Connection										
Connection	% of Household	43.4%	51.0%	51.0%	51.0%	51.0%	51.0%	51.0%	51.0%	51.0%
Sub-function 2 - Yard Connection										
Connection	% of Household	42.9%	44.6%	46.5%	49.0%	47.7%	47.7%	48.0%	49.0%	49.0%
Sub-function 3 - Communal Supply >200m										
Water Connection	% of Household	2.2%	4.3%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Function 2 - Basic Sanitation Services										
Sub-function 1 - Waterborne Sewerage										
Sewerage Services	% of Household	39.3%	50.0%	49.7%	54.0%	49.7%	49.7%	49.7%	50.0%	50.0%
Sub-function 2 - VIP's										
Sewerage	% of Household	25.4%	27.0%	35.1%	45.0%	39.9%	39.9%	45.0%	48.0%	50.0%
Vote 2 - Electricity Supply										
Function 1 - Electricity Connection										
Sub-function 1 - Household Connection										
Municipality Household Connection	% of Household	93.0%	93.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%
Sub-function 2 - Free Household										
Free Connections	% of Household	1.7%	1.7%	0.6%	1.7%	0.6%	0.6%	0.6%	0.6%	0.6%
Sub-function 3 - Eskom Supply										
Household Connections	% of Household	70.0%	87.0%	87.0%	93.0%	93.0%	93.0%	94.0%	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	56.0%	71.0%	53.6%	74.0%	53.6%	53.6%	53.9%	54.0%	54.0%
Sub-function 2 - Free Basic Refuse Removal										
Insert measure/s description	% of Household	16.0%	18.0%	21.4%	24.0%	21.7%	21.7%	24.0%	26.0%	29.0%

The following table sets out the municipalities main performance objectives and benchmarks for the 2015/16 MTREF.

Table 42 MBRR SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Borrowing Management</u>										
Credit Rating	Interest & Principal Paid /Operating Expenditure	8.4%	7.7%	7.6%	8.7%	8.9%	8.9%	8.5%	8.7%	7.9%
Capital Charges to Operating Expenditure		9.8%	8.5%	8.6%	9.7%	10.0%	10.0%	9.6%	9.8%	9.0%
Capital Charges to Own Revenue		Finance charges & Repayment of borrowing /Own Revenue	0.0%	86.6%	0.0%	68.8%	77.3%	0.0%	115.5%	42.5%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions									
<u>Safety of Capital</u>										
Gearing	Long Term Borrowing/ Funds & Reserves	17.7%	14.1%	10.7%	14.4%	14.0%	6.7%	11.0%	9.5%	7.9%
<u>Liquidity</u>										
Current Ratio	Current assets/current liabilities	1.1	1.4	1.4	1.4	1.5	1.2	1.5	1.4	1.3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.1	1.4	1.4	1.4	1.5	1.2	1.2	1.1	1.1
Liquidity Ratio	Monetary Assets/Current Liabilities	0.5	0.7	0.7	0.7	0.9	0.6	0.8	0.7	0.6
<u>Revenue Management</u>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		100.0%	99.9%	100.0%	97.9%	97.2%	97.2%	93.4%	93.2%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		100.0%	99.9%	100.0%	97.9%	97.2%	97.2%	93.4%	93.2%	93.4%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	14.2%	15.5%	12.4%	12.1%	11.2%	11.2%	12.0%	12.8%	13.6%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old									
<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		103.1%	83.9%	84.9%	63.8%	54.9%	81.7%	64.6%	79.8%	90.5%
<u>Other Indicators</u>										
	Total Volume Losses (kW)	144883099	159686916	94229183	43778391	43778391	43778391	43778391	43778391	43778391
	Total Cost of Losses (Rand '000)	85 481	93 102	64 274	38 022	38 022	38 022	38 022	38 022	38 022
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	10.10%	9.97%	6.75%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%

MBRR SA8 - Performance indicators and benchmarks (continued)

Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Other Indicators										
Water Distribution Losses (2)	Total Volume Losses (kℓ)	14 345	17 504	16 328	14 345	14 345	14 345	14 345	14 345	14 345
	Total Cost of Losses (Rand '000)	20370474	25087109	36738965	25505864	24505864	24505864	24505864	24505864	24505864
	% Volume (units purchased and generated less units sold)/units purchased and generated	32.70%	38.30%	37.97%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Employee costs	Employee costs/(Total Revenue - capital revenue)	22.0%	20.8%	21.1%	24.4%	25.6%	25.6%	25.7%	26.1%	26.9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	22.8%	21.8%	22.0%	25.4%	26.6%	26.6%	26.7%	27.1%	27.9%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	13.0%	14.1%	16.2%	16.1%	16.7%	16.7%	15.6%	15.5%	15.6%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	21.4%	13.7%	16.3%	11.3%	11.6%	11.6%	12.6%	13.5%	13.5%
IDP regulation financial viability indicators										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	14.2	13.5	13.9	13.8	13.8	13.8	12.1	12.9	13.5
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	17.4%	18.7%	15.5%	13.9%	12.9%	12.9%	13.9%	14.9%	15.9%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.9	2.7	2.7	2.7	3.2	2.2	2.7	2.3	2.0

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 2016/17 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 9.8 to 9 per cent in 2012/13 to 2018/19. 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 60 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 2012/13 financial year this ratio peaked at 17.7 per cent and then stabilised to between 11 and 7.9 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 2016/17 MTREF the current ratio is 1.5:1 and 1.4:1 and 1.3:1 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 2012/13 financial year the ratio was 0.5 and as part of the financial planning strategy it has been increased to 0.8 in the 2016/17 financial year. This amounts to an improvement over the period. As the debtors' collection rate is at 97.2 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. Currently (2015/16 year) there are however challenges in paying all creditors within 30 days, but this is due to the implementation bugs encountered with a new mSCOA financial system. It is envisaged that these are teething issues and will be resolved by 30 June 2016. 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 25.7 per cent for the 2016/17 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 applied as well where individual customers are found destitute completely that despite the universal approach still cannot afford their accounts. These customers' accounts are administered on a dedicated personal basis and then written off according to the Credit Control and Debt Collection Policy.

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 34 MBRR A10 (Basic Service Delivery Measurement) on page 86.

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 2016/17 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 96 per cent on current billings.

No amendments are proposed for this policy in the 2016/17 financial year.

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).

No amendments are proposed for this policy in the 2016/17 financial year.

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.

No amendments are proposed for this policy in the 2016/17 financial year.

2.4.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted 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 adopted by Council on 31 July 2013. **The SCM Policy will be reviewed in line with MFMA Circular no. 77 and will be tabled before Council in June 2016.**

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.

No amendments are proposed for this policy in the 2016/17 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 introduce time frames to achieve certain benchmarks.

No amendments are proposed for this policy in the 2016/17 financial year.

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 2016/17 MTREF:

- National Government macro-economic targets as per MFMA circular 78 and 79;
- 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 25.5 per cent of total operating expenditure in the 2016/17 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 2016/17 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 (96 per cent) of annual billings. Cash flow is assumed to be 96 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 collective agreement regarding salaries/wages came into operation on 1 July 2015 and shall remain in force until 30 June 2017. In terms of the agreement, the year two increase has been calculated as an across the board increase of 6 per cent. For budget purposes a 6 per cent increase has been utilised.

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 2016/17 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 43 Breakdown of the operating revenue over the medium-term

Description R thousand	2016/17 Medium Term Revenue & Expenditure Framework					
	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
Revenue By Source						
Property rates	402 140	15%	428 181	15%	449 879	15%
Service charges	1 848 200	70%	1 963 995	70%	2 059 960	70%
Interest earned - external investments	29 000	1%	30 740	1%	32 584	1%
Transfers recognised - operational	298 237	11%	318 355	11%	343 274	12%
Other own revenue	58 259	2%	61 549	2%	65 024	2%
Total Operating Revenue (excluding capital transfers and contributions)	2 635 836	100%	2 802 820	100%	2 950 721	100%
Total Operating Expenditure	2 629 337		2 796 321		2 948 073	
Surplus/(Deficit)	6 499		6 499		2 648	

The following graph is a breakdown of the operational revenue per main category for the 2016/17 financial year.

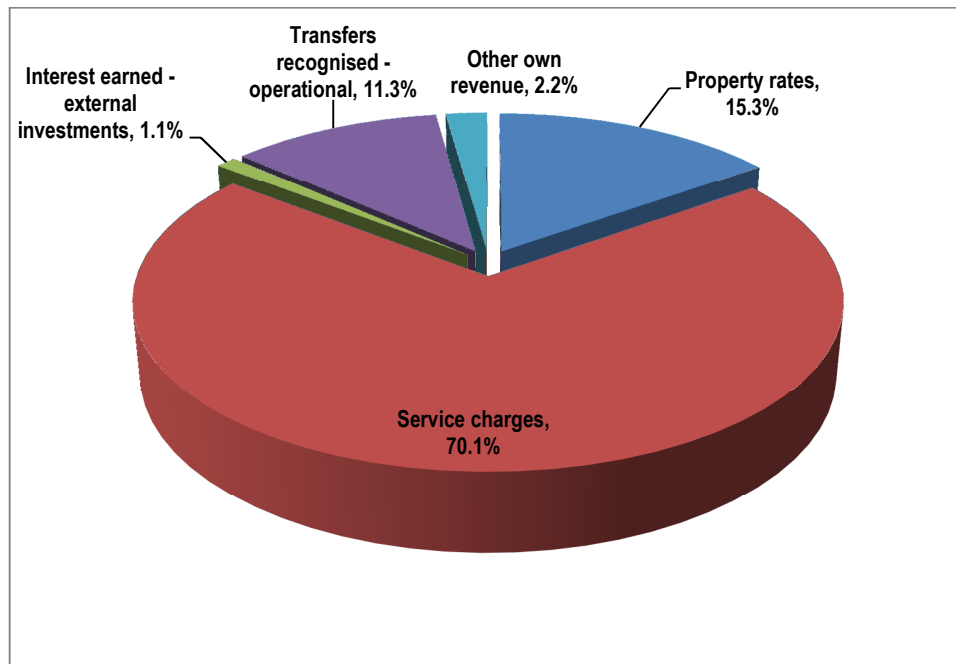


Figure 10 Breakdown of operating revenue over the 2016/17 MTREF

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 96 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 2016/17 MTREF on the different revenue categories are:

Table 44 Proposed tariff increases over the medium-term

Revenue category	2015/16 current revenue increase	2016/17 proposed revenue increase	2017/18 proposed revenue increase	2016/17 additional revenue for each 1% increase	2016/17 additional revenue per service	2016/17 Total Budgeted revenue
	%	%	%	R'000	R'000	R'000
Property rates	8.18	6.41	7.00	4 021	27 962	402 140
Sanitation	8.00	6.04	6.00	868	5 620	86 820
Solid Waste	8.00	6.00	6.00	710	3 883	71 020
Water	40.00	6.00	7.00	2 605	(2 750)	265 520
Electricity	11.25	7.08	7.00	14 248	88 670	1 424 840
TOTAL				22 503	123 385	2 250 340

Revenue to be generated from property rates is R402 million in the 2016/17 financial year and increases to R428 million by 2017/18 which represents 15 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 2016/17 financial year and increasing to R1.9 billion by 2017/18 and then R2 billion by 2018/19. For the 2016/17 financial year services charges amount to 70 per cent of the total revenue base and remains constant over the medium-term.

Operational grants and subsidies amount to R298 million, R318 million and R343 million for each of the respective financial years of the MTREF, or 11, 11 and 12 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 15 per cent and drops to 6.75 and 7.83 per cent for the two outer years.

Investment revenue contributes negligibly to the revenue base of the City with a budget allocation of R29 million, R31 million and R33 million for the respective three financial years of the 2016/17 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 45 MBRR SA15 – Detail Investment Information

Investment type	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Parent municipality									
Securities - National Government	40 000	40 000	150 000	200 000	200 000	200 000	300 000	350 000	400 000
Municipality sub-total	40 000	40 000	150 000	200 000	200 000	200 000	300 000	350 000	400 000
Consolidated total:	40 000	40 000	150 000	200 000	200 000	200 000	300 000	350 000	400 000

Table 46 MBRR SA16 – Investment particulars by maturity

Investments by Maturity	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	Yrs/Months												
Parent municipality													
Inveslec LTD	4 Months	Fixed	Yes	Fixed	7.805%	-	-	15/07/2016	60 000	1 463	-	-	61 463
Unknown	Unknown	Fixed	Yes	Fixed	Unknown	-	-	30/07/2016	140 000	-	-	-	140 000
Municipality sub-total									200 000		-	-	201 463
TOTAL INVESTMENTS AND INTEREST									200 000		-	-	201 463

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2016/17 medium-term capital programme:

Table 47 Sources of capital revenue over the MTREF

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Funded by:									
National Government	40 345	110 841	201 357	159 878	159 878	159 878	145 747	180 790	210 544
Provincial Government	11 087	15 246	10 439	18 000	100 312	100 312	-	-	-
District Municipality	97	110	-	-	-	-	-	-	-
Other transfers and grants	131	133	-	-	-	-	-	-	-
Transfers recognised - capital	51 659	126 329	211 796	177 878	260 190	260 190	145 747	180 790	210 544
Public contributions & donations	4 531	62 602	8 323	1 115	1 115	1 115	-	-	-
Borrowing	33 829	69 347	147 302	159 702	137 236	137 236	200 000	100 000	100 000
Internally generated funds	25 017	46 097	86 952	110 082	102 619	102 619	133 650	135 488	137 417
Total Capital Funding	115 036	304 375	454 373	448 778	501 161	501 161	479 397	416 277	447 961

The above table is graphically represented as follows for the 2016/17 financial year.

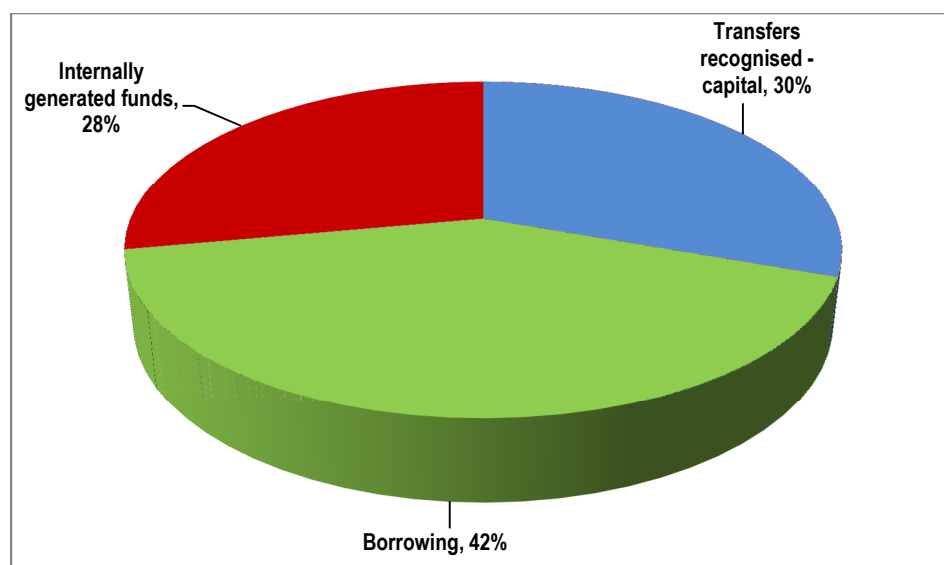


Figure 11 Sources of capital revenue for the 2016/17 financial year

Capital grants and receipts equates to 30 per cent of the total funding source which represents R145.7 million for the 2016/17 financial year and increase to R 180.8 million or 43 per cent by 2017/18.

Borrowing still remains a significant funding source for the capital programme over the medium-term with an estimated R400 million to be raised for each of the respective financial years totalling 42, 24 and 22 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 48 MBRR SA17 - Detail of borrowings

Borrowing - Categorised by type	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Parent municipality									
Long-Term Loans (annuity/reducing balance)	625 250	601 727	600 897	645 778	645 778	645 778	702 864	640 474	580 182
Municipality sub-total	625 250	601 727	600 897	645 778	645 778	645 778	702 864	640 474	580 182
Total Borrowing	625 250	601 727	600 897	645 778	645 778	645 778	702 864	640 474	580 182

Unspent Borrowing - Categorised by type									
Parent municipality									
Long-Term Loans (annuity/reducing balance)	22 193	52 940	-	15 000	15 000	15 000	30 000	15 000	15 000
Municipality sub-total	22 193	52 940	-	15 000	15 000	15 000	30 000	15 000	15 000
Total Unspent Borrowing	22 193	52 940	-	15 000	15 000	15 000	30 000	15 000	15 000

The following graph illustrates the growth in outstanding borrowing for the 2012/13 to 2018/19 period.

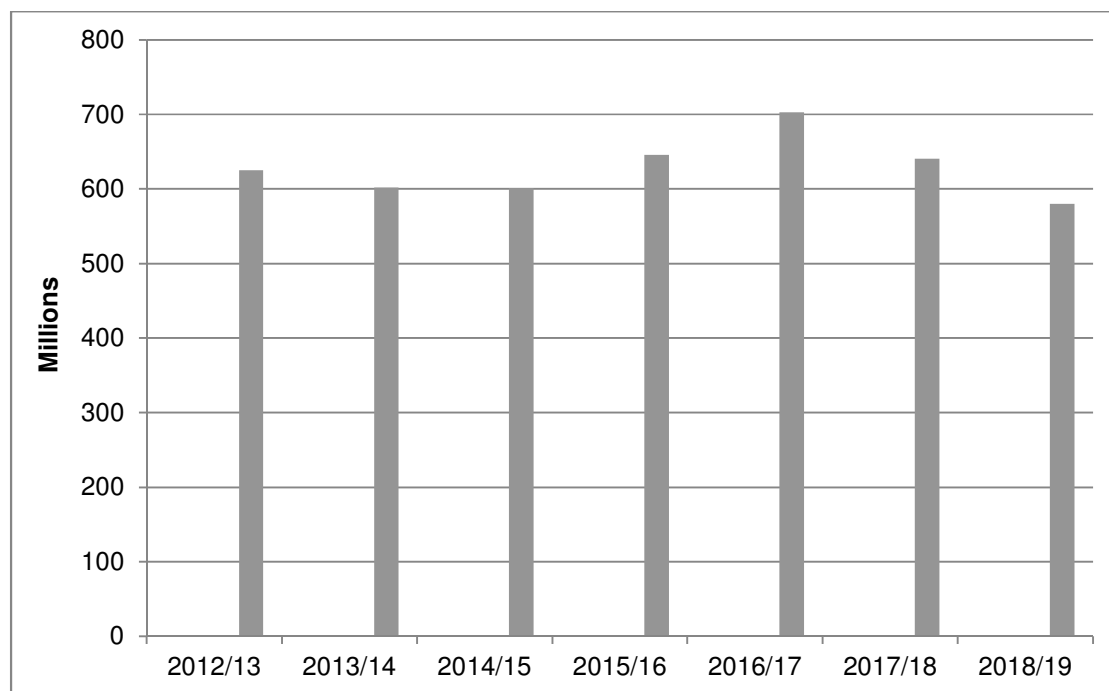


Figure 12 Growth in outstanding borrowing (long-term liabilities)

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 R133.6 million in 2016/17, R135 million in 2017/18 and R137 million in 2018/19.

