

ANNUAL BUDGET
OF
ELIAS MOTSOALEDI
LOCAL MUNICIPALITY



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

TABLE OF CONTENTS

PAGE

Part 1 – Annual Budget

1

1.1 Mayors Report	1
1.2 Annual Budget Related Resolutions	2
1.3 Executive Summary	4
1.4 Operating Revenue Framework	5
1.5 Operating Expenditure Framework	12
1.6 Capital Expenditure	16
1.7 Annual Budget Tables	17

Part 2 – Supporting Documents

33

2.1 Overview of the Annual Budget Process	34
2.2 Overview of Alignment of Annual Budget With IDP	37
2.3 Measurable Performance Objectives and Indications	43
2.4 Overview of Budget Related – Policies	46
2.5 Overview of Budget Assumptions	48
2.6 Overview of Budget Findings	50
2.7 Expenditure on Grants and Reconciliations of Unspent Funds	55
2.8 Councilor and Employee Benefits	58
2.9 Monthly Targets for Revenue, Expenditure and Cash Flow	61
2.10 Contracts Having Future Budgetary Implications	67
2.11 Capital Expenditure Details	74
2.12 Legislation Compliance Status	75
2.13 Other Supporting Documents	75

List of Tables

Table 1 Consolidated Overview of the 2014/15 MTREF	4
Table 2 Summary of revenue classified by main revenue source	6
Table 3 Percentage growth in revenue by main revenue source	6
Table 4 Operating transfer and grants receipts	8
Table 5 MBRR Table SA14 Household bills	11
Table 6 Summary of operating expenditure by standard classification item	12
Table 7 Repairs and maintenance per asset class	15
Table 8 2014/15 Medium – term capital budget per vote	16
Table 9 MBRR Table A1 – Budget Summary	18
Table 10 MBRR Table A2 - Budgeted Financial Performance (by standard classification)	20
Table 11 MBRR Table A3 – Budgeted Financial Performance (by municipal vote)	21
Table 12 MBRR Table A4 – Budgeted Financial Performance (Revenue and Expenditure)	22
Table 13 MBRR Table A5 – Capital Expenditure and funding source	24
Table 14 MBRR Table A6 – Budgeted Financial Position	26
Table 15 MBRR Table A7 – Budgeted Cash Flow	28
Table 16 MBRR Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation	29
Table 17 MBRR Table A9 – Asset Management	30
Table 18 MBRR Table A10 – Basic Service Delivery Measurement	32
Table 19 MBRR Table SA4 – Reconciliation between the IDP revenue	40
Table 20 MBRR Table SA5 – Reconciliation between the IDP operating expenditure	41
Table 21 MBRR Table SA6 - Reconciliation between the IDP capital expenditure	42
Table 22 MBRR Table SA7 – Measurable performance objectives	45
Table 23 Breakdown of the operating revenue over the medium-term	50
Table 24 Proposed tariff increases over the medium-term	52
Table 25 MBRR Table SA15 – Detail Investment Information	53

Table 26 MBRR Table SA16 – Investment particulars by maturity	53
Table 27- Source of capital revenue over the MTREF	54
Table 28 MBRR Table SA18 – Capital transfers and grants receipts	55
Table 29 MBRR Table SA19 – Expenditure on transfer and grants programmes	56
Table 30 MBRR Table SA20 – Reconciliation between of grant and unspent funds	57
Table 31 MBRR Table SA21 – Transfers and grants made by the municipality	57
Table 32 MBRR Table SA22 – Summary of councilor and staff benefits	58
Table 33 MBRR Table SA23 – Salaries, allowance and benefits	59
Table 34 MBRR Table SA24 – Summary of personnel numbers	60
Table 35 MBRR Table SA25 – Budgeted monthly revenue and expenditure	61
Table 36 MBRR Table SA26 – Budgeted monthly revenue and expenditure (municipal vote)	62
Table 37 MBRR Table SA27 – Budgeted monthly revenue and expenditure	63
Table 38 MBRR Table SA28 – Budgeted monthly capital expenditure (municipal vote)	64
Table 39 MBRR Table SA29 - Budgeted monthly capital expenditure (Std classification)	65
Table 40 MBRR Table SA30 – Budgeted monthly cash flow	66
Table 41 MBRR Table SA 32 – List of external mechanism	67
Table 42 MBRR Table SA34a – Capital expenditure on new assets	68
Table 43 MBRR Table SA34b – Capital expenditure on the renewal of existing assets	69
Table 44 MBRR Table SA34c – Repairs and maintenance expenditure	70
Table 45 MBRR Table SA34d – Depreciation of assets	71
Table 46 MBRR Table SA36 – Capital project list	72-73
Table 47 MBRR Table SA1 – Supporting details to budget financial performance	75
Table 48 MBRR Table SA2 – Matrix financial performance budget	77
Table 49 MBRR Table SA8 – Performance indicators and benchmarks	78

PART 3 – SCOA BUDGET SEGMENTS

3.1 Function segment and Item expenditure Segment	81
3.2 Function segment and Item Revenue Segment	82

3.3 Function segment and Item Capital Segment	82
---	----

LIST OF FIGURES

Figure 1 Main operational revenue categories for 2015/16 financial year	7
Figure 2 Main operational expenditure categories for the 2015/16 financial year	14
Figure 3 Depreciation in relation to repairs and maintenance over the MTREF	31
Figure 4 Planning, Budgeting and Reporting cycle	43
Figure 5 Breaking of operating revenue	51
Figure 6 Sources of capital revenue for the 2015/16 financial year	54

ABBREVIATIONS AND ACRONYMS

AO	Accounting Officer	SAPS	South African Police Service
AMR	Automated Meter Reading	SDBIP	Service Delivery Budget Implementation Plan
LED	Local Economic Development	SMME	Small Micro and Medium Enterprises
MEC	Member of the Executive Committee	BPC	Budget Planning Committee
MFMA	Municipal Financial Management Act	CFO	Chief Financial Officer
MIG	Municipal Infrastructure Grant	CPI	Consumer Price Index
MMC	Member of Mayoral Committee	CRRF	Capital Replacement Reserve Fund
MPRA	Municipal Properties Rates Act	DBSA	Development Bank of South Africa
MSA	Municipal Systems Act	DORA	Division of Revenue Act
MTEF	Medium-term Expenditure Framework	DWA	Department of Water Affairs
MTREF	Medium-term Revenue and Expenditure Framework	EE	Employment Equity
NERSA	National Electricity Regulator South Africa	FBS	