Table 49 MBRR SA18 - Capital transfers and grant receipts

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
RECEIPTS:									
Capital Transfers and Grants									
National Government:	93 492	106 670	166 573	159 878	168 978	168 978	145 747	180 790	210 544
Municipal Infrastructure Grant (MIG)	84 492	84 595	117 927	88 496	88 496	88 496	94 826	106 253	112 544
Municipal Infrastructure Grant (Roll-Over)	-	-	-	-	9 100	9 100	-	-	-
Electrification Projects	-	-	8 000	9 000	9 000	9 000	-	10 000	12 000
Infrastructure Water Projects	-	17 547	18 850	50 882	50 882	50 882	50 921	64 537	86 000
Rural Households Infrastructure	-	4 000	4 500	4 500	4 500	4 500	-	-	-
Department of Water Affairs	-	-	14 000	7 000	7 000	7 000	-	-	-
Provincial Government:	28 011	1 378	6 170	-	100 312	100 312	-	-	-
Hostels (Roll-over)	-	-	-	-	17 812	17 812	-	-	-
Human Settlement- Waterstone Estates	-	-	-	-	82 500	82 500	-	-	-
Other grant providers:	-	60 536	2 000	-	1 115	1 115	-	-	-
Lotto Funding Sigisi Field	-	-	-	-	1 115	1 115	-	-	-
Total Capital Transfers and Grants	121 710	168 583	174 743	159 878	270 405	270 405	145 747	180 790	210 544

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 50 MBRR Table A7 - Budget cash flow statement

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates, penalties & collection charges	239 617	278 249	338 166	359 300	372 078	372 078	385 722	406 424	431 512
Service charges	1 369 810	1 617 726	1 673 840	1 775 388	1 694 381	1 694 381	1 715 369	1 823 115	1 911 629
Other revenue	156 697	99 273	185 995	49 537	54 828	54 828	58 159	61 439	64 904
Government - operating	202 114	236 770	249 416	257 953	258 723	258 723	298 237	318 355	343 274
Government - capital	51 658	109 208	211 796	159 878	261 305	261 305	145 747	180 790	210 544
Interest	14 669	21 113	27 615	23 540	23 872	23 872	29 100	30 850	32 704
Payments									
Suppliers and employees	(1 659 241)	(1 883 468)	(2 035 776)	(2 151 396)	(2 102 685)	(2 102 685)	(2 192 857)	(2 307 741)	(2 433 884)
Finance charges	(79 985)	(71 145)	(71 171)	(79 806)	(79 806)	(79 806)	(80 335)	(80 611)	(73 634)
Transfers and Grants	(2 091)	(3 022)	(4 358)	(8 883)	(14 430)	(14 430)	(12 681)	(13 188)	(13 716)
NET CASH FROM/(USED) OPERATING ACTIVITIES	293 248	404 704	575 523	385 511	468 266	468 266	346 462	419 432	473 333
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	2 193	7 530	19 000	10 000	20 000	20 000	-	-	-
Decrease (Increase) in non-current debtors	135	267	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	41	230	230	230	90	94	98
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-
Payments									
Capital assets	(115 036)	(250 889)	(452 823)	(314 145)	(425 986)	(425 986)	(471 385)	(424 543)	(444 448)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(112 708)	(243 092)	(433 782)	(303 915)	(405 756)	(405 756)	(471 295)	(424 449)	(444 350)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	100 000	-	185 500	185 500	-	385 500	100 000	100 000
Increase (decrease) in consumer deposits	860	5 129	956	500	3 000	3 000	943	3 182	2 793
Payments									
Repayment of borrowing	(95 839)	(105 007)	(125 569)	(140 619)	(140 619)	(140 619)	(142 914)	(162 390)	(160 292)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(94 979)	122	(124 613)	45 381	47 881	(137 619)	243 529	(59 208)	(57 499)
NET INCREASE/ (DECREASE) IN CASH HELD	85 561	161 734	17 128	126 977	110 391	(75 109)	118 695	(64 225)	(28 516)
Cash/cash equivalents at the year begin:	157 214	242 775	404 509	308 748	405 490	421 638	346 529	465 224	401 000
Cash/cash equivalents at the year end:	242 775	404 509	421 637	435 725	515 881	346 529	465 224	401 000	372 484

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 2012/13 to 2016/17 period and the years thereafter owing directly to a myriad of cash flow interventions introduced over the past years. The 2016/17 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term. Cash and cash equivalents totals R 465 million as at the end of the 2016/17 financial year and declines slightly to R 372 million by 2018/19

For the 2016/17 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 401 million by 2017/18 and decreasing to R 372 million by 2018/19.

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

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Cash and investments available									
Cash/cash equivalents at the year end	242 775	404 509	421 637	435 725	515 881	346 529	465 224	401 000	372 484
Other current investments > 90 days	0	(0)	1	(2)	-	-	-	-	-
Non current assets - Investments	-	-	-	-	-	-	-	-	-
Cash and investments available:	242 775	404 509	421 638	435 723	515 881	346 529	465 224	401 000	372 484
Application of cash and investments									
Unspent conditional transfers	113 803	92 231	30 959	105 801	105 801	105 801	57 078	57 078	57 078
Unspent borrowing	22 193	52 940	-	15 000	15 000	15 000	30 000	15 000	15 000
Statutory requirements	(16 014)	(9 557)	10 182	2 763	2 763	2 763	2 885	2 849	2 857
Other working capital requirements	(31 555)	(9 979)	48 647	(18 415)	14 338	14 338	5 909	(14 319)	(38 935)
Other provisions	23 317	20 391	19 998	21 288	21 288	21 288	22 523	23 874	25 426
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	125 131	125 131	125 131	135 488	137 417	144 439
Total Application of cash and investments:	111 744	146 026	109 786	251 568	284 321	284 321	253 882	221 899	205 864
Surplus(shortfall)	131 032	258 483	311 852	184 154	231 560	62 208	211 342	179 101	166 620

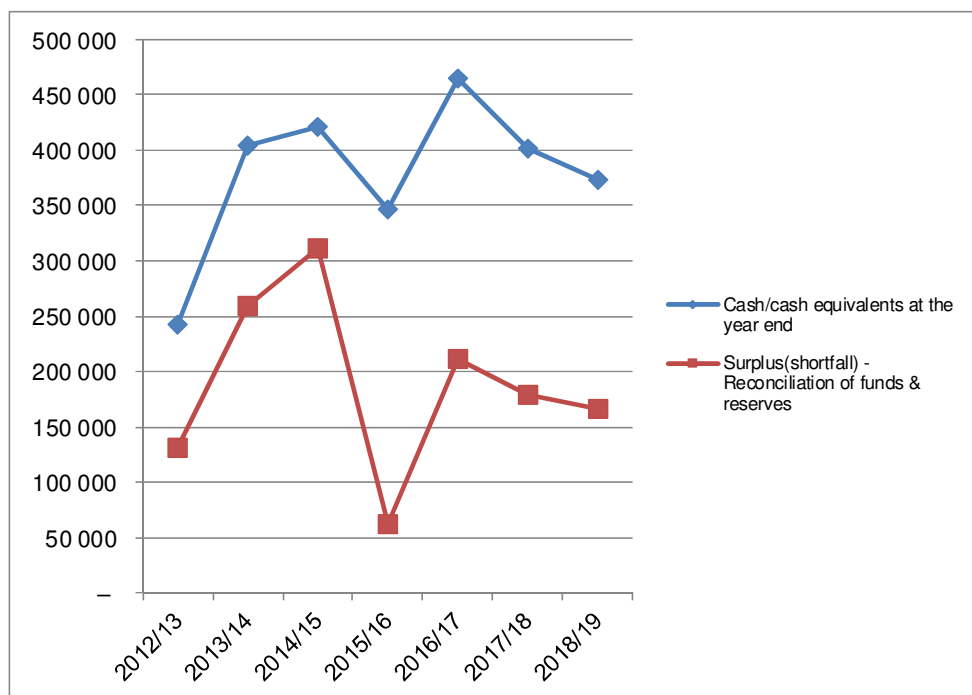
From the above table it can be seen that the cash and investments available total R 465 million in the 2016/17 financial year and decreases to R 401 million by 2017/18, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application 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 R2.8 million for the 2016/17 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 R22.5 million has been provided for the 2016/17 financial year and this increase to R25.4 million by 2018/19.

It can be concluded that the City has a surplus against the cash backed and accumulated surpluses reconciliation. The level of non-cash-backing has improved over the period 2012/13 to 2016/17 escalating from R131 million to R211 million in 2016/17. The 2016/17 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.



	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Cash/cash equivalents at the year end	242 775	404 509	421 637	346 529	465 224	401 000	372 484
Surplus(shortfall) - Reconciliation of funds & reserves	131 032	258 483	311 852	62 208	211 342	179 101	166 620

Figure 13 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 52 MBRR SA10 – Funding compliance measurement

Description	MFMA section	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Funding measures										
Cash/cash equivalents at the year end - R'000	18(1)b	242 775	404 509	421 637	435 725	515 881	346 529	465 224	401 000	372 484
Cash + investments at the yr end less applications - R'000	18(1)b	131 032	258 483	311 852	184 154	231 560	62 208	211 342	179 101	166 620
Cash year end/monthly employee/supplier payments	18(1)b	1.9	2.7	2.7	2.7	3.2	2.2	2.7	2.3	2.0
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	(9 997)	197 906	149 209	164 815	258 111	258 111	152 247	187 289	213 192
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	N.A.	11.9%	0.0%	2.4%	(8.5%)	(6.0%)	(0.2%)	0.3%	(1.1%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	99.7%	97.5%	98.7%	97.3%	97.2%	97.2%	93.5%	93.4%	93.5%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	0.2%	3.6%	3.9%	0.1%	0.1%	0.1%	0.3%	0.3%	0.3%
Capital payments % of capital expenditure	18(1)c;19	100.0%	82.4%	99.7%	70.0%	85.0%	85.0%	98.3%	102.0%	99.2%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	0.0%	56.2%	0.0%	68.5%	77.0%	0.0%	115.5%	42.5%	42.1%
Grants % of Govt. legislated/gazetted allocations	18(1)a							100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	26.8%	(12.5%)	(2.9%)	(9.2%)	0.0%	14.0%	13.6%	12.4%
Long term receivables % change - incr(decr)	18(1)a	N.A.	(55.4%)	(27.7%)	24.1%	0.3%	0.0%	(36.9%)	4.0%	4.0%
R&M % of Property Plant & Equipment	20(1)(vi)	6.2%	6.9%	8.5%	8.0%	8.0%	8.0%	7.7%	8.0%	8.3%
Asset renewal % of capital budget	20(1)(vi)	54.1%	37.3%	33.6%	13.7%	14.4%	14.4%	24.1%	4.3%	5.9%
High Level Outcome of Funding Compliance										
Total Operating Revenue		1 988 995	2 307 447	2 522 558	2 524 301	2 462 577	2 462 577	2 635 836	2 802 820	2 950 721
Total Operating Expenditure		2 092 076	2 296 407	2 588 772	2 519 364	2 474 871	2 474 871	2 629 337	2 796 321	2 948 073
Surplus/(Deficit) Budgeted Operating Statement		(103 081)	11 040	(66 214)	4 937	(12 294)	(12 294)	6 500	6 499	2 649
Surplus/(Deficit) Considering Reserves and Cash Backing		131 032	258 483	311 852	184 154	231 560	62 208	211 342	179 101	166 620
MTREF Funded (1) / Unfunded (0)		1	1	1	1	1	1	1	1	1
MTREF Funded ✓ / Unfunded ✗		✓	✓	✓	✓	✓	✓	✓	✓	✓

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 2016/17 MTREF shows R540 million, R476 million and R448 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 32, on page 82. 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 2016/17 MTREF the municipality's improving cash position causes the ratio to at 2.7 and then declines slightly to 2.3 and 2.0 for the outer years respectively. 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 2016/17 MTREF the indicative outcome is a surplus of R152 million, R187 million and R213 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 decline totals (0.2%), 0.3 and 1.1 per cent for the respective financial year of the 2016/17 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 93.5 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 96 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 96 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 0,3 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 2016/17 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 115.5, 42.5 and 42.1 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 are 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 are contained in Table 68 MBRR SA34c on page 144.

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 67 MBRR SA34b on page 143.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 53 MBRR SA19 - Expenditure on transfers and grant programmes

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government:	186 964	204 707	223 899	249 431	249 431	249 431	289 862	309 631	334 185
Local Government Equitable Share	179 139	190 384	204 800	229 925	229 925	229 925	263 487	291 465	319 112
Finance Management	1 268	1 644	1 531	1 600	1 600	1 600	2 537	2 650	2 650
Municipal Systems Improvement	190	829	755	930	930	930	-	-	-
Water Services Operating Subsidy	561	1 227	177	-	-	-	-	-	-
EPWP Incentive	-	996	1 896	2 961	2 961	2 961	5 061	-	-
Project Management Unit	2 125	2 138	2 904	4 658	4 658	4 658	4 991	5 592	5 923
Infrastructure Skills Development Grant	3 505	7 211	8 082	7 500	7 500	7 500	6 500	6 500	6 500
Municipal Demarcation Transitional Grant	-	-	-	1 857	1 857	1 857	7 286	3 424	-
Municipal Infrastructure Grant (Roll-Over)	-	-	3 755	-	-	-	-	-	-
Electricity Demand Site	176	71	-	-	-	-	-	-	-
Restructuring Grant	-	207	-	-	-	-	-	-	-
Provincial Government:	10 263	21 799	21 228	8 522	9 292	9 292	8 375	8 724	9 089
Museums	134	284	151	166	166	166	175	184	193
Provincialisation of Libraries	2 784	5 846	6 080	6 289	6 289	6 289	6 947	7 224	7 514
Libraries	531	508	740	1 020	1 520	1 520	1 253	1 316	1 382
Housing	1 498	5 028	7 983	1 047	1 317	1 317	-	-	-
Primary Health	4 842	9 645	5 965	-	-	-	-	-	-
Corridor Development - New and Upgrading Informal Trading	113	98	-	-	-	-	-	-	-
Urban Development Framework Plan Tourism Development	17	96	13	-	-	-	-	-	-
Municipal Excellence Awards	-	-	-	-	-	-	-	-	-
Recycling Project	-	-	21	-	-	-	-	-	-
Sport and Recreation	-	-	33	-	-	-	-	-	-
Cleanest Town Award	345	179	85	-	-	-	-	-	-
Upgrade of Airport	-	53	-	-	-	-	-	-	-
Urban Development Framework Plan	-	14	159	-	-	-	-	-	-
Land Use Management	-	46	-	-	-	-	-	-	-
District Municipality:	4 774	4 913	-	-	-	-	-	-	-
Environmental Health Subsidy	4 603	4 856	-	-	-	-	-	-	-
SMME Fair	49	-	-	-	-	-	-	-	-
Beach Festival	-	55	-	-	-	-	-	-	-
Capacity Building	122	2	-	-	-	-	-	-	-
Other grant providers:	113	667	661	-	-	-	-	-	-
Umhlathuze Village Beneficiaries Contribution	-	-	-	-	-	-	-	-	-
Standard Bank - LED Summit	-	120	-	-	-	-	-	-	-
Salga	-	400	-	-	-	-	-	-	-
Absa Bank - Mandela Day	3	-	-	-	-	-	-	-	-
Mayoral Golf Day - Various	60	-	-	-	-	-	-	-	-
Standard Bank - Wellness Day	-	18	-	-	-	-	-	-	-
RBCT - Mayoral	-	-	100	-	-	-	-	-	-
Standard Bank - Beach Festival	-	50	-	-	-	-	-	-	-
KZN Winter Air Show	-	62	-	-	-	-	-	-	-
Absa Bank - Budget Inserts	20	12	-	-	-	-	-	-	-
Saamwu	-	-	561	-	-	-	-	-	-
Development Bank - Aids Prevention	24	-	-	-	-	-	-	-	-
ABSA Sponsorship - Beach Festival	0	-	-	-	-	-	-	-	-
FNB & Raizencorp - SMME Fair	2	-	-	-	-	-	-	-	-
Other	3	-	-	-	-	-	-	-	-
ABSA Bank - Networking	-	5	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:	202 114	232 086	245 789	257 953	258 723	258 723	298 237	318 355	343 274

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

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
EXPENDITURE:									
Capital expenditure of Transfers and Grants									
National Government:	40 345	110 859	201 351	159 878	168 978	168 978	145 747	180 790	210 544
Municipal Infrastructure Grant (MIG)	37 158	87 355	103 713	88 496	97 596	97 596	94 826	106 253	112 544
Municipal Infrastructure Grant (Roll-Over)	–	–	37 460	–	–	–	–	–	–
Electrification Projects	1 141	7 094	8 609	9 000	9 000	9 000	–	10 000	12 000
Electricity Demand Site	–	3 319	3 293	–	–	–	–	–	–
Extended Public Works Programme	1 004	–	–	–	–	–	–	–	–
Infrastructure Water Projects	–	5 313	26 961	50 882	50 882	50 882	50 921	64 537	86 000
Rural Households Infrastructure	–	–	6 148	4 500	4 500	4 500	–	–	–
Sport and recreation	–	–	3 746	–	–	–	–	–	–
Finance Management	232	1 022	69	–	–	–	–	–	–
Department of Water Affairs	351	6 695	11 178	7 000	7 000	7 000	–	–	–
Municipal Systems Improvement	185	61	175	–	–	–	–	–	–
Infrastructure Skills Development Grant	273	–	–	–	–	–	–	–	–
Provincial Government:	11 087	15 227	10 445	–	100 312	100 312	–	–	–
Housing	6 046	7 239	7 246	–	–	–	–	–	–
Sport and Recreation	112	–	–	–	–	–	–	–	–
Libraries	–	6	57	–	–	–	–	–	–
Massification Grant	1 887	113	–	–	–	–	–	–	–
Upgrade of Airport	2 258	–	–	–	–	–	–	–	–
Urban Development Framework Plan Tourism Development	–	2 099	173	–	–	–	–	–	–
Corridor Development - New and Upgrading Informal	–	–	–	–	–	–	–	–	–
Trading Stalls	97	5 380	2 563	–	–	–	–	–	–
Hostels (Roll-over)	–	–	–	–	17 812	17 812	–	–	–
Human Settlement - Waterstone Estates	–	–	–	–	82 500	82 500	–	–	–
Upgrade of Alkandstrand Beach	–	–	400	–	–	–	–	–	–
Cleanest Town	20	–	7	–	–	–	–	–	–
Urban Development Framework Plan	666	223	–	–	–	–	–	–	–
Traffic Calming	–	167	–	–	–	–	–	–	–
District Municipality:	97	110	–	–	–	–	–	–	–
Bus Shelters and Laybys	97	110	–	–	–	–	–	–	–
Other grant providers:	131	60 669	3 628	–	1 115	1 115	–	–	–
John Ross Interchange	–	60 536	–	–	–	–	–	–	–
National Lotto - Sports Development	–	120	3 628	–	–	–	–	–	–
Briardale Trading - Practical Interventions	131	–	–	–	–	–	–	–	–
Vuna Awards - Esikhaleni Mall Road Safety	–	13	–	–	–	–	–	–	–
Lotto Funding Sigisi Field	–	–	–	–	1 115	1 115	–	–	–
Total capital expenditure of Transfers and Grants	51 659	186 865	215 423	159 878	270 405	270 405	145 747	180 790	210 544
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	253 774	418 951	461 212	417 831	529 128	529 128	443 984	499 145	553 818

Table 54 MBRR SA20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Operating transfers and grants:									
National Government:									
Balance unspent at beginning of the year	3 800	515	5 606	5 606	5 606	1 836	1 836	1 836	1 836
Current year receipts	183 679	209 798	220 130	249 431	249 431	249 431	289 862	309 631	334 185
Conditions met - transferred to revenue	186 964	204 707	223 899	249 431	249 431	249 431	289 862	309 631	334 185
Conditions still to be met - transferred to liabilities	515	5 606	1 836	5 606	5 606	1 836	1 836	1 836	1 836
Provincial Government:									
Balance unspent at beginning of the year	823	5 757	8 534	8 534	8 534	5 863	5 863	5 863	5 863
Current year receipts	15 197	24 576	18 557	8 522	9 292	9 292	8 375	8 724	9 089
Conditions met - transferred to revenue	10 263	21 799	21 228	8 522	9 292	9 292	8 375	8 724	9 089
Conditions still to be met - transferred to liabilities	5 757	8 534	5 863	8 534	8 534	5 863	5 863	5 863	5 863
District Municipality:									
Balance unspent at beginning of the year	205	34	32	32	32	32	32	32	32
Current year receipts	4 603	4 911	—	—	—	—	—	—	—
Conditions met - transferred to revenue	4 774	4 913	0	—	—	—	—	—	—
Conditions still to be met - transferred to liabilities	34	32	32	32	32	32	32	32	32
Other grant providers:									
Balance unspent at beginning of the year	3 001	2 528	2 519	2 519	2 519	2 481	2 481	2 481	2 481
Current year receipts	105	657	623	—	—	—	—	—	—
Conditions met - transferred to revenue	113	666	661	—	—	—	—	—	—
Conditions still to be met - transferred to liabilities	2 528	2 519	2 481	2 519	2 519	2 481	2 481	2 481	2 481
Total operating transfers and grants revenue	202 114	232 086	245 789	257 953	258 723	258 723	298 237	318 355	343 274
Total operating transfers and grants - CTBM	8 834	16 692	10 212	16 691	16 691	10 212	10 212	10 212	10 212
Capital transfers and grants:									
National Government:									
Balance unspent at beginning of the year	25 183	72 960	68 771	68 771	68 771	32 429	32 429	32 429	32 429
Current year receipts	93 492	106 670	166 573	159 878	168 978	168 978	145 747	180 790	210 544
Conditions met - transferred to revenue	40 344	110 859	201 350	159 878	168 978	168 978	145 747	180 790	210 544
Conditions still to be met - transferred to liabilities	72 960	68 771	32 429	68 771	68 771	32 429	32 429	32 429	32 429
Provincial Government:									
Balance unspent at beginning of the year	17 531	34 455	20 606	20 606	20 606	16 331	16 331	16 331	16 331
Current year receipts	28 011	1 378	6 170	—	100 312	100 312	—	—	—
Conditions met - transferred to revenue	11 087	15 227	10 445	—	100 312	100 312	—	—	—
Conditions still to be met - transferred to liabilities	34 455	20 606	16 331	20 606	20 606	16 331	16 331	16 331	16 331
District Municipality:									
Balance unspent at beginning of the year	(19)	91	(19)	(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	91	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)
Other grant providers:									
Balance unspent at beginning of the year	17	(114)	(247)	(247)	(247)	(1 875)	(1 875)	(1 875)	(1 875)
Current year receipts	—	60 536	2 000	—	1 115	1 115	—	—	—
Conditions met - transferred to revenue	131	60 669	3 628	—	1 115	1 115	—	—	—
Conditions still to be met - transferred to liabilities	(114)	(247)	(1 875)	(247)	(247)	(1 875)	(1 875)	(1 875)	(1 875)
Total capital transfers and grants revenue	51 660	186 864	215 423	159 878	270 405	270 405	145 747	180 790	210 544
Total capital transfers and grants - CTBM	107 392	89 111	46 866	89 111	89 111	46 866	46 866	46 866	46 866
TOTAL TRANSFERS AND GRANTS REVENUE	253 774	418 950	461 212	417 831	529 128	529 128	443 984	499 145	553 818
TOTAL TRANSFERS AND GRANTS - CTBM	116 226	105 803	57 078	105 802	105 802	57 078	57 078	57 078	57 078

Table 55 MBRR SA21 - Transfers and grants made by the municipality

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Cash Transfers to Organisations									
Empangeni SPCA	53	167	-	179	179	179	188	196	203
Richards Bay SPCA	53	167	-	179	179	179	188	196	203
Richards Bay Tourism - UTA	0	-	-	-	-	-	-	-	-
School and Uthungulu Forum	32	60	-	354	354	354	372	387	402
Richards Bay Country Club	350	310	346	415	415	415	436	453	472
Other	138	128	-	-	-	-	-	-	-
Museums	-	-	370	5 000	4 118	4 118	4 324	4 497	4 677
Dolos Festival	70	50	-	-	-	-	-	-	-
Umlhathuze Rangers	70	(70)	-	-	-	-	-	-	-
Mhlacufest	70	-	-	-	-	-	-	-	-
KZN Wildlife Gala Dinner	33	-	-	-	-	-	-	-	-
Zululand Spelling Bee	30	-	-	21	21	21	22	23	24
Youth Gathering	223	133	105	237	237	237	248	258	269
Women Summit	-	31	99	150	150	150	158	164	170
Policy Formulation - People Living With Disability	5	-	15	100	100	100	105	109	114
Senior Citizens	-	20	60	60	60	60	63	66	68
World Aids Day	61	47	46	108	108	108	113	117	122
Children	-	74	38	65	65	65	68	70	73
Mens Summit	-	10	70	97	97	97	102	106	110
16 Days Activism	1	0	88	160	51	51	54	56	58
Freedom Day	-	-	-	100	100	100	105	109	114
Community Outreach	144	151	-	250	-	-	-	-	-
Early Education Centres	-	300	-	-	-	-	-	-	-
MTA Invitation	-	62	-	-	-	-	-	-	-
Isigungu Samanxamalala Matmela Trust	-	100	-	-	-	-	-	-	-
Religious Sector	-	-	4	33	33	33	35	36	38
Operation Sukuma Sakhe Programmes	-	-	119	198	198	198	208	216	225
Disability Sector	-	-	3	110	110	110	116	120	125
Diwali Festival	-	-	30	30	30	30	32	33	34
Public Member Injury - Refuse	-	-	0	-	-	-	-	-	-
Last Dance	-	-	650	-	-	-	-	-	-
Community Outreach - Mayor	-	-	25	-	250	250	263	273	284
Thanda Royal Zulu	-	-	500	-	1 500	1 500	1 650	1 716	1 785
University Registrations	-	-	128	500	500	500	525	546	568
Community Outreach - Mandlazini	-	-	90	-	-	-	-	-	-
Mayday Event	-	-	17	-	-	-	-	-	-
Bursaries	-	-	5	-	-	-	-	-	-
Drought Relief	-	-	-	-	3 500	3 500	-	-	-
Bursaries Employee Children	-	-	-	-	823	823	850	884	919
Zululand Trade Fair	-	-	-	-	214	214	150	312	325
Downstream Aluminium Centre For Technology (DACT)	-	-	-	-	-	-	150	-	-
Profiling Of People With Disabilities	-	-	-	-	-	-	1 500	1 560	1 622
Total Cash Transfers To Organisations	1 331	1 740	2 808	8 345	13 391	13 391	12 022	12 503	13 003
TOTAL CASH TRANSFERS AND GRANTS	1 331	1 740	2 808	8 345	13 391	13 391	12 022	12 503	13 003
Groups of Individuals									
Rates Rebates and Exemptions	705	1 228	1 476	2 000	-	-	-	-	-
Disaster Management	54	53	74	128	628	628	659	686	713
Total Non-Cash Grants To Groups Of Individuals:	760	1 282	1 549	2 128	628	628	659	686	713
TOTAL NON-CASH TRANSFERS AND GRANTS	760	1 282	1 549	2 128	628	628	659	686	713
TOTAL TRANSFERS AND GRANTS	2 091	3 022	4 357	10 473	14 018	14 018	12 681	13 188	13 716

2.8 Councillor and employee benefits

Table 56 MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Councillors (Political Office Bearers plus Other)</u>									
Basic Salaries and Wages	10 895	13 450	14 349	15 409	15 409	15 409	16 488	17 477	18 613
Pension and UIF Contributions	1 636	2 019	2 144	2 311	2 311	2 311	2 474	2 622	2 792
Medical Aid Contributions	650	830	919	1 112	1 112	1 112	1 190	1 262	1 344
Motor Vehicle Allowance	2 922	3 642	3 752	3 987	3 987	3 987	4 266	4 522	4 816
Cellphone Allowance	831	1 251	1 458	1 420	1 665	1 665	1 518	1 609	1 713
Housing Allowances	–	–	–	244	244	244	262	277	295
Other benefits and allowances	215	216	–	245	–	–	235	249	265
Sub Total - Councillors	17 148	21 408	22 622	24 729	24 729	24 729	26 432	28 018	29 839
% increase		24.8%	5.7%	9.3%	–	–	6.9%	6.0%	6.5%
<u>Senior Managers of the Municipality</u>									
Basic Salaries and Wages	4 740	4 893	4 652	8 842	8 643	8 643	9 333	9 847	10 487
Pension and UIF Contributions	467	457	478	720	603	603	695	679	723
Medical Aid Contributions	120	112	54	105	145	145	155	164	175
Performance Bonus	485	472	252	1 558	1 551	1 551	1 679	1 759	1 874
Motor Vehicle Allowance	1 476	1 466	711	1 145	1 068	1 068	1 132	1 168	1 244
Cellphone Allowance	120	113	108	187	183	183	196	208	221
Housing Allowances	–	–	–	–	–	–	–	–	–
Other benefits and allowances	228	278	1 005	331	629	629	691	792	843
Payments in lieu of leave	259	333	31	–	143	143	–	–	–
Sub Total - Senior Managers of Municipality	7 895	8 127	7 290	12 889	12 964	12 964	13 880	14 618	15 568
% increase		2.9%	(10.3%)	76.8%	0.6%	–	7.1%	5.3%	6.5%
<u>Other Municipal Staff</u>									
Basic Salaries and Wages	254 304	285 768	314 130	353 948	372 507	372 507	391 517	424 171	466 094
Pension and UIF Contributions	47 677	51 167	55 981	72 208	63 067	63 067	90 324	95 812	102 051
Medical Aid Contributions	22 103	24 794	27 489	31 524	30 325	30 325	36 250	38 428	40 929
Overtime	26 267	31 206	35 964	35 907	38 524	38 524	35 899	44 216	47 091
Performance Bonus	–	–	–	–	–	–	0	0	0
Motor Vehicle Allowance	26 511	30 418	32 160	36 210	37 938	37 938	40 359	42 815	45 600
Cellphone Allowance	1 087	1 297	2 026	3 388	2 642	2 642	3 511	3 695	3 939
Housing Allowances	3 672	3 270	3 565	3 939	4 387	4 387	4 204	4 463	4 757
Other benefits and allowances	32 322	35 204	37 250	41 644	41 800	41 800	34 618	36 045	38 390
Payments in lieu of leave	12 280	6 388	13 670	20 390	21 565	21 565	21 824	23 138	24 645
Long service awards	–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	3 009	3 351	3 632	3 771	4 182	4 182	4 483	4 752	5 061
Sub Total - Other Municipal Staff	429 231	472 864	525 867	602 931	616 936	616 936	662 988	717 534	778 557
% increase		10.2%	11.2%	14.7%	2.3%	–	7.5%	8.2%	8.5%
Total Parent Municipality	454 274	502 399	555 779	640 548	654 629	654 629	703 300	760 169	823 964
		10.6%	10.6%	15.3%	2.2%	–	7.4%	8.1%	8.4%
TOTAL SALARY, ALLOWANCES & BENEFITS	454 274	502 399	555 779	640 548	654 629	654 629	703 300	760 169	823 964
% increase		10.6%	10.6%	15.3%	2.2%	–	7.4%	8.1%	8.4%
TOTAL MANAGERS AND STAFF	437 126	480 990	533 157	615 819	629 901	629 901	676 869	732 151	794 125

Table 57 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.
<u>Councillors</u>							
Speaker	1	647 800	159 800	29 700			837 300
Chief Whip	1	652 500	98 000	29 700			780 200
Executive Mayor	1	823 300	147 300	272 000			1 242 600
Deputy Executive Mayor	1	495 800	121 300	218 500			835 600
Executive Committee	10	4 111 200	915 200	1 848 400			6 874 800
Total for all other councillors	46	9 757 400	2 211 800	3 892 200			15 861 400
Total Councillors	60	16 488 000	3 653 400	6 290 500			26 431 900
<u>Senior Managers of the Municipality</u>							
Municipal Manager (MM)	1	1 301 775	234 320	419 531	269 600		2 225 225
Chief Finance Officer	1	1 359 794	–	347 827	234 879		1 942 500
Deputy Municipal Manager - Infrastructure and Technical Services	1	1 259 723	273 202	174 695	234 879		1 942 500
Deputy Municipal Manager - Corporate Services	1	1 393 637	23 823	290 160	234 879		1 942 500
Deputy Municipal Manager - City Development	1	1 316 324	38 096	353 201	234 879		1 942 500
Deputy Municipal Manager - Community Services	1	1 227 506	220 951	259 163	234 879		1 942 500
Deputy Municipal Manager - Specialised Services	1	1 474 201	46 452	186 968	234 879		1 942 500
Total Senior Managers of the Municipality	7	9 332 961	836 844	2 031 545	1 678 876		13 880 225
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	67	25 820 961	4 490 244	8 322 045	1 678 876		40 312 125

Table 58 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers Number	2014/15			Current Year 2015/16			Budget Year 2016/17		
	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	–	7	7	–	7	7	–
Other Managers	15	9	–	14	13	–	17	15	–
Professionals	311	227	–	322	239	–	400	305	–
Finance	52	29	–	45	27	–	47	33	–
Spatial/town planning	34	22	–	30	27	–	33	30	–
Information Technology	7	7	–	11	9	–	11	11	–
Roads	25	19	–	16	14	–	22	19	–
Electricity	27	21	–	24	20	–	40	32	–
Water	17	14	–	13	11	–	16	12	–
Sanitation	11	11	–	11	6	–	24	17	–
Refuse	11	10	–	10	9	–	11	11	–
Other	127	94	–	162	116	–	196	140	–
Technicians	501	335	–	424	357	–	533	455	–
Finance	32	12	–	28	21	–	31	22	–
Spatial/town planning	25	9	–	24	21	–	26	23	–
Information Technology	6	5	–	6	4	–	6	5	–
Roads	30	28	–	24	22	–	48	42	–
Electricity	58	38	–	57	42	–	60	49	–
Water	26	23	–	26	16	–	34	37	–
Sanitation	24	22	–	21	21	–	34	25	–
Refuse	5	2	–	6	6	–	13	13	–
Other	295	196	–	232	204	–	281	239	–
Clerks (Clerical and administrative)	509	427	–	277	231	–	297	263	–
Service and sales workers	–	–	–	–	–	–	–	–	–
Skilled agricultural and fishery workers	2	2	–	2	2	–	2	2	–
Craft and related trades	3	2	–	3	3	–	3	3	–
Plant and Machine Operators	81	63	–	84	74	–	87	82	–
Elementary Occupations	925	706	–	1 267	1 045	–	1 598	1 426	–
TOTAL PERSONNEL NUMBERS	2 413	1 837	–	2 460	2 031	–	3 004	2 618	–
% increase				1.9%	10.6%	–	21.4%	28.1%	–
Total municipal employees headcount	2 413	1 837	–	2 460	2 031	–	2 987	2 601	–
Finance personnel headcount	240	175	–	240	240	–	241	189	–
Human Resources personnel headcount	35	21	–	37	37	–	37	32	–

2.9 Monthly targets for revenue, expenditure and cash flow

Table 59 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Budget Year 2016/17												2016/17 Medium Term Revenue & Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand															
Revenue By Source															
Property rates	33 512	33 512	33 512	33 512	33 512	33 512	33 512	33 512	33 512	33 512	33 512	33 512	402 140	428 181	449 879
Service charges - electricity revenue	118 737	118 737	118 737	118 737	118 737	118 737	118 737	118 737	118 737	118 737	118 737	118 737	1 424 840	1 505 505	1 581 210
Service charges - water revenue	22 127	22 127	22 127	22 127	22 127	22 127	22 127	22 127	22 127	22 127	22 127	22 127	265 520	284 520	299 100
Service charges - sanitation revenue	7 235	7 235	7 235	7 235	7 235	7 235	7 235	7 235	7 235	7 235	7 235	7 235	86 820	95 330	98 650
Service charges - refuse revenue	5 918	5 918	5 918	5 918	5 918	5 918	5 918	5 918	5 918	5 918	5 918	5 918	71 020	78 640	81 000
Rental of facilities and equipment	1 008	1 008	1 008	1 008	1 008	1 008	1 008	1 008	1 008	1 008	1 008	1 008	12 099	12 865	13 656
Interest earned - external investments	2 417	2 417	2 417	2 417	2 417	2 417	2 417	2 417	2 417	2 417	2 417	2 417	29 000	30 740	32 584
Interest earned - outstanding debtors	8	8	8	8	8	8	8	8	8	8	8	8	100	110	120
Fines	311	311	311	311	311	311	311	311	311	311	311	311	3 732	3 953	4 133
Licences and permits	303	303	303	303	303	303	303	303	303	303	303	303	3 631	3 847	3 986
Agency services	583	583	583	583	583	583	583	583	583	583	583	583	7 000	7 100	7 200
Transfers recognised - operational	24 853	24 853	24 853	24 853	24 853	24 853	24 853	24 853	24 853	24 853	24 853	24 853	298 237	318 355	343 274
Other revenue	2 641	2 641	2 641	2 641	2 641	2 641	2 641	2 641	2 641	2 641	2 641	2 641	31 697	33 673	35 929
Total Revenue (excluding capital transfers and cont	219 653	219 653	219 653	219 653	219 653	219 653	219 653	219 653	219 653	219 653	219 653	219 653	2 635 836	2 802 820	2 950 721
Expenditure By Type															
Employee related costs	55 914	55 914	55 914	55 914	55 914	55 914	55 914	55 914	55 914	55 914	55 914	61 814	676 869	732 151	794 125
Remuneration of councillors	2 205	2 205	2 205	2 205	2 205	2 205	2 205	2 205	2 205	2 205	2 205	2 205	26 462	26 584	28 711
Debt impairment	579	579	579	579	579	579	579	579	579	579	579	579	6 950	7 339	7 745
Depreciation & asset impairment	21 031	21 031	21 031	21 031	21 031	21 031	21 031	21 031	21 031	21 031	21 031	21 031	252 373	298 616	325 244
Finance charges	6 695	6 695	6 695	6 695	6 695	6 695	6 695	6 695	6 695	6 695	6 695	6 695	80 335	80 611	73 634
Bulk purchases	94 051	94 051	94 051	94 051	94 051	94 051	94 051	94 051	94 051	94 051	94 051	94 051	1 128 615	1 173 760	1 220 711
Other materials	9 433	9 433	9 433	9 433	9 433	9 433	9 433	9 433	9 433	9 433	9 433	9 433	113 192	117 720	122 428
Contracted services	10 776	10 776	10 776	10 776	10 776	10 776	10 776	10 776	10 776	10 776	10 776	4 876	123 410	127 245	132 546
Transfers and grants	1 057	1 057	1 057	1 057	1 057	1 057	1 057	1 057	1 057	1 057	1 057	1 057	12 681	13 188	13 716
Other expenditure	17 371	17 371	17 371	17 371	17 371	17 371	17 371	17 371	17 371	17 371	17 371	17 371	208 451	219 108	229 212
Total Expenditure	219 111	219 111	219 111	219 111	219 111	219 111	219 111	219 111	219 111	219 111	219 111	219 111	2 629 337	2 796 321	2 948 073
Surplus/(Deficit)	542	542	542	542	542	542	542	542	542	542	542	542	6 500	6 499	2 649
Transfers recognised - capital	12 146	12 146	12 146	12 146	12 146	12 146	12 146	12 146	12 146	12 146	12 146	12 146	145 747	180 790	210 544
Surplus/(Deficit) after capital transfers & contributions	12 687	12 687	12 687	12 687	12 687	12 687	12 687	12 687	12 687	12 687	12 687	12 687	152 247	187 289	213 192
Surplus/(Deficit)	12 687	12 687	12 687	12 687	12 687	12 687	12 687	12 687	12 687	12 687	12 687	12 687	152 247	187 289	213 192

Table 60 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2016/17												2016/17 Medium Term Revenue & Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand															
Revenue by Vote															
Vote 1 - CITY DEVELOPMENT	279	279	279	279	279	279	279	279	279	279	279	279	3 347	3 550	3 758
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	11 606	11 606	11 606	11 606	11 606	11 606	11 606	11 606	11 606	11 606	11 606	11 606	139 276	153 097	161 472
Vote 3 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	2 351	2 351	2 351	2 351	2 351	2 351	2 351	2 351	2 351	2 351	2 351	2 351	28 215	30 608	32 256
Vote 4 - CORPORATE SERVICES - ADMINISTRATION	386	386	386	386	386	386	386	386	386	386	386	386	4 629	4 879	5 133
Vote 5 - CORPORATE SERVICES - HUMAN RESOURCES	1	1	1	1	1	1	1	1	1	1	1	1	6	6	7
Vote 6 - FINANCIAL SERVICES	36 823	36 823	36 823	36 823	36 823	36 823	36 823	36 823	36 823	36 823	36 823	36 823	441 880	470 203	494 223
Vote 7 - INFRASTRUCTURE AND TECHNICAL SERVICES - ELECTRICAL SUPPLY SERVICES	119 506	119 506	119 506	119 506	119 506	119 506	119 506	119 506	119 506	119 506	119 506	119 518	1 434 083	1 525 531	1 604 032
Vote 8 - INFRASTRUCTURE AND TECHNICAL SERVICES - WATER AND SANITATION	57 100	57 100	57 100	57 100	57 100	57 100	57 100	57 100	57 100	57 100	57 100	57 100	685 195	754 366	820 490
Vote 9 - INFRASTRUCTURE AND TECHNICAL SERVICES - TRANSPORT, ROADS AND STORMWATER	1 459	1 459	1 459	1 459	1 459	1 459	1 459	1 459	1 459	1 459	1 459	1 459	17 512	21 971	23 285
Vote 10 - INFRASTRUCTURE AND TECHNICAL SERVICES - ENGINEERING SUPPORT SERVICES	1 405	1 405	1 405	1 405	1 405	1 405	1 405	1 405	1 405	1 405	1 405	1 393	16 852	12 407	12 754
Vote 11 - OFFICE OF THE MUNICIPAL MANAGER	882	882	882	882	882	882	882	882	882	882	882	882	10 587	6 992	3 856
Total Revenue by Vote	231 799	231 799	231 799	231 799	231 799	231 799	231 799	231 799	231 799	231 799	231 799	231 799	2 781 584	2 983 610	3 161 265
Expenditure by Vote to be appropriated															
Vote 1 - CITY DEVELOPMENT	5 667	5 667	5 667	5 667	5 667	5 667	5 667	5 667	5 667	5 667	5 667	5 667	68 002	72 692	77 892
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	20 439	20 439	20 439	20 439	20 439	20 439	20 439	20 439	20 439	20 439	20 439	20 439	245 263	266 009	289 725
Vote 3 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	15 072	15 072	15 072	15 072	15 072	15 072	15 072	15 072	15 072	15 072	15 072	15 072	180 869	195 187	210 266
Vote 4 - CORPORATE SERVICES - ADMINISTRATION	285	285	285	285	285	285	285	285	285	285	285	311	3 447	5 655	7 451
Vote 5 - CORPORATE SERVICES - HUMAN RESOURCES	296	296	296	296	296	296	296	296	296	296	296	296	3 547	3 764	4 025
Vote 6 - FINANCIAL SERVICES	516	516	516	516	516	516	516	516	516	516	516	516	6 189	6 477	6 733
Vote 7 - INFRASTRUCTURE AND TECHNICAL SERVICES - ELECTRICAL SUPPLY SERVICES	102 663	102 663	102 663	102 663	102 663	102 663	102 663	102 663	102 663	102 663	102 663	102 637	1 231 933	1 291 469	1 342 012
Vote 8 - INFRASTRUCTURE AND TECHNICAL SERVICES - WATER AND SANITATION	47 469	47 469	47 469	47 469	47 469	47 469	47 469	47 469	47 469	47 469	47 469	47 469	569 629	613 956	647 493
Vote 9 - INFRASTRUCTURE AND TECHNICAL SERVICES - TRANSPORT, ROADS AND STORMWATER	16 237	16 237	16 237	16 237	16 237	16 237	16 237	16 237	16 237	16 237	16 237	16 237	194 839	212 555	226 692
Vote 10 - INFRASTRUCTURE AND TECHNICAL SERVICES - ENGINEERING SUPPORT SERVICES	2 824	2 824	2 824	2 824	2 824	2 824	2 824	2 824	2 824	2 824	2 824	2 824	33 893	31 135	31 390
Vote 11 - OFFICE OF THE MUNICIPAL MANAGER	7 644	7 644	7 644	7 644	7 644	7 644	7 644	7 644	7 644	7 644	7 644	7 644	91 727	97 422	104 395
Total Expenditure by Vote	219 111	219 111	219 111	219 111	219 111	219 111	219 111	219 111	219 111	219 111	219 111	219 111	2 629 337	2 796 322	2 948 073
Surplus/(Deficit)	12 687	12 687	12 687	12 687	12 687	12 687	12 687	12 687	12 687	12 687	12 687	12 687	152 247	187 288	213 192

Table 61 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Budget Year 2016/17												2016/17 Medium Term Revenue & Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue - Standard															
Governance and administration	37 987	37 987	37 987	37 987	37 987	37 987	37 987	37 987	37 987	37 987	37 987	37 987	455 850	480 702	501 750
Executive and council	14	14	14	14	14	14	14	14	14	14	14	14	168	171	172
Budget and treasury office	36 805	36 805	36 805	36 805	36 805	36 805	36 805	36 805	36 805	36 805	36 805	36 805	441 662	469 972	493 979
Corporate services	1 168	1 168	1 168	1 168	1 168	1 168	1 168	1 168	1 168	1 168	1 168	1 168	14 020	10 559	7 599
Community and public safety	3 032	3 032	3 032	3 032	3 032	3 032	3 032	3 032	3 032	3 032	3 032	3 032	36 378	39 284	41 412
Community and social services	988	988	988	988	988	988	988	988	988	988	988	988	11 861	12 427	13 024
Sport and recreation	1 530	1 530	1 530	1 530	1 530	1 530	1 530	1 530	1 530	1 530	1 530	1 530	18 354	20 311	21 499
Public safety	396	396	396	396	396	396	396	396	396	396	396	396	4 750	5 042	5 294
Housing	117	117	117	117	117	117	117	117	117	117	117	117	1 400	1 490	1 580
Health	1	1	1	1	1	1	1	1	1	1	1	1	14	14	15
Economic and environmental services	2 401	2 401	2 401	2 401	2 401	2 401	2 401	2 401	2 401	2 401	2 401	2 401	28 806	33 643	35 221
Planning and development	162	162	162	162	162	162	162	162	162	162	162	162	1 947	2 060	2 178
Road transport	2 238	2 238	2 238	2 238	2 238	2 238	2 238	2 238	2 238	2 238	2 238	2 238	26 859	31 583	33 042
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services	188 325	188 325	188 325	188 325	188 325	188 325	188 325	188 325	188 325	188 325	188 325	188 325	2 259 904	2 429 284	2 582 136
Electricity	119 506	119 506	119 506	119 506	119 506	119 506	119 506	119 506	119 506	119 506	119 506	119 506	1 434 071	1 525 518	1 604 018
Water	37 574	37 574	37 574	37 574	37 574	37 574	37 574	37 574	37 574	37 574	37 574	37 574	450 888	496 697	545 370
Waste water management	20 905	20 905	20 905	20 905	20 905	20 905	20 905	20 905	20 905	20 905	20 905	20 905	250 865	269 767	287 550
Waste management	10 340	10 340	10 340	10 340	10 340	10 340	10 340	10 340	10 340	10 340	10 340	10 340	124 080	137 302	145 198
Other	54	54	54	54	54	54	54	54	54	54	54	54	646	696	747
Total Revenue - Standard	231 799	231 799	231 799	231 799	231 799	231 799	231 799	231 799	231 799	231 799	231 799	231 799	2 781 584	2 983 609	3 161 265
Expenditure - Standard															
Governance and administration	11 611	11 611	11 611	11 611	11 611	11 611	11 611	11 611	11 611	11 611	11 611	11 637	139 361	148 771	157 544
Executive and council	1 079	1 079	1 079	1 079	1 079	1 079	1 079	1 079	1 079	1 079	1 079	1 079	12 954	13 719	14 620
Budget and treasury office	474	474	474	474	474	474	474	474	474	474	474	474	5 688	5 957	6 182
Corporate services	10 058	10 058	10 058	10 058	10 058	10 058	10 058	10 058	10 058	10 058	10 058	10 084	120 719	129 095	136 742
Community and public safety	27 682	27 682	27 682	27 682	27 682	27 682	27 682	27 682	27 682	27 682	27 682	27 682	332 185	362 375	393 151
Community and social services	3 910	3 910	3 910	3 910	3 910	3 910	3 910	3 910	3 910	3 910	3 910	3 910	46 918	52 413	57 549
Sport and recreation	10 654	10 654	10 654	10 654	10 654	10 654	10 654	10 654	10 654	10 654	10 654	10 654	127 848	138 401	149 451
Public safety	10 921	10 921	10 921	10 921	10 921	10 921	10 921	10 921	10 921	10 921	10 921	10 921	131 050	142 941	155 160
Housing	1 431	1 431	1 431	1 431	1 431	1 431	1 431	1 431	1 431	1 431	1 431	1 431	17 168	18 582	20 036
Health	767	767	767	767	767	767	767	767	767	767	767	767	9 202	10 038	10 956
Economic and environmental services	21 077	21 077	21 077	21 077	21 077	21 077	21 077	21 077	21 077	21 077	21 077	21 077	252 919	274 407	292 914
Planning and development	3 992	3 992	3 992	3 992	3 992	3 992	3 992	3 992	3 992	3 992	3 992	3 992	47 900	51 010	54 619
Road transport	17 085	17 085	17 085	17 085	17 085	17 085	17 085	17 085	17 085	17 085	17 085	17 085	205 019	223 397	238 294
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services	158 673	158 673	158 673	158 673	158 673	158 673	158 673	158 673	158 673	158 673	158 673	158 647	1 904 055	2 009 880	2 103 524
Electricity	100 882	100 882	100 882	100 882	100 882	100 882	100 882	100 882	100 882	100 882	100 882	100 856	1 210 556	1 268 881	1 318 207
Water	32 945	32 945	32 945	32 945	32 945	32 945	32 945	32 945	32 945	32 945	32 945	32 945	395 341	424 078	445 701
Waste water management	15 670	15 670	15 670	15 670	15 670	15 670	15 670	15 670	15 670	15 670	15 670	15 670	188 038	198 737	210 831
Waste management	9 177	9 177	9 177	9 177	9 177	9 177	9 177	9 177	9 177	9 177	9 177	9 177	110 120	118 185	128 786
Other	68	68	68	68	68	68	68	68	68	68	68	68	816	889	940
Total Expenditure - Standard	219 111	219 111	219 111	219 111	219 111	219 111	219 111	219 111	219 111	219 111	219 111	219 111	2 629 336	2 796 321	2 948 073
Surplus/(Deficit)	12 687	12 687	12 687	12 687	12 687	12 687	12 687	12 687	12 687	12 687	12 687	12 688	152 247	187 288	213 192

Table 62 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description R thousand	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Multi-year expenditure to be appropriated															
Vote 1 - CITY DEVELOPMENT	–	500	–	3 500	1 000	3 000	1 000	3 000	4 000	4 000	3 000	(23 000)	–	200	200
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	–	500	–	4 000	500	500	6 000	–	–	–	–	4 500	16 000	15 900	15 900
Vote 3 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	–	500	2 000	2 000	2 000	1 500	2 000	500	2 000	–	1 500	1 500	15 500	14 600	14 600
Vote 4 - CORPORATE SERVICES - ADMINISTRATION	2 000	2 000	2 000	3 000	2 000	3 000	2 000	3 000	2 000	–	–	15 000	36 000	15 100	15 100
Vote 5 - CORPORATE SERVICES - HUMAN RESOURCES	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 6 - FINANCIAL SERVICES	–	–	–	–	–	–	–	5 000	5 000	5 000	–	(15 000)	–	–	–
Vote 7 - INFRASTRUCTURE AND TECHNICAL SERVICES - ELECTRICAL SUPPLY SERVICES	5 000	–	5 000	–	3 500	–	2 500	–	2 500	–	1 500	–	20 000	10 000	12 000
Vote 8 - INFRASTRUCTURE AND TECHNICAL SERVICES - WATER AND SANITATION	6 400	6 400	6 400	6 400	6 400	6 400	6 400	6 400	6 400	6 645	–	60 921	125 166	134 079	159 660
Vote 9 - INFRASTRUCTURE AND TECHNICAL SERVICES - TRANSPORT, ROADS AND STORMWATER	–	3 000	1 500	19 000	21 500	11 750	8 000	4 500	4 500	3 000	–	4 000	80 750	56 788	58 717
Vote 10 - INFRASTRUCTURE AND TECHNICAL SERVICES - ENGINEERING SUPPORT SERVICES	–	–	–	–	–	–	5 500	3 000	12 000	13 500	14 421	(38 921)	9 500	–	–
Vote 11 - OFFICE OF THE MUNICIPAL MANAGER	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	13 400	12 900	16 900	37 900	36 900	26 150	33 400	25 400	38 400	32 145	20 421	9 000	302 916	246 667	276 177
Single-year expenditure to be appropriated															
Vote 1 - CITY DEVELOPMENT	500	500	500	500	500	500	500	500	500	500	–	(5 000)	–	300	300
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	–	500	–	1 500	–	–	–	1 000	–	–	–	(1 000)	2 000	17 100	17 100
Vote 3 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	–	–	–	–	–	–	–	–	–	–	–	14 224	14 224	29 938	30 882
Vote 4 - CORPORATE SERVICES - ADMINISTRATION	–	–	–	–	–	–	–	–	–	–	–	6 000	6 000	10 980	10 980
Vote 5 - CORPORATE SERVICES - HUMAN RESOURCES	–	–	–	–	–	–	–	–	–	–	–	–	–	200	200
Vote 6 - FINANCIAL SERVICES	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 7 - INFRASTRUCTURE AND TECHNICAL SERVICES - ELECTRICAL SUPPLY SERVICES	–	–	–	–	–	–	21 900	22 000	20 000	20 500	20 500	4 000	108 900	33 200	33 200
Vote 8 - INFRASTRUCTURE AND TECHNICAL SERVICES - WATER AND SANITATION	3 000	3 000	3 000	3 000	3 000	7 000	3 000	6 000	3 000	3 581	–	(15 581)	22 000	46 900	46 900
Vote 9 - INFRASTRUCTURE AND TECHNICAL SERVICES - TRANSPORT, ROADS AND STORMWATER	–	–	–	–	–	–	–	–	–	–	–	16 358	16 358	20 772	22 002
Vote 10 - INFRASTRUCTURE AND TECHNICAL SERVICES - ENGINEERING SUPPORT SERVICES	–	2 500	–	2 500	2 500	5 000	2 000	2 500	–	2 500	–	(12 500)	7 000	10 200	10 200
Vote 11 - OFFICE OF THE MUNICIPAL MANAGER	–	–	–	–	–	–	–	–	–	–	–	–	–	20	20
Capital single-year expenditure sub-total	3 500	6 500	3 500	7 500	6 000	12 500	27 400	32 000	23 500	27 081	20 500	6 500	176 481	169 610	171 784
Total Capital Expenditure	16 900	19 400	20 400	45 400	42 900	38 650	60 800	57 400	61 900	59 226	40 921	15 500	479 397	416 277	447 961

Table 63 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description R thousand	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital Expenditure - Standard															
<i>Governance and administration</i>	2 000	2 500	2 000	6 000	2 000	2 000	7 500	7 000	7 000	5 000	–	–	43 000	25 820	25 820
Executive and council	–	–	–	–	–	–	–	–	–	–	–	–	–	100	100
Budget and treasury office	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Corporate services	2 000	2 500	2 000	6 000	2 000	2 000	7 500	7 000	7 000	5 000	–	–	43 000	25 720	25 720
<i>Community and public safety</i>	1 900	3 400	3 900	5 900	3 900	4 400	3 900	3 400	3 900	2 124	1 500	1 500	39 724	72 018	72 962
Community and social services	500	1 500	1 000	2 500	1 000	2 000	1 000	2 000	1 000	500	–	–	13 000	24 480	24 480
Sport and recreation	1 400	1 400	2 900	2 900	2 900	2 400	2 900	1 400	2 900	1 624	1 500	1 500	25 724	30 538	31 482
Public safety	–	–	–	–	–	–	–	–	–	–	–	–	–	16 800	16 800
Housing	–	500	–	500	–	–	–	–	–	–	–	–	1 000	200	200
Health	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>	1 600	4 600	3 100	22 600	23 100	19 350	9 600	11 100	8 100	6 958	2 000	5 000	117 108	78 360	81 519
Planning and development	–	–	–	–	–	4 000	–	3 000	–	–	–	–	7 000	600	600
Road transport	1 600	4 600	3 100	22 600	23 100	15 350	9 600	8 100	8 100	6 958	2 000	5 000	110 108	77 660	80 819
Environmental protection	–	–	–	–	–	–	–	–	–	–	–	–	–	100	100
<i>Trading services</i>	11 400	8 900	11 400	10 900	13 900	12 900	39 800	35 900	42 900	45 145	37 421	9 000	279 566	240 079	267 660
Electricity	5 000	–	5 000	–	3 500	–	24 400	22 000	22 500	20 500	22 000	4 000	128 900	43 200	45 200
Water	3 200	5 700	3 200	5 700	4 200	5 700	9 700	8 700	16 200	20 322	15 421	5 000	103 043	122 308	145 830
Waste water management	3 200	3 200	3 200	4 200	5 700	6 700	5 200	4 200	4 200	4 322	–	–	44 122	58 671	60 730
Waste management	–	–	–	1 000	500	500	500	1 000	–	–	–	–	3 500	15 900	15 900
<i>Other</i>	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Standard	16 900	19 400	20 400	45 400	42 900	38 650	60 800	57 400	61 900	59 226	40 921	15 500	479 397	416 277	447 961
Funded by:															
National Government	9 400	9 400	9 400	9 400	9 400	9 400	14 900	12 400	21 400	23 726	14 421	2 500	145 747	180 790	210 544
Provincial Government	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
District Municipality	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other transfers and grants	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	9 400	9 400	9 400	9 400	9 400	9 400	14 900	12 400	21 400	23 726	14 421	2 500	145 747	180 790	210 544
Public contributions & donations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Borrowing	2 000	5 000	3 500	7 000	14 500	8 000	39 000	30 500	36 000	29 500	22 500	2 500	200 000	100 000	100 000
Internally generated funds	5 500	5 000	7 500	29 000	19 000	21 250	6 900	14 500	4 500	6 000	4 000	10 500	133 650	135 488	137 417
Total Capital Funding	16 900	19 400	20 400	45 400	42 900	38 650	60 800	57 400	61 900	59 226	40 921	15 500	479 397	416 277	447 961

Table 64 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2016/17												2016/17 Medium Term Revenue & Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand															
Cash Receipts By Source															
Property rates	33 482	33 482	33 482	33 482	33 482	33 482	33 482	33 482	33 482	33 482	33 482	17 420	385 722	406 424	431 512
Service charges - electricity revenue	110 825	134 829	134 829	110 825	110 825	110 825	110 825	110 825	110 825	110 825	110 825	55 710	1 322 793	1 397 722	1 467 648
Service charges - water revenue	21 352	21 352	21 352	21 352	21 352	21 352	21 352	21 352	21 352	21 352	21 352	11 103	245 971	263 588	277 025
Service charges - sanitation revenue	7 135	7 135	7 135	7 135	7 135	7 135	7 135	7 135	7 135	7 135	7 135	1 790	80 281	88 281	91 276
Service charges - refuse revenue	5 757	5 757	5 757	5 757	5 757	5 757	5 757	5 757	5 757	5 757	5 757	2 994	66 325	73 524	75 680
Rental of facilities and equipment	1 008	1 008	1 008	1 008	1 008	1 008	1 008	1 008	1 008	1 008	1 008	1 008	12 099	12 865	13 656
Interest earned - external investments	2 150	2 150	2 150	2 150	2 150	2 150	2 685	2 685	2 685	2 685	2 685	2 675	29 000	30 740	32 584
Interest earned - outstanding debtors	8	8	8	8	8	8	8	8	8	8	8	8	100	110	120
Fines	311	311	311	311	311	311	311	311	311	311	311	311	3 732	3 953	4 133
Licences and permits	303	303	303	303	303	303	303	303	303	303	303	303	3 631	3 847	3 986
Agency services	583	583	583	583	583	583	583	583	583	583	583	583	7 000	7 100	7 200
Transfer receipts - operational	112 682	2 895	2 895	2 895	90 725	2 895	2 895	2 895	68 767	2 895	2 895	2 902	298 237	318 355	343 274
Other revenue	2 641	2 641	2 641	2 641	2 641	2 641	2 641	2 641	2 641	2 641	2 641	2 641	31 697	33 673	35 929
Cash Receipts by Source	298 238	212 455	212 455	188 451	276 282	188 451	188 986	188 986	254 859	188 986	188 986	99 450	2 486 588	2 640 183	2 784 024
Other Cash Flows by Source															
Transfer receipts - capital	34 902	3 827	3 827	3 827	31 687	3 827	3 827	3 827	44 711	3 827	3 827	3 832	145 747	180 790	210 544
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	185 500	-	-	200 000	-	-	-	-	-	-	385 500	100 000	100 000
Increase (decrease) in consumer deposits	78	78	78	78	78	78	78	78	78	78	78	85	943	3 182	2 793
Decrease (increase) other non-current receivables	7	7	7	7	7	7	7	7	7	7	7	13	90	94	98
Total Cash Receipts by Source	333 225	216 367	401 867	192 363	308 054	392 363	192 898	192 898	299 654	192 898	192 898	103 379	3 018 868	2 924 249	3 097 459
Cash Payments by Type															
Employee related costs	55 278	55 278	55 278	55 278	55 278	55 278	55 278	55 278	55 278	55 278	55 278	55 278	663 331	717 508	778 242
Remuneration of councillors	2 205	2 205	2 205	2 205	2 205	2 205	2 205	2 205	2 205	2 205	2 205	2 205	26 462	26 584	28 711
Finance charges	-	-	888	-	-	38 505	-	-	730	-	-	40 212	80 335	80 611	73 634
Bulk purchases - Electricity	84 044	84 044	84 044	84 044	84 044	84 044	84 044	84 044	84 044	84 044	84 044	84 044	1 008 534	1 048 876	1 090 832
Bulk purchases - Water & Sewer	10 007	10 007	10 007	10 007	10 007	10 007	10 007	10 007	10 007	10 007	10 007	10 007	120 081	124 884	129 879
Other materials	4 487	4 487	4 487	4 487	4 487	4 487	4 487	4 487	4 487	4 487	4 487	4 487	53 844	55 998	58 237
Contracted services	15 230	15 230	15 230	15 230	15 230	15 230	15 230	15 230	15 230	15 230	15 230	15 230	182 758	188 967	196 737
Transfers and grants - other	1 057	1 057	1 057	1 057	1 057	1 057	1 057	1 057	1 057	1 057	1 057	1 057	12 681	13 188	13 716
Other expenditure	11 487	11 487	11 487	11 487	11 487	11 487	11 487	11 487	11 487	11 487	11 487	11 487	137 848	144 925	151 246
Cash Payments by Type	183 795	183 795	184 683	183 795	183 795	222 300	183 795	183 795	184 525	183 795	183 795	224 007	2 285 873	2 401 541	2 521 234
Other Cash Flows/Payments by Type															
Capital assets	15 000	23 500	26 500	28 800	29 500	32 500	33 000	39 500	48 200	45 500	69 800	79 585	471 385	424 543	444 448
Repayment of borrowing	-	-	2 488	-	-	65 698	-	-	2 646	-	-	72 083	142 914	162 390	160 292
Total Cash Payments by Type	198 795	207 295	213 670	212 595	213 295	320 499	216 795	223 295	235 370	229 295	253 595	375 675	2 900 173	2 988 474	3 125 974
NET INCREASE/(DECREASE) IN CASH HELD	134 430	9 073	188 197	(20 231)	94 759	71 865	(23 896)	(30 396)	64 284	(36 396)	(60 696)	(272 296)	118 695	(64 225)	(28 516)
Cash/cash equivalents at the month/year begin:	346 529	480 959	490 032	678 229	657 998	752 757	824 622	800 725	770 329	834 613	798 216	737 520	346 529	465 224	401 000
Cash/cash equivalents at the month/year end:	480 959	490 032	678 229	657 998	752 757	824 622	800 725	770 329	834 613	798 216	737 520	465 224	465 224	401 000	372 484

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 65 MBRR SA33 - Contracts having future budgetary implications

Description	Preceding Years	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework			Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Total Contract Value
	Total	Original Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
R thousand													
Parent Municipality:													
<u>Expenditure Obligation By Contract</u>													
KwaZulu Natal Sharks Board	1 720	2 166	2 274	2 365	2 460	2 603	2 754	2 913	3 082	3 261	3 450	3 650	32 699
Richards Bay Country Club	-	415	436	458	481	509	538	569	602	637	674	713	6 033
Various Contractors	-	3 848	4 040	4 202	4 370	4 623	4 892	5 175	5 476	5 793	6 129	6 485	55 032
Various Contractors	-	713	748	778	809	856	906	958	1 014	1 073	1 135	1 201	10 189
Lincor Services	-	1 010	1 010	1 050	1 092	1 156	1 223	1 294	1 369	1 448	1 532	1 621	13 805
Nashua - MPS	-	2 250	2 363	2 457	2 555	2 704	2 860	3 026	3 202	3 387	3 584	3 792	32 180
ESS (Fire and Rescue)	80	169	122	128	135	142	151	159	169	178	189	200	1 821
PayDay	334	354	293	307	323	342	361	382	405	428	453	479	4 461
WatchGuard	20	31	22	23	24	26	27	29	31	32	34	36	336
Microsoft	3 000	2 275	3 800	3 990	4 190	4 433	4 690	4 962	5 249	5 554	5 876	6 217	54 234
ITRON	2 406	835	-	-	-	-	-	-	-	-	-	-	3 241
Total Operating Expenditure Implication	7 560	14 065	15 108	15 759	16 439	17 392	18 401	19 468	20 597	21 792	23 056	24 393	214 030
Total Parent Expenditure Implication	7 560	14 065	15 108	15 759	16 439	17 392	18 401	19 468	20 597	21 792	23 056	24 393	214 030

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 66 MBRR SA34a - Capital expenditure on new assets by asset class

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	46 301	169 687	266 074	238 275	194 861	194 861	289 673	300 502	322 679
Infrastructure - Road transport	6 782	18 333	6 963	42 939	31 967	31 967	96 108	77 560	80 719
Roads, Pavements & Bridges	6 782	18 333	6 963	42 939	31 967	31 967	96 108	77 560	80 719
Infrastructure - Electricity	3 993	27 958	43 222	16 123	16 866	16 866	28 900	33 200	33 200
Transmission & Reticulation	3 366	27 958	32 738	9 299	10 336	10 336	17 900	33 200	33 200
Street Lighting	627	-	10 484	6 824	6 531	6 531	11 000	-	-
Infrastructure - Water	3 412	69 561	144 624	95 137	89 922	89 922	98 043	114 871	131 830
Reticulation	3 412	69 561	144 624	95 137	89 922	89 922	98 043	114 871	131 830
Infrastructure - Sanitation	32 115	53 835	70 675	75 406	50 576	50 576	39 122	58 671	60 730
Reticulation	32 115	53 835	70 675	75 406	50 576	50 576	39 122	58 671	60 730
Infrastructure - Other	-	-	590	8 670	5 530	5 530	27 500	16 200	16 200
Waste Management	-	-	590	1 670	1 530	1 530	1 500	15 900	15 900
Transportation	-	-	-	7 000	4 000	4 000	-	-	-
Other	-	-	-	-	-	-	26 000	300	300
Community	167	6 970	11 401	87 213	166 627	166 627	31 224	61 738	62 682
Parks & gardens	-	-	-	-	-	-	3 000	-	-
Sportfields & stadia	-	-	247	32 652	31 333	31 333	22 724	30 538	31 482
Swimming pools	-	-	-	566	24	24	-	-	-
Community halls	-	-	89	6 301	7 010	7 010	4 000	14 000	14 000
Libraries	-	138	5 802	3 973	1 675	1 675	-	-	-
Recreational facilities	36	5 476	173	6 665	6 594	6 594	-	-	-
Fire, safety & emergency	-	1 355	4 467	11 600	9 829	9 829	-	16 800	16 800
Security and policing	131	-	-	2 000	2 000	2 000	-	100	100
Clinics	-	-	386	3 439	3 167	3 167	500	100	100
Cemeteries	-	-	83	2 017	784	784	-	-	-
Social rental housing	-	-	152	18 000	104 212	104 212	1 000	200	200
Other assets	6 318	14 183	23 936	61 717	63 447	63 447	28 000	21 100	21 100
General vehicles	1 501	3 302	10 405	12 237	20 716	20 716	4 000	9 900	9 900
Specialised vehicles	-	1 465	-	-	-	-	-	-	-
Plant & equipment	788	2 979	6 728	24 321	18 062	18 062	-	200	200
Computers - hardware/equipment	1 024	703	2 867	648	70	70	-	9 900	9 900
Furniture and other office equipment	520	417	115	283	431	431	-	20	20
Civic Land and Buildings	2 480	5 317	921	13 344	23 185	23 185	24 000	1 080	1 080
Other Buildings	5	-	2 900	10 885	983	983	-	-	-
Intangibles	61	-	494	-	3 919	3 919	15 000	15 000	15 000
Computers - software & programming	61	-	494	-	3 919	3 919	15 000	15 000	15 000
Total Capital Expenditure on new assets	52 847	190 840	301 905	387 204	428 854	428 854	363 897	398 340	421 461

Table 67 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	177 319	227 954	291 827	286 665	293 492	293 492	298 432	315 271	332 761
Infrastructure - Road transport	58 242	78 340	86 117	108 841	113 999	113 999	97 681	103 786	109 442
Roads, Pavements & Bridges	58 242	78 340	86 117	108 841	113 999	113 999	97 681	103 786	109 442
Infrastructure - Electricity	42 715	60 448	77 315	78 020	78 020	78 020	85 890	90 625	95 894
Transmission & Reticulation	33 221	47 682	63 060	60 852	60 852	60 852	68 807	72 639	76 907
Street Lighting	9 494	12 766	14 254	17 168	17 168	17 168	17 083	17 986	18 987
Infrastructure - Water	46 869	58 269	80 038	64 027	64 027	64 027	72 983	77 274	82 164
Reticulation	46 869	58 269	80 038	64 027	64 027	64 027	72 983	77 274	82 164
Infrastructure - Sanitation	25 976	30 896	47 261	35 728	37 296	37 296	40 599	42 254	43 873
Reticulation	25 976	30 896	47 261	35 728	37 296	37 296	40 599	42 254	43 873
Infrastructure - Other	3 517	-	1 096	50	150	150	1 278	1 332	1 389
Waste Management	0	-	4	14	114	114	120	124	129
Transportation	699	-	934	35	35	35	37	39	41
Other	2 818	-	158	-	-	-	1 122	1 169	1 218
Community	50 821	61 803	68 916	65 329	64 904	64 904	63 749	67 988	72 705
Parks & gardens	42 819	51 351	56 496	-	-	-	16	17	17
Sportsfields & stadia	1 430	1 678	1 988	1 969	1 969	1 969	1 972	2 080	2 196
Swimming pools	1 435	1 853	2 023	1 699	1 699	1 699	1 964	2 147	2 349
Community halls	1 218	1 643	2 932	2 192	2 192	2 192	2 242	2 389	2 550
Libraries	640	606	752	843	843	843	886	941	1 000
Recreational facilities	2 479	2 724	2 697	54 897	54 893	54 893	53 220	56 747	60 685
Fire, safety & emergency	-	60	246	817	396	396	398	421	444
Security and policing	-	-	59	22	22	22	22	23	24
Clinics	-	246	-	-	-	-	110	114	118
Museums & Art Galleries	6	32	141	52	52	52	56	61	66
Cemeteries	796	1 152	1 530	2 396	2 396	2 396	2 369	2 504	2 652
Social rental housing	-	457	52	443	443	443	492	545	604
Other assets	30 340	35 655	48 791	53 486	51 920	51 920	47 557	50 239	53 308
General vehicles	15 103	16 366	22 311	23 210	23 210	23 210	26 794	28 229	29 877
Plant & equipment	4 286	5 024	5 723	8 004	6 438	6 438	95	99	104
Furniture and other office equipment	7	5	-	7	7	7	27	28	29
Civic Land and Buildings	10 798	13 956	20 757	22 266	22 266	22 266	20 641	21 883	23 298
Other Buildings	147	303	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	1 831	1 904	1 980
Computers - software & programming	-	-	-	-	-	-	1 831	1 904	1 980
Other (list sub-class)	-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	258 480	325 411	409 534	405 481	410 315	410 315	411 569	435 403	460 755
R&M as a % of PPE	6.2%	6.9%	8.5%	8.0%	8.0%	8.0%	7.7%	8.0%	8.3%
R&M as % Operating Expenditure	12.4%	14.2%	15.8%	16.1%	16.6%	16.6%	15.7%	15.6%	15.6%

Table 68 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	177 319	227 954	291 827	286 665	293 492	293 492	297 666	314 474	331 932
Infrastructure - Road transport	58 242	78 340	86 117	108 841	113 999	113 999	97 681	103 786	109 442
Roads, Pavements & Bridges	58 242	78 340	86 117	108 841	113 999	113 999	97 681	103 786	109 442
Infrastructure - Electricity	42 715	60 448	77 315	78 020	78 020	78 020	85 890	90 625	95 894
Transmission & Reticulation	33 221	47 682	63 060	60 852	60 852	60 852	68 807	72 639	76 907
Street Lighting	9 494	12 766	14 254	17 168	17 168	17 168	17 083	17 986	18 987
Infrastructure - Water	46 869	58 269	80 038	64 027	64 027	64 027	72 983	77 274	82 164
Reticulation	46 869	58 269	80 038	64 027	64 027	64 027	72 983	77 274	82 164
Infrastructure - Sanitation	25 976	30 896	47 261	35 728	37 296	37 296	40 599	42 254	43 873
Reticulation	25 976	30 896	47 261	35 728	37 296	37 296	40 599	42 254	43 873
Infrastructure - Other	3 517	–	1 096	50	150	150	512	535	559
Waste Management	0	–	4	14	114	114	120	124	129
Transportation	699	–	934	35	35	35	37	39	41
Other	2 818	–	158	–	–	–	355	372	389
Community	50 821	61 803	68 916	65 329	64 904	64 904	63 749	67 988	72 705
Parks & gardens	42 819	51 351	56 496	–	–	–	16	17	17
Sportsfields & stadia	1 430	1 678	1 988	1 969	1 969	1 969	1 972	2 080	2 196
Swimming pools	1 435	1 853	2 023	1 699	1 699	1 699	1 964	2 147	2 349
Community halls	1 218	1 643	2 932	2 192	2 192	2 192	2 242	2 389	2 550
Libraries	640	606	752	843	843	843	886	941	1 000
Recreational facilities	2 479	2 724	2 697	54 897	54 893	54 893	53 220	56 747	60 685
Fire, safety & emergency	–	60	246	817	396	396	398	421	444
Security and policing	–	–	59	22	22	22	22	23	24
Clinics	–	246	–	–	–	–	110	114	118
Museums & Art Galleries	6	32	141	52	52	52	56	61	66
Cemeteries	796	1 152	1 530	2 396	2 396	2 396	2 369	2 504	2 652
Social rental housing	–	457	52	443	443	443	492	545	604
Other assets	30 340	35 655	48 791	53 486	51 920	51 920	47 557	50 239	53 308
General vehicles	15 103	16 366	22 311	23 210	23 210	23 210	26 794	28 229	29 877
Plant & equipment	4 286	5 024	5 723	8 004	6 438	6 438	95	99	104
Furniture and other office equipment	7	5	–	7	7	7	27	28	29
Civic Land and Buildings	10 798	13 956	20 757	22 266	22 266	22 266	20 641	21 883	23 298
Other Buildings	147	303	–	–	–	–	–	–	–
Intangibles	–	–	–	–	–	–	1 831	1 904	1 980
Computers - software & programming	–	–	–	–	–	–	1 831	1 904	1 980
Other (list sub-class)	–	–	–	–	–	–	–	–	–
Total Repairs and Maintenance Expenditure	258 480	325 411	409 534	405 481	410 315	410 315	410 803	434 606	459 926
R&M as a % of PPE	6.2%	6.9%	8.5%	8.0%	8.0%	8.0%	7.7%	8.0%	8.3%
R&M as % Operating Expenditure	12.4%	14.2%	15.8%	16.1%	16.6%	16.6%	15.6%	15.5%	15.6%

Table 69 MBRR SA34d – Depreciation by asset class

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
<u>Depreciation by Asset Class/Sub-class</u>									
<u>Infrastructure</u>	77 503	96 525	279 114	143 200	143 200	143 200	205 541	242 293	259 183
Infrastructure - Road transport	12 646	22 305	87 642	32 262	32 262	32 262	63 184	72 573	78 722
Roads, Pavements & Bridges	11 817	22 305	87 642	32 262	32 262	32 262	63 184	72 573	78 722
Storm water	829	–	–	–	–	–	–	–	–
Infrastructure - Electricity	21 038	23 218	26 943	33 884	33 884	33 884	21 924	29 944	27 264
Generation	–	–	26 943	–	–	–	–	–	–
Transmission & Reticulation	19 705	23 218	–	33 884	33 884	33 884	20 264	28 061	25 247
Street Lighting	1 332	–	–	–	–	–	1 661	1 883	2 017
Infrastructure - Water	30 281	31 320	117 085	46 838	46 838	46 838	88 437	101 447	109 901
Dams & Reservoirs	1 950	31 320	–	–	–	–	–	–	–
Water purification	–	–	117 085	–	–	–	88 437	101 447	109 901
Reticulation	28 331	–	–	46 838	46 838	46 838	–	–	–
Infrastructure - Sanitation	13 519	19 665	44 715	29 330	29 330	29 330	30 823	36 171	40 046
Reticulation	8 163	19 665	–	29 330	29 330	29 330	30 493	35 796	39 645
Sewerage purification	5 356	–	44 715	–	–	–	330	375	401
Infrastructure - Other	19	18	2 730	886	886	886	1 172	2 159	3 250
Waste Management	–	–	–	–	–	–	1 054	2 010	3 025
Transportation	–	–	27	–	–	–	–	–	–
Other	19	18	2 703	886	886	886	118	149	225
<u>Community</u>	11 861	11 404	13 089	17 804	17 804	17 804	14 367	17 910	20 914
Parks & gardens	–	103	477	–	–	–	1 185	2 092	3 041
Sportsfields & stadia	2 745	3 433	3 544	10 512	10 512	10 512	5 612	6 363	6 814
Swimming pools	288	–	1 188	3 391	3 391	3 391	–	–	–
Community halls	330	669	2 091	–	–	–	1 017	1 153	1 234
Libraries	287	395	539	–	–	–	735	833	893
Recreational facilities	3 045	3 489	2 723	2 181	2 181	2 181	1 866	2 116	2 266
Fire, safety & emergency	10	92	220	–	–	–	1 032	2 031	3 097
Security and policing	3 873	–	–	–	–	–	100	114	121
Clinics	10	19	26	–	–	–	–	–	–
Museums & Art Galleries	–	–	–	–	–	–	137	156	167
Cemeteries	161	640	696	–	–	–	599	679	727
Social rental housing	1 111	1 197	1 583	1 720	1 720	1 720	2 083	2 375	2 554
Other	–	1 367	–	–	–	–	–	–	–
<u>Investment properties</u>	32	738	738	608	608	608	536	618	672
Housing development	–	–	738	–	–	–	–	–	–
Other	32	738	–	608	608	608	536	618	672
<u>Other assets</u>	17 678	34 868	45 191	38 670	38 670	38 670	29 596	35 112	40 851
General vehicles	5 538	12 800	15 233	9 577	9 577	9 577	14 678	17 149	18 908
Specialised vehicles	2 885	–	–	–	–	–	–	–	–
Plant & equipment	1 873	4 541	9 276	7 594	7 594	7 594	648	740	841
Computers - hardware/equipment	2 399	–	6 256	–	–	–	62	85	106
Furniture and other office equipment	552	4 558	1 385	6 391	6 391	6 391	4 757	5 478	7 302
Civic Land and Buildings	3 452	7 863	9 749	12 339	12 339	12 339	9 450	11 660	13 693
Other Buildings	980	5 105	–	–	–	–	–	–	–
Other Land	–	–	3 292	2 768	2 768	2 768	–	–	–
<u>Intangibles</u>	1 316	2 627	2 627	3 924	3 924	3 924	2 333	2 682	3 626
Computers - software & programming	1 316	2 627	2 627	3 924	3 924	3 924	2 333	2 682	3 626
Total Depreciation	108 390	146 163	340 760	204 206	204 206	204 206	252 373	298 616	325 244

Table 70 MBRR SA35 - Future financial implications of the capital budget

Vote Description R thousand	2016/17 Medium Term Revenue & Expenditure Framework			Forecasts		
	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21
Capital expenditure						
Vote 1 - CITY DEVELOPMENT	–	500	500	530	562	596
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	18 000	33 000	33 000	34 980	37 079	39 304
Vote 3 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	29 724	44 538	45 482	48 210	51 103	54 169
Vote 4 - CORPORATE SERVICES - ADMINISTRATION	42 000	26 080	26 080	27 645	29 303	31 062
Vote 5 - CORPORATE SERVICES - HUMAN RESOURCES	–	200	200	212	225	238
Vote 6 - FINANCIAL SERVICES	–	–	–	–	–	–
Vote 7 - INFRASTRUCTURE AND TECHNICAL SERVICES - ELECTRICAL SUPPLY SERVICES	128 900	43 200	45 200	47 912	50 787	53 834
Vote 8 - INFRASTRUCTURE AND TECHNICAL SERVICES - WATER AND SANITATION	147 166	180 979	206 560	218 953	232 091	246 016
Vote 9 - INFRASTRUCTURE AND TECHNICAL SERVICES - TRANSPORT, ROADS AND STORMWATER	97 108	77 560	80 719	85 562	90 696	96 138
Vote 10 - INFRASTRUCTURE AND TECHNICAL SERVICES - ENGINEERING SUPPORT SERVICES	16 500	10 200	10 200	10 812	11 461	12 148
Vote 11 - OFFICE OF THE MUNICIPAL MANAGER	–	20	20	21	22	24
Total Capital Expenditure	479 397	416 277	447 961	474 838	503 328	533 528
Future operational costs by vote						
Vote 1 - CITY DEVELOPMENT	68 002	72 692	77 892	82 408	87 187	92 243
Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	245 263	266 008	289 725	306 529	324 309	343 118
Vote 3 - COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES	180 869	195 187	210 266	222 460	235 362	249 011
Vote 4 - CORPORATE SERVICES - ADMINISTRATION	3 421	5 655	7 451	7 882	8 339	8 822
Vote 5 - CORPORATE SERVICES - HUMAN RESOURCES	3 547	3 764	4 025	4 259	4 505	4 766
Vote 6 - FINANCIAL SERVICES	6 189	6 477	6 733	7 123	7 536	7 972
Vote 7 - INFRASTRUCTURE AND TECHNICAL SERVICES - ELECTRICAL SUPPLY SERVICES	1 231 959	1 291 469	1 342 012	1 419 849	1 502 200	1 589 327
Vote 8 - INFRASTRUCTURE AND TECHNICAL SERVICES - WATER AND SANITATION	569 629	613 956	647 493	685 048	724 781	766 817
Vote 9 - INFRASTRUCTURE AND TECHNICAL SERVICES - TRANSPORT, ROADS AND STORMWATER	194 839	212 555	226 692	239 840	253 750	268 466
Vote 10 - INFRASTRUCTURE AND TECHNICAL SERVICES - ENGINEERING SUPPORT SERVICES	33 893	31 135	31 390	33 211	35 136	37 174
Vote 11 - OFFICE OF THE MUNICIPAL MANAGER	91 727	97 422	104 395	110 448	116 852	123 627
Total future operational costs	2 629 337	2 796 321	2 948 073	3 119 056	3 299 955	3 491 343
Future revenue by source						
Property rates	402 140	428 181	449 879	475 972	503 578	532 786
Property rates - penalties & collection charges	–	–	–	–	–	–
Service charges - electricity revenue	1 424 840	1 505 505	1 581 210	1 672 920	1 769 949	1 872 607
Service charges - water revenue	265 520	284 520	299 100	316 448	334 802	354 220
Service charges - sanitation revenue	86 820	95 330	98 650	104 372	110 425	116 830
Service charges - refuse revenue	71 020	78 640	81 000	85 698	90 669	95 927
Service charges - other	–	–	–	–	–	–
Rental of facilities and equipment	12 099	12 865	13 656	14 448	15 286	16 173
Interest Earned - External Investments	29 000	30 740	32 584	34 474	36 474	38 589
Interest Earned - Outstanding Debtors	100	110	120	127	134	142
Fines	3 732	3 953	4 133	4 373	4 627	4 895
Licences and Permits	3 631	3 847	3 986	4 217	4 462	4 720
Agency Services	7 000	7 100	7 200	7 618	8 059	8 527
Transfers Recognised - Operational	298 237	318 355	343 274	363 185	384 249	406 536
Other Revenue	31 697	33 673	35 929	38 013	40 218	42 550
Transfers Recognised - Capital	145 747	180 790	210 544	222 755	235 675	249 344
Total future revenue	2 781 584	2 983 610	3 161 265	3 344 619	3 538 607	3 743 846
Net Financial Implications	327 150	228 989	234 768	249 275	264 677	281 025

Table 71 MBRR SA36 - Detailed capital budget per municipal vote

Municipal Vote/Capital project R thousand	Prior year outcomes	2016/17 Medium Term Revenue & Expenditure Framework		
	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CITY DEVELOPMENT				
ACQUISITION OF LAND	82 500	–	–	–
AQUADENE BULK SERVICES (SANITATION)	15 000	5 000	–	–
AQUADENE BULK SERVICES (WATER)	15 000	5 000	–	–
BHAMBATHA HOSTELS ROOF REFURBISHMENT	3 900		200	200
FURNITURE AND OTHER OFFICE EQUIPMENT - CITY DEVELOPMENT	18	–	–	–
CONSTRUCTION OF MARKET STALLS (NSELENI, MADLANKALA & EMPANGENI)	–	7 000	–	–
CONSTRUCTION OF SMME RETAIL PARKS	900	5 000	–	–
CONSTRUCTION OF STEEL BRIDGE	–	1 000	–	–
CONSTRUCTION OF TAXI RANKS (BUILDINGS AND SURROUNDING) - LOT 63, RICHARDS BAY AND A RANK)	4 000	7 000	–	–
DIGITAL RECORDER FOR CITY DEVELOPMENT	–	–	–	–
ESIKHALENI REFURBISH HOSTELS	17 812	–	–	–
FENCING - VARIOUS AGRICULTURAL PROJECTS	450	–	–	–
IT EQUIPMENT FOR CITY DEVELOPMENT	–	–	–	–
LAPTOP AND DOCKING STATION	18	–	–	–
MAYORAL RESIDENCE	300	–	–	–
NKOSI MQEDI MONUMENT	8	–	–	–
PLANNING PROJECTS	–	–	300	300
RE-DESIGNING OFFICE SPACE	170	–	–	–
		–	–	–
COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES		–	–	–
1 x DOUBLE CAB 4X4 WITH RAISED BODY	372	–	–	–
6 X AIRCONDITIONERS FIRE STATIONS (R/BAY, VULINDLELA, ENELENI)	20	–	–	–
AIR POLLUTION EQUIPMENT	1 290	–	–	–
AIRCONDITIONER FOR ALTON CLINIC	8	–	–	–
ALTERATIONS IN WASTE MANAGEMENT - PHASE 2	99	–	–	–
CONSTRUCTION OF MUNICIPAL POUND	–	1 000	–	–
ESIKHALENI FIRE STATION - PLAN AND CONSTRUCT	1 533	–	–	–
ESIKHALENI FIRE STATION - PLAN AND CONSTRUCT	6 886	–	–	–
ESTABLISHMENT TRANSFER STATION ENELENI FOR RECYCLING	1 530	–	–	–
ESTABLISHMENT TRANSFER STATION ESIKHALENI	–	1 500	–	–
FINANCE AND ADMIN (OCCUPATIONAL CLINIC) PROJECTS	–	–	100	100
FURNITURE FOR NEW OCCUPATIONAL HEALTH CLINIC	134	–	–	–
GALVANISED CAGES - TB CLINIC	9	–	–	–
OCCUPATIONAL HEALTH CLINIC	2 034	–	–	–
OCCUPATIONAL HEALTH CLINIC	1 000	–	–	–
POLLUTION CONTROL (HEALTH) PROJECTS	–	–	100	100
PUBLIC SAFETY (FIRE AND TRAFFIC) PROJECTS	–	–	16 800	16 800
REFUSE TRUCKS	–	5 500	–	–
REFUSE TRUCKS	624	–	–	–

Table SA36 - Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project R thousand	Prior year outcomes	2016/17 Medium Term Revenue & Expenditure Framework		
	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES		-	-	-
RICHARDS BAY FIRE STATION - PLAN AND CONSTRUCT PHASE ONE	888	-	-	-
ROAD TRANSPORT (LICENSING) PROJECTS	-	-	100	100
SECURITY BICYCLE PROJECT	2 000	500	-	-
SKIPS	-	2 000	-	-
STANDBY GENERATOR FOR RICHARDS BAY FIRE STATION	522	-	-	-
TRAFFIC ENFORCEMENT VEHICLES	1 100	4 000	-	-
WASTE MANAGEMENT PROJECTS	-	-	2 100	2 100
WASTE MANAGEMENT PROJECTS	-	-	13 800	13 800
COMMUNITY SERVICES - RECREATIONAL AND ENVIRONMENTAL SERVICES				
AIRCONDITIONERS FOR PARK OFFICES IN ALTON PARKS	37	-	-	-
1 x DOUBLE CAB 4X4 WITH RAISED BODY	120	-	-	-
2 x TRAILERS WITH RAMPS	21	-	-	-
ADDITIONS TO ATHLETICS TRACK	702	-	-	-
AQUADENE LIBRARY	1 096	-	-	-
BEACH EROSION PROJECT	6 594	-	-	-
BEAUTIFICATION (ALL AREAS)	1 587	3 000	-	-
BHEJANE HALL - GUARD HOUSE, HALL BOOKINGS AND COUNCILLOR'S OFFICES AND REFURBISHMENT OF ABLUTION FACILITIES	802	-	-	-
COMMUNITY AND SOCIAL SERVICES PROJECTS	-	-	14 000	14 000
CONSTRUCTION OF COMBI COURT AT MANDLAZINI	688	-	-	-
EMPANGENI PARKS DEPT ABLUTIONS - REFURBISHMENT	157	-	-	-
ENSELENI HALL - UPGRADE (CONSTRUCT FENCING AND LIFT FOR DISABLED)	520	-	-	-
ESIK LIBRARY - EXTENSION	579	-	-	-
ESIKHALENI COLLEGE COURTS UPGRADE	773	-	-	-
ESIKHALENI PARK (POOL AREA)	1 000	-	-	-
FLOODLIGHTS - VARIOUS SPORTSFIELDS	795	6 000	-	-
FLOODLIGHTS - VARIOUS SPORTSFIELDS	570	-	-	-
FLOODLIGHTS - CENTRAL SPORTSFIELDS	6 560	-	-	-
HALLS	1 711	4 000	-	-
LIGHTING SPORTS GROUND	445	-	-	-
MANDLAZINI HALL (INSURANCE)	1 470	-	-	-
MZINGAZI SPORTSFIELD	423	-	-	-
NEW FIELD COURTS - UPGRADE	525	-	-	-
NGWELEZANE HALL - EXTENSION	514	-	-	-
NGWELEZANE STADIUM	150	-	-	-
NTUZE HALL - UPGRADE (CONSTRUCT GUARD HOUSE, FENCING AND LIFT DISABLED)	1 787	-	-	-
PAVING - NSELENI HALL	1 832	-	-	-
R/BAY EXTENSION/DEVELOPMENT OF CEMETARY	784	-	-	-
REPLACEMENT RIDE-ON MOWERS	64	-	-	-
SPORTFIELDS - SIGISI FIELD LOTTO FUNDING	1 115	-	-	-
SPORTS, PARKS AND RECREATION PROJECTS	-	-	14 600	14 600
STAFF REST ROOMS - VARIOUS POOLS	24	-	-	-
UPGRADE IRRIGATION SYSTEM AT MANDLANZINI	75	-	-	-
UPGRADE OF ELECTRICITY SUPPLY	357	-	-	-
UPGRADING RURAL SPORTSFIELDS	845	-	-	-
UPGRADING RURAL SPORTSFIELDS	59	2 500	-	-

Table SA36 - Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project R thousand	Prior year outcomes	2016/17 Medium Term Revenue & Expenditure Framework		
	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CORPORATE SERVICES - ADMINISTRATION				
ACQUISITION OF CALL CENTRE MODULE AND USSD CODE FOR INCIDENT REPORTING	3 500	-	-	-
CIVIC CENTRE	400	-	-	-
CLOUDWARE	92	-	-	-
FIBRE LINK TO ESIKHALENI	15 332	18 000	-	-
FINANCE AND ADMIN (ADMIN) PROJECTS	-	-	500	500
FINANCE AND ADMIN (IT) PROJECTS	-	-	9 900	9 900
MAYOR AND COUNCIL PROJECTS	-	-	100	100
NEW & REPLACEMENT OF IT RELATED EQUIPMENT	2 179	-	-	-
RENOVATIONS - CIVIC CENTRE	-	3 000	-	-
REPLACE 3 x 132 COLUMN IMPACT PRINTERS	18	-	-	-
SATELLITE OFFICES REFURBISHMENT	1 500	-	-	-
VMWARE PRODUCTION SUPPORT	243	-	-	-
WEBSITE FOR AIRPORT	84	-	-	-
FINANCE AND ADMIN (HUMAN RESOURCES) PROJECTS	-	-	200	200
FINANCIAL SERVICES				
2 X AIRCONDITIONERS AT EMPANGENI OFFICE	6	-	-	-
2 X LAPTOPS FOR FINANCIAL SERVICES	35	-	-	-
4 x SERVICE KIOSK	410	-	-	-
5 TON FORKLIFT	350	-	-	-
5 WORKSTATIONS FOR INCOME	3	-	-	-
CAMERA ENTRANCE DOOR	9	-	-	-
DOUBLE CAB 4 X 4 (EXPENDITURE - ASSETS)	280	-	-	-
FINANCE AND ADMIN (REVENUE & EXPENDITURE & SCM) PROJECTS	-	-	500	500
FINANCIAL ERP SYSTEM	162	15 000	15 000	15 000
IMPROVED SECURITY SATELLITE OFFICES	32	-	-	-
INSTALLATION OF NETWORK POINTS & FIBRE OPTIC AT EMP DEPOT FOR PUMP STATION	36	-	-	-
RENOVATIONS AND IMPROVED SECURITY ACCESS EXPENDITURE SECTION	400	-	-	-
INFRASTRUCTURE AND TECHNICAL SERVICES - ELECTRICAL SUPPLY				
132KV BREAKERS REPLACEMENT AT POLARIS SUBSTATION	415	-	-	-
132KV OIL FILLED CABLES IN THE SOUTH DUNES BETWEEN HYDRA AND CAPELLA SUBSTATIONS	-	100 000	-	-
A1275 NGWELEZANE ELECTRIFICATION	4 000	-	-	-
BUILDING OF NEW 132/11KV 120MVA SUBSTATION ON N2 SOUTH CORRIDOR SUBSTATION	1 000	-	-	-
CYGNUS MV SWITCHGEAR REPLACEMENT	7 000	-	-	-
ELECTRICAL TOOLS	14	-	-	-
ELECTRICITY (INCL STREETLIGHTING AND PROCESS CONTROL) PROJECTS	-	-	24 300	24 300
ELECTRIFICATION AQUADENE	-	9 000	-	-
ELECTRIFICATION OF MANDLAZINI AREA (564 STANDS)	2 300	-	3 300	4 000

Table SA36 - Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project R thousand	Prior year outcomes	2016/17 Medium Term Revenue & Expenditure Framework		
	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
INFRASTRUCTURE AND TECHNICAL SERVICES - ELECTRICAL SUPPLY				
ELECTRIFICATION OF MZINGAZI AREA (209 STANDS)	2 700	–	3 300	4 000
ELECTRIFICATION OF NGWELEZANE IDT (NEWTOWN)	4 000	–	3 400	4 000
ENERGY LOSSES PROJECT	1 590	–	–	–
ENERGY SAVING INITIATIVE	–	8 900	8 900	8 900
eSIKHALENI - REPLACE XLPE MEDIUM VOLTAGE CABLE WITH PAPER INSULATED CABLE	525	–	–	–
HIGH MAST LIGHTING INSTALLATION (TRADITIONAL AREAS)	200	11 000	–	–
HIGH MAST LIGHTING INSTALLATION (TRADITIONAL AREAS)	2 800	–	–	–
I&TS DMM BOARD ROOM TELECONFERENCE EQUIPMENTS	21	–	–	–
JOHN ROSS/EMPANGENI MAIN STREETLIGHTING INSTALLATION	1 100	–	–	–
MANDLANKALA/ MAHOLOHOLO STREETLIGHTING INSTALLATION	2 222	–	–	–
MANDLANKALA/ MAHOLOHOLO STREETLIGHTING INSTALLATION	209	–	–	–
NETWORK MASTER PLAN	1 500	–	–	–
SCORPIO SUBSTATION 132/11KV 20MVA TRANSFORMER REFURBISHMENT	2 500	–	–	–
STANDBY QUARTERS AT SERVICES CENTRE ELECTRICITY	2 841	–	–	–
INFRASTRUCTURE AND TECHNICAL SERVICES - ENGINEERING SERVICE				
3 x 4 DOOR HATCH BACK SEDANS	508	–	–	–
3 x MAYORAL FLEET	331	–	–	–
ABLUTION FACILITIES AT NAVAL ISLAND	200	–	–	–
ASSET MAINTENANCE MANAGEMENT SYSTEM	–	7 000	–	–
CIVIC CENTRE - ROOFING AND WATER PROOFING	435	–	–	–
CIVIC CENTRE CENTRAL COOLING UNIT	550	–	–	–
CIVIC CENTRE EMP 1 & 2 CENTRAL COOLING UNIT	150	–	–	–
FINANCE AND ADMIN (FLEET) PROJECTS	–	–	9 900	9 900
HYDRAULIC PLATFORM FIRE ENGINE	9 100	–	–	–
MAYORAL FLEET (X3)	2 500	–	–	–
PMU/GIS & ENGINEERING SERVICES	–	–	300	300
REPLACEMENT OF CENTRAL PLANT AIR CONDITIONER CIVIC CENTRE R/BAY UNIT B001	280	–	–	–
REPLACEMENT OF YELLOW PLANT	20 000	–	–	–
REPLACEMENT VEHICLES	8 195	–	–	–
ROADS PROJECTS - MADLANZINI ROAD (TARRING MAIN ROAD)	15 000	16 358	20 772	22 002
RURAL HOUSEHOLDS INFRASTRUCTURE	532	–	–	–
RURAL HOUSEHOLDS INFRASTRUCTURE	3 968	–	–	–
RURAL SANITATION	29 248	32 122	34 771	36 830
RURAL/SEMI-URBAN AREAS	29 248	32 122	34 771	36 830
SPORTS PROJECTS	15 000	14 224	15 938	16 882
STRUCTURAL INSPECTION OF MUNICIPAL BUILDINGS	2 300	–	–	–
VEHICLES (INSURANCE)	87	–	–	–

Table SA36 - Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project R thousand	Prior year outcomes	2016/17 Medium Term Revenue & Expenditure Framework		
	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
INFRASTRUCTURE AND TECHNICAL SERVICES - TRANSPORT, ROADS AND STORMWATER				
BUS SHELTERS & LAYBYES - ALL AREAS	184	2 000	-	-
CIVIC SERVICES INFILL AREAS (J1 & H3 AREA)	1 766	-	-	-
DOUBLING OF NORTH CENTRAL ARTERIAL	755	-	-	-
ESIKHALENI INTERSECTION	10 000	18 000	-	-
IT EQUIPMENT (ROADS)	18	-	-	-
PEDESTRIAN BRIDGES RURAL AREAS	-	3 000	-	-
REHABILITATION OF EMBANKMENT AT MZINGAZI BLIND CANAL	573	-	-	-
ROAD TRANSPORT PROJECTS	-	-	18 200	18 200
ROADS RESEALING	782	-	-	-
ROADS RESEALING	-	36 750	38 588	40 517
ROADS RESEALING	14 218	-	-	-
STREET REHABILITATION - TANNER ROAD	122	-	-	-
TRAFFIC CALMING	1 000	-	-	-
UPGRADE OF INTERSECTIONS	567	-	-	-
UPGRADE ROADS - EMPANGENI & AQUADENE	-	5 500	-	-
UPGRADE ROADS - EMPANGENI & AQUADENE	-	14 500	-	-
WALKWAYS AND BRIDGES	2 000	-	-	-
INFRASTRUCTURE AND TECHNICAL SERVICES - WATER AND SANITATION				
AIRCONDITIONER - 6 NGWELEZANE OFFICE				
WESTERN DEPOT	50	-	-	-
BULK MASTER PLAN	295	-	-	-
CONSTRUCTION OF 20ML RESERVOIR EMPANGENI (HILLTOP)	2 528	-	-	-
EMPANGENI PIPE REPLACEMENT (MWIG)	15 000	-	-	-
EMPANGENI WATER NETWORK IMPROVEMENTS	-	10 000	10 000	10 000
ESIKHALENI WASTE WATER TREATMENT WORKS	4 988	5 921	6 000	4 000
ESIKHALENI WATER TREATMENT WORKS	1 733	-	-	-
KWA DUBE RETICULATION	-	5 000	5 000	15 000
KWA MADLEBE RETICULATION	-	5 000	10 000	10 000
LEAK DETECTOR	1 400	-	-	-
MKHWANAZI NORTH BULK WATER SUPPLY PHASE 5	6 883	-	-	-
MZINGAZI SEWER	-	7 000	-	-
NGWELEZANE PIPE REPLACEMENT (MWIG)	8 000	5 000	6 100	8 000
NGWELEZANE WATER TREATMENT WORKS - WSOG	279	-	-	-
NSELENI PIPE REPLACEMENT (MWIG)	10 000	-	-	-
REDUCTION OF NON-REVENUE	7 000	15 000	20 000	25 000
RICHARDS BAY PIPE REPLACEMENT (MWIG)	10 882	5 000	7 437	14 000
RURAL SANITATION (COUNTER FUNDING)	595	-	-	-
VELDENVLEI PUMP STATION	5 000	-	-	-
WASTE WATER MANAGEMENT (SANITATION) PROJECTS	-	-	23 900	23 900
WATER LOSS AND DROUGHT RELIEF PROJECT	-	15 000	-	-
WATER PROJECTS	-	-	23 000	23 000
OFFICE OF THE MUNICIPAL MANAGER				
FINANCE AND ADMIN (OFFICE OF THE MUNICIPAL MANAGER) PROJECTS	-	-	80	80
FURNITURE - INTERNAL AUDIT SECTION	-	-	20	20
Total Capital expenditure	501 161	479 397	416 277	447 961

Table 72 MBRR SA37 - Projects delayed from previous financial year

Municipal Vote/Capital project	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to complete	2016/17 Medium Term Revenue & Expenditure Framework		2015/16 Medium Term Revenue & Expenditure Framework		
							Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand						Year					
NONE											

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 2016/17 MTREF in May 2016 directly aligned and informed by the 2016/17 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 73 MBRR SA1 - Supporting detail to budgeted financial performance

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
REVENUE ITEMS:									
Property rates									
Total Property Rates	265 416	310 788	368 382	395 844	408 522	408 522	446 466	474 802	499 102
less Revenue Foregone (<i>exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA</i>)	25 799	31 109	30 216	34 344	34 344	34 344	44 326	46 621	49 223
Net Property Rates	239 617	279 679	338 166	361 500	374 178	374 178	402 140	428 181	449 879
Service charges - electricity revenue									
Total Service charges - electricity revenue	1 092 425	1 312 270	1 337 539	1 387 677	1 337 244	1 337 244	1 426 029	1 506 762	1 582 540
less Revenue Foregone (<i>in excess of 50 kwh per indigent household per month</i>)			235	252	252	252	267	282	299
less Cost of Free Basis Services (<i>50 kwh per indigent household per month</i>)	719	751	857	822	822	822	921	975	1 031
Net Service charges - electricity revenue	1 091 706	1 311 519	1 336 447	1 386 603	1 336 170	1 336 170	1 424 840	1 505 505	1 581 210
Service charges - water revenue									
Total Service charges - water revenue	199 669	225 365	257 509	352 294	338 999	338 999	335 755	358 829	377 719
less Revenue Foregone (<i>in excess of 6 kilolitres per indigent household per month</i>)			148	356	356	356	377	399	422
less Cost of Free Basis Services (<i>6 kilolitres per indigent household per month</i>)	41 032	48 813	56 901	70 373	70 373	70 373	69 858	73 910	78 197
Net Service charges - water revenue	158 637	176 552	200 460	281 565	268 270	268 270	265 520	284 520	299 100
Service charges - sanitation revenue									
Total Service charges - sanitation revenue	76 323	80 316	85 741	106 477	103 677	103 677	107 824	117 551	122 161
less Revenue Foregone (<i>in excess of free sanitation service to indigent households</i>)	2 707	2 175	2 175	2 175	2 175	2 175	2 306	2 439	2 581
less Cost of Free Basis Services (<i>free sanitation service to indigent households</i>)	6 670	6 900	7 987	20 302	20 302	20 302	18 698	19 782	20 930
Net Service charges - sanitation revenue	66 946	71 241	75 579	84 000	81 200	81 200	86 820	95 330	98 650
Service charges - refuse revenue									
Total refuse removal revenue	72 828	79 836	83 211	84 644	83 981	83 981	88 962	97 623	101 085
Total landfill revenue						-			
less Revenue Foregone (<i>in excess of one removal a week to indigent households</i>)	1 822	1 576	1 576	1 577	1 577	1 577	1 671	1 768	1 871
less Cost of Free Basis Services (<i>removed once a week to indigent households</i>)	18 486	19 846	20 282	15 267	15 267	15 267	16 271	17 215	18 214
Net Service charges - refuse revenue	52 520	58 414	61 353	67 800	67 137	67 137	71 020	78 640	81 000

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

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
REVENUE ITEMS:									
Other Revenue by source									
Refund Insurance Claims	148	146	139	1 291	1 313	1 313	1 356	1 424	1 495
Concession Fees	454	443	545	540	540	540	640	690	740
Extention Fees	72 889	24 596	102 856	9 900	10 543	10 543	11 200	12 070	13 090
Drivers Licence (Renewal)	2 023	2 130	2 184	2 200	2 200	2 200			
Railway Sidings	1 008	965	489	1 000	1 000	1 000	1 080	1 120	1 200
Settlement Discount Fees	1 175	1 892	2 003	1 500	375	375	–	–	–
Skills Levies	1 755	992	915	–	157	157	–	–	–
Fees Sundries	14 981	13 180	10 901	901	789	789	518	541	571
Sale Of Impounded Vehicles	–	–	–	1	1	1	–	–	–
Electricity Connection/Reconnection/Disconnection Fees	–	–	–	–	–	–	9 410	9 939	10 501
Other Revenue	32 350	23 109	20 226	14 637	12 047	12 047	7 493	7 890	8 332
Total 'Other' Revenue	126 783	67 453	140 258	31 970	28 965	28 965	31 697	33 673	35 929
EXPENDITURE ITEMS:									
Employee related costs									
Basic Salaries and Wages	261 818	293 080	318 782	362 790	381 149	381 149	400 850	434 018	476 582
Pension and UIF Contributions	54 937	59 087	61 641	82 116	73 222	73 222	91 019	96 491	102 774
Medical Aid Contributions	22 223	24 906	27 543	31 629	30 470	30 470	36 405	38 592	41 104
Overtime	26 267	31 206	35 964	35 907	39 400	39 400	35 899	44 216	47 091
Performance Bonus	485	472	252	1 481	1 551	1 551	1 660	1 760	1 874
Motor Vehicle Allowance	27 988	31 884	9 493	37 355	39 005	39 005	41 490	43 983	46 844
Cellphone Allowance	1 207	1 410	2 133	3 575	2 825	2 825	3 707	3 903	4 160
Housing Allowances	3 672	3 270	3 565	3 939	4 387	4 387	4 204	4 463	4 757
Other benefits and allowances	25 817	28 020	56 451	32 866	32 001	32 001	35 328	36 837	39 233
Payments in lieu of leave	12 538	6 721	13 701	20 390	21 709	21 709	21 824	23 138	24 645
Long service awards	–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	3 009	3 351	3 632	3 771	4 182	4 182	4 483	4 752	5 061
sub-total	439 960	483 409	533 157	615 819	629 901	629 901	676 869	732 151	794 125
<u>Less: Employees costs capitalised to PPE</u>	<u>2 834</u>	<u>2 419</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total Employee related costs	437 126	480 990	533 157	615 819	629 901	629 901	676 869	732 151	794 125

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

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
EXPENDITURE ITEMS:									
<u>Depreciation & asset impairment</u>									
Depreciation of Property, Plant & Equipment	345 315	244 340	339 935	275 206	275 206	275 206	252 373	298 616	325 244
Lease amortisation	–	–	–	–	–	–	–	–	–
Capital asset impairment	–	–	–	–	–	–	–	–	–
Depreciation resulting from revaluation of PPE	–	–	–	70 192	70 192	70 192	–	–	–
Total Depreciation & asset impairment	345 315	244 340	339 935	205 014	205 014	205 014	252 373	298 616	325 244
<u>Bulk purchases</u>									
Electricity Bulk Purchases	854 691	969 540	961 942	997 805	934 981	934 981	1 008 534	1 048 876	1 090 832
Water Bulk Purchases	82 555	82 086	138 720	136 254	128 143	128 143	120 081	124 884	129 879
Total bulk purchases	937 247	1 051 626	1 100 661	1 134 058	1 063 124	1 063 124	1 128 615	1 173 760	1 220 711
<u>Transfers and grants</u>									
Cash transfers and grants	1 331	1 740	2 808	8 345	13 391	13 391	12 022	12 503	13 003
Non-cash transfers and grants	760	1 282	1 549	2 128	628	628	659	686	713
Total transfers and grants	2 091	3 022	4 357	10 473	14 018	14 018	12 681	13 188	13 716
<u>Contracted services</u>									
Cleaning Services	1 877	2 397	2 324	2 853	2 853	2 853	2 853	2 967	3 086
Fire Services	4 566	2 345	–	–	–	–	–	–	–
Human Resources	–	–	–	–	–	–	–	–	–
IT Services	134	160	–	–	–	–	–	–	–
Medical Services	443	409	441	494	–	–	–	–	–
Meter Reading Services	6 770	8 205	10 580	10 040	10 629	10 629	14 913	15 849	16 694
Security	20 902	24 975	30 950	22 000	22 209	22 209	22 203	23 092	24 015
Sewerage and Purification Works	22 495	24 499	11 803	31 047	25 891	25 891	27 186	28 273	29 404
Sewerage Waste Disposal	8 063	8 344	9 122	10 132	9 592	9 592	10 072	10 475	10 894
Water Purification Works	21 776	23 925	9 277	25 891	31 587	31 587	33 167	34 493	35 873
Contractors - Aerial Photography	–	–	–	–	–	–	3 500	3 640	3 786
Outsourced Services - Internal Auditors	–	–	–	–	–	–	4 351	4 525	4 706
Outsourced Services - Business and Advisory Research and Advisory	–	–	–	–	–	–	1 386	–	–
Outsourced Services - Traffic Fines Management	–	–	–	–	–	–	500	520	541
Other	5 076	5 381	5 390	7 504	1 494	1 494	–	–	–

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

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
EXPENDITURE ITEMS:									
Contracted services									
Contracted Services - Project Management	-	-	-	-	-	-	152	158	164
Contracted Services - Quality Control	-	-	-	-	-	-	250	260	270
Contracted Services - Catering Services	-	-	-	-	-	-	725	754	784
Contracted Services - Hygiene Services	-	-	-	-	-	-	62	65	67
Contracted Services - Medical Waste Removal	-	-	-	-	-	-	91	94	98
Contracted Services - Removal of Illegal Structures	-	-	-	-	-	-	166	173	180
Contracted Services - Translators and Interpreters	-	-	-	-	-	-	30	31	32
Contracted Services - Burial Services	-	-	-	-	-	-	432	450	468
Contracted Services - Artists and Performers	-	-	-	-	-	-	73	75	78
Contracted Services - Events Promoters	-	-	-	-	-	-	120	124	129
Contracted Services - Fire Protection	-	-	-	-	-	-	417	433	451
Contracted Services - Graphic Design	-	-	-	-	-	-	15	16	16
Contracted Services - Maintenance of Assets	-	-	-	-	-	-	509	530	551
Contracted Services - Medical Services	-	-	-	-	-	-	35	36	38
Contracted Services - Photographer	-	-	-	-	-	-	40	41	43
Contracted Services - Plants Flowers and Decoration	-	-	-	-	-	-	18	19	19
Contracted Services - Contractors - Transportation	-	-	-	-	-	-	6	6	6
Contracted Services - Contractors - Sewerage Services	-	-	-	-	-	-	108	112	117
Contracted Services - Contractors - Sport and Recreation	-	-	-	-	-	-	247	257	267
Contracted Services - Sound and Stage Crew	-	-	-	-	-	-	60	62	64
Contracted Services - Occupational Health and Safety	-	-	-	-	-	-	494	513	534
Total contracted services	92 101	100 641	79 887	109 961	104 254	104 254	124 177	128 042	133 375
Other Expenditure By Type									
Collection costs	118	2 529	514	173	1 245	1 245	1 245	1 295	1 347
Contributions to 'other' provisions	-	-	-	-	-	-	-	-	-
Consultant fees	-	3 716	10 787	5 118	15 764	15 764	-	-	-
Audit fees	3 682	2 129	3 000	3 131	3 131	3 131	3 288	3 452	3 625
General expenses	12 531	43 287	45 767	104 856	80 370	80 370	79 553	83 491	87 647
Advertisement	1 755	2 468	1 562	2 298	6 723	6 723	6 195	6 443	6 701
Bank Charges	1 330	2 847	4 134	4 539	4 846	4 846	5 089	5 343	5 610
Bursaries	941	871	1 046	1 316	528	528	528	549	571

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

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
EXPENDITURE ITEMS:									
<u>Other Expenditure By Type</u>									
Community Facilitation	4 323	4 817	5 123	6 647	20 285	20 285	–	–	–
Entertainment	945	1 052	553	536	416	416	416	433	450
Environmental Projects	234	325	61	200	–	–	–	–	–
Fuel and Oil	14 607	17 228	16 968	17 934	28 653	28 653	–	–	–
General Training - External	933	788	920	1 000	2 287	2 287	1 297	1 349	1 403
Legal Fees	1 600	13 488	6 398	1 327	1 687	1 687	1 738	1 808	1 880
Licenses and Permits	1 577	1 853	2 280	1 790	1 668	1 668	1 668	1 735	1 804
Marketing and Social Development	565	541	317	702	–	–	–	–	–
Membership Fees	3 831	4 680	5 512	6 605	7 284	7 284	7 639	8 171	8 833
Meter Audits	319	215	348	589	–	–	–	–	–
Postage	1 274	1 525	1 593	1 629	1 646	1 646	1 748	1 833	1 923
Printing and Stationery	3 994	5 532	5 669	6 163	–	–	–	–	–
Railage	–	–	–	1	1	1	–	–	–
Rent Equipment and Vehicles	7 984	14 795	16 112	3 500	6 992	6 992	2 993	3 113	3 238
Small Tools	1 243	779	636	649	–	–	–	–	–
Sport Development	1 223	1 005	1 485	1 000	–	–	–	–	–
Stores and Material	1 232	1 145	1 534	1 687	–	–	–	–	–
Telephone	1 798	1 961	1 558	2 060	2 097	2 097	1 909	1 986	2 065
Post Employment Medical Benefit	32 580	28 913	65 269	–	–	–	–	–	–
Programming Material	4 541	6 929	8 647	9 960	9 820	9 820	13 614	14 158	14 725
Waste Disposal	–	3 730	4 522	4 322	4 378	4 378	4 075	4 238	4 408
Refuse Bags	468	521	557	704	–	–	–	–	–
Refuse Bins	899	530	693	735	–	–	–	–	–
Subsistence and Travelling	1 703	2 173	2 979	2 184	2 838	2 838	2 480	2 578	2 680
Uniforms	3 279	2 256	3 518	4 303	4 303	4 303	4 073	4 235	4 404
Valuation Roll	–	1 335	1 234	1 888	1 888	1 888	1 982	2 062	2 144
Skills Levy	–	4 130	4 574	4 844	5 214	5 214	5 314	5 648	6 015

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

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
EXPENDITURE ITEMS:									
<u>Other Expenditure By Type</u>									
Consultants - Accountants and Auditors	-	-	-	-	-	-	100	104	108
Consultants - Air Pollution	-	-	-	-	-	-	200	208	216
Consultants - Audit Committee	-	-	-	-	-	-	91	95	98
Consultants - Project Management	-	-	-	-	-	-	3 480	3 619	3 764
Consultants - Research and Advisory	-	-	-	-	-	-	6 478	6 737	7 006
Consultants - Infrastructure and Planning - Town Planner	-	-	-	-	-	-	3 774	3 925	4 082
Consultants - Laboratory Services	-	-	-	-	-	-	2 005	2 085	2 169
Consultants - Other	-	-	-	-	-	-	717	1 779	1 687
Inventory - Consumable Stores	-	-	-	-	-	-	3 038	3 159	3 286
Inventory - Finished Goods	-	-	-	-	-	-	2 853	2 968	3 086
Inventory - Material and Supplies	-	-	-	-	-	-	20 052	20 854	21 688
Catering	-	-	-	-	-	-	3 546	3 688	3 835
Commission	-	-	-	-	-	-	5 814	6 047	6 289
Communication	-	-	-	-	-	-	990	1 030	1 071
Insurance - COIDA	-	-	-	-	-	-	3 942	4 183	4 459
Insurance - Short Term	-	-	-	-	-	-	3 429	3 566	3 709
Acquisition of Books	-	-	-	-	-	-	1 099	1 143	1 189
Total 'Other' Expenditure	111 507	180 094	225 873	204 390	214 064	214 064	208 451	219 108	229 212
Repairs and Maintenance by Expenditure Item									
Employee related costs	193 041	250 282	277 451	273 418	273 418	273 418	298 377	317 683	338 327
Other materials	21 145	22 740	42 623	45 366	51 451	51 451	53 844	55 998	58 237
Contracted Services	44 293	52 390	89 459	86 697	85 447	85 447	58 582	60 925	63 362
Other Expenditure	-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	258 480	325 411	409 534	405 481	410 315	410 315	410 803	434 606	459 926

Table 74 MBRR SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Vote 1 - CITY DEVELOPMENT	Vote 2 - COMMUNITY SERVICES - PUBLIC HEALTH AND EMERGENCY SERVICES	Vote 3 - COMMUNITY SERVICES - RECREATIONAL 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	-	-	-	-	-	402 140	-	-	-	-	-	402 140
Service charges - electricity revenue	-	-	-	-	-	-	1 424 840	-	-	-	-	1 424 840
Service charges - water revenue	-	-	-	-	-	-	-	265 520	-	-	-	265 520
Service charges - sanitation revenue	-	-	-	-	-	-	-	86 820	-	-	-	86 820
Service charges - refuse revenue	-	71 020	-	-	-	-	-	-	-	-	-	71 020
Rental of facilities and equipment	1 446	-	4 277	3 376	-	-	-	-	-	-	3 000	12 099
Interest earned - external investments	-	-	-	-	-	29 000	-	-	-	-	-	29 000
Interest earned - outstanding debtors	-	-	-	-	-	100	-	-	-	-	-	100
Fines	-	3 702	30	-	-	-	-	-	-	-	-	3 732
Licences and permits	80	3 420	-	3	-	128	-	-	-	-	-	3 631
Agency services	-	7 000	-	-	-	-	-	-	-	-	-	7 000
Other revenue	1 821	1 437	1 310	1 250	6	7 975	3 961	12 169	1 155	313	301	31 697
Transfers recognised - operational	-	52 697	8 375	-	-	2 537	5 270	205 520	-	16 552	7 286	298 237
Total Revenue (excluding capital transfers and cont	3 347	139 276	13 992	4 629	6	441 880	1 434 071	570 029	1 155	16 865	10 587	2 635 837
Expenditure By Type												
Employee related costs	41 415	152 951	97 551	46 559	14 079	66 349	57 447	72 418	51 111	48 705	28 285	670 969
Remuneration of councillors	-	-	-	26 462	-	-	-	-	-	-	-	26 462
Debt impairment	-	200	-	-	-	2 000	500	4 250	-	-	-	6 950
Depreciation & asset impairment	2 651	4 817	11 183	15 992	25	301	21 940	119 260	61 415	14 705	85	252 373
Finance charges	184	1 234	3 035	3 500	0	2	28 380	28 443	14 038	1 520	2	80 335
Bulk purchases	-	-	90	-	-	-	989 892	138 632	-	-	-	1 128 615
Other materials	67	294	12 067	1 904	-	6	25 473	30 685	31 480	11 216	-	113 192
Contracted services	2 551	3 432	8 595	4 749	7	14 953	2 738	75 499	418	4 480	5 990	129 310
Transfers and grants	300	659	6 410	4 564	-	-	-	-	-	-	748	12 681
Other expenditure	20 835	81 676	41 938	(100 280)	(10 564)	(77 421)	105 563	100 444	36 377	(46 733)	56 617	208 451
Total Expenditure	68 002	245 263	180 869	3 447	3 547	6 189	1 231 933	569 629	194 839	33 893	91 727	2 629 337
Surplus/(Deficit)	(64 655)	(105 987)	(166 877)	1 182	(3 541)	435 692	202 138	400	(193 684)	(17 028)	(81 140)	6 500
Transfers recognised - capital	-	-	14 224	-	-	-	-	115 166	16 358	-	-	145 747
Surplus/(Deficit) after capital transfers & contributions	(64 655)	(105 987)	(152 653)	1 182	(3 541)	435 692	202 138	115 566	(177 326)	(17 028)	(81 140)	152 247

Table 75 MBRR SA3 – Supporting detail to Statement of Financial Position

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
ASSETS									
<u>Call investment deposits</u>									
Call deposits < 90 days	40 000	40 000	150 000	200 000	200 000	200 000	300 000	350 000	400 000
Total Call investment deposits	40 000	40 000	150 000	200 000	200 000	200 000	300 000	350 000	400 000
<u>Consumer debtors</u>									
Consumer debtors	262 463	402 752	361 011	307 271	275 197	275 197	320 203	368 046	418 242
Less: Provision for debt impairment	(23 000)	(86 223)	(109 661)	(31 175)	(30 131)	(30 131)	(37 081)	(44 420)	(52 165)
Total Consumer debtors	239 463	316 529	251 350	276 096	245 066	245 066	283 122	323 626	366 077
<u>Debt impairment provision</u>									
Balance at the beginning of the year	19 500	23 000	86 223	27 081	27 081	27 081	30 131	37 081	44 420
Contributions to the provision	3 647	67 969	78 710	3 050	3 050	3 050	6 950	7 339	7 745
Bad debts written off	(147)	(4 746)	(55 372)	–	–	–	–	–	–
Balance at end of year	23 000	86 223	109 561	30 131	30 131	30 131	37 081	44 420	52 165
<u>Property, plant and equipment (PPE)</u>									
PPE at cost/valuation (excl. finance leases)	10 948 763	11 252 350	11 702 805	12 151 584	12 200 029	12 200 029	12 664 426	13 065 703	13 498 664
Less: Accumulated depreciation	6 806 317	6 549 144	6 885 459	7 085 133	7 085 133	7 085 133	7 334 637	7 629 952	7 950 899
Total Property, plant and equipment (PPE)	4 142 445	4 703 206	4 817 346	5 066 451	5 114 896	5 114 896	5 329 789	5 435 751	5 547 764
LIABILITIES									
<u>Current liabilities - Borrowing</u>									
Current portion of long-term liabilities	106 224	124 739	129 687	140 619	140 619	140 619	162 390	160 292	170 688
Total Current liabilities - Borrowing	106 224	124 739	129 687	140 619	140 619	140 619	162 390	160 292	170 688
<u>Trade and other payables</u>									
Trade and other creditors	250 276	339 258	357 816	277 795	283 087	283 087	300 638	319 879	337 153
Unspent conditional transfers	113 803	92 231	30 959	105 801	105 801	105 801	57 078	57 078	57 078
VAT	–	–	–	2 763	2 763	2 763	2 885	2 849	2 857
Total Trade and other payables	364 078	431 489	388 775	386 360	391 651	391 651	360 601	379 806	397 088
<u>Non current liabilities - Borrowing</u>									
Borrowing	625 250	601 727	471 210	645 473	645 473	319 659	540 473	480 182	409 494
Total Non current liabilities - Borrowing	625 250	601 727	471 210	645 473	645 473	319 659	540 473	480 182	409 494
<u>Provisions - non-current</u>									
Retirement benefits	204 419	233 332	298 601	277 571	277 571	277 571	293 670	311 290	331 524
Total Provisions - non-current	204 419	233 332	298 601	277 571	277 571	277 571	293 670	311 290	331 524
CHANGES IN NET ASSETS									
<u>Accumulated Surplus/(Deficit)</u>									
Accumulated Surplus/(Deficit) - opening balance	3 488 385	3 479 562	4 208 619	3 692 184	4 370 485	4 370 485	4 630 521	4 722 371	4 839 846
Restated balance	3 488 385	3 479 562	4 208 619	3 692 184	4 370 485	4 370 485	4 630 521	4 722 371	4 839 846
Surplus/(Deficit)	(51 421)	197 906	149 209	164 815	258 111	258 111	152 247	187 289	213 192
Appropriations to Reserves	800	30 925	–	(63 000)	(63 000)	(63 000)	(135 488)	(137 417)	(144 439)
Depreciation offsets	41 425	–	–	–	–	–	–	–	–
Other adjustments	–	500 227	(3 983)	576 486	(91 537)	64 925	75 090	67 604	83 125
Accumulated Surplus/(Deficit)	3 479 188	4 208 619	4 353 845	4 370 485	4 474 059	4 630 521	4 722 371	4 839 846	4 991 725
<u>Reserves</u>									
Housing Development Fund	50 306	49 934	53 916	52 131	52 131	52 131	55 572	58 577	61 680
Capital replacement	–	–	–	73 000	73 000	73 000	135 488	137 417	144 439
Total Reserves	50 306	49 934	53 916	125 131	125 131	125 131	191 059	195 994	206 119
TOTAL COMMUNITY WEALTH/EQUITY	3 529 494	4 258 553	4 407 762	4 495 616	4 599 190	4 755 652	4 913 430	5 035 840	5 197 843

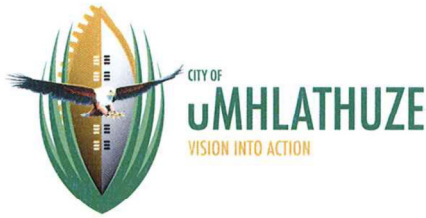
Table 76 MBRR SA9 – Social, economic and demographic statistics and assumptions

Description of economic indicator	Basis of calculation	2001 Census	2007 Survey	2011 Census	2012/13	2013/14	2014/15	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
					Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics											
Population	2011 Census	289	332	334	334	334	334	350	350	350	350
Females aged 5 - 14	2011 Census	32	37	31	31	31	31	32	32	32	32
Males aged 5 - 14	2011 Census	32	35	31	31	31	31	32	32	32	32
Females aged 15 - 34	2011 Census	61	38	74	74	74	74	77	77	77	77
Males aged 15 - 34	2011 Census	56	70	69	70	70	70	73	73	73	73
Unemployment	2011 Census	46	46	39	39	39	39	40	40	40	40
Monthly household income (no. of households)											
No income	Income levels as per Census 2011 provided at individual	18 231	4 806	136 821	136 821	136 821	136 821	143 000	143 000	143 000	143 000
R1 - R1 600	Income levels as per Census 2011 provided at individual	5 310	14 200	93 085	93 085	93 085	93 085	97 288	97 288	97 288	97 288
R1 601 - R3 200	Income levels as per Census 2011 provided at individual	10 370	4 597	16 998	16 998	16 998	16 998	17 895	17 895	17 895	17 895
R3 201 - R6 400	Income levels as per Census 2011 provided at individual	-	-	13 948	13 948	13 948	13 948	14 577	14 577	14 577	14 577
R6 401 - R12 800	Income levels as per Census 2011 provided at individual	-	-	15 364	15 364	15 364	15 364	16 057	16 057	16 057	16 057
R12 801 - R25 600	Income levels as per Census 2011 provided at individual	-	-	12 373	12 373	12 373	12 373	12 931	12 931	12 931	12 931
R25 601 - R51 200	Income levels as per Census 2011 provided at individual	-	-	4 659	4 659	4 659	4 659	4 868	4 868	4 868	4 868
R52 201 - R102 400	Income levels as per Census 2011 provided at individual	-	-	864	864	864	864	910	910	910	910
R102 401 - R204 800	Income levels as per Census 2011 provided at individual	-	-	388	388	388	388	406	406	406	406
R204 801 - R409 600	Income levels as per Census 2011 provided at individual	-	-	253	253	253	253	264	264	264	264
R409 601 - R819 200	Income levels as per Census 2011 provided at individual	-	-	-	-	-	-	-	-	-	-
> R819 200	Income levels as per Census 2011 provided at individual	-	-	-	-	-	-	-	-	-	-
Poverty profiles (no. of households)											
< R2 060 per household per month	Income levels as per Census 2011 provided at individual	-	-	-	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		289 189	332 154	332 154	334	334	334	350	350	350	350
Number of poor people in municipal area	Individual with no income and income below R800pm	250 709	267 418	267 418	202	202	202	211	211	211	211
Number of households in municipal area	Increase of 1.45% projected	67 127	81 005	81 005	87	87	87	91	91	91	91
Number of poor households in municipal area		-	-	-	52	52	52	54	54	54	54
Definition of poor household (R per month)		>R1100/pmmt	>R1000/pmmt	>R1000/pmmt	>R1000/pmmt	>R1000/pmmt	>R1000/pmmt	>R1000/pmmt	>R1000/pmmt	>R1000/pmmt	>R1000/pmmt
Housing statistics											
Formal	Included census figure not mentioned under informal	51 605	63 803	63 803	76 477	76 477	76 477	79 930	79 930	79 930	79 930
Informal	Included census figure for traditional dwellings, informal	5 500	3 082	3 082	10 132	10 132	10 132	10 589	10 589	10 589	10 589
Total number of households		57 105	66 885	66 885	86 609	86 609	86 609	90 519	90 519	90 519	90 519
Dwellings provided by municipality	N/A. Funding streams from province	-	-	-	-	-	-	-	-	-	-
Dwellings provided by province/s	As per government funded projects. Estimated number of	-	-	-	500	500	500	-	-	-	-
Dwellings provided by private sector		-	-	-	-	-	-	-	-	-	-
Total new housing dwellings		-	-	-	500	500	500	-	-	-	-
Economic											
Inflation/inflation outlook (CPIX)					5.0%	6.0%	6.0%	6.0%	5.5%	4.0%	4.0%
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					7.0%	7.0%	7.0%	7.0%	5.8%	6.0%	6.5%
Consumption growth (electricity)					1.0%	1.0%	1.0%	1.5%	1.0%	1.0%	1.0%
Consumption growth (water)					1.0%	1.0%	1.0%	1.5%	1.0%	1.0%	1.0%
Collection rates											
Property tax/service charges					98.0%	98.0%	98.0%	96.0%	96.0%	96.0%	96.0%
Rental of facilities & equipment					98.0%	98.0%	98.0%	96.0%	96.0%	96.0%	96.0%
Interest - external investments					100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - debtors					8.5%	8.5%	9.0%	10.5%	10.5%	10.5%	10.5%
Revenue from agency services					98.0%	98.0%	98.0%	96.0%	96.0%	96.0%	96.0%

Table 77 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	2 274
Richards Bay Country Club	Mths	12	Annual Maintenance Subsidy	30 June 2016	415
Various Contractors	Mths	12	Grass Cutting	30 June 2016	4 040
Various Contractors	Mths	12	Grass Cutting - Cemeteries	30 June 2016	748
Lincor Services	Yrs	3	Railway Siding Consultant	27 August 2016	1 010
ESS	Mths	12	Emergency services system	30 June 2016	122
PayDay	Mths	12	HR and Payroll system	30 June 2016	293
WatchGuard	Mths	12	Firewall Management	30 June 2016	22
Microsoft	Mths	12	Desktop and Server operating system, desktop software	30 June 2016	3 800

2.14 Municipal manager's quality certificate



5 Mark Strasse Civic Centre
Business District
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E: reg@umhlathuze.gov.za
T: 035 907 5000
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Your ref: KZN 282
Contact: Municipal Manager

Our file ref: 5/1/1 - 2016/17
In response to DMS No: 1129243
Date: 16/05/2016

QUALITY CERTIFICATE

I, Dr Nhlanhla Sibeko, Municipal Manager of the City of uMhlathuze, hereby certify that the Adopted 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 Adopted Medium Term Revenue and Expenditure Framework and supporting documentations are consistent with the Integrated Development Plan of the municipality.

DR NHLANHLA SIBEKO

MUNICIPAL MANAGER OF CITY OF uMHLATHUZE KZN282

SIGNATURE: _____

DATE: _____

13/5/2016



ALL CORRESPONDENCE MUST BE ADDRESSED TO THE MUNICIPAL MANAGER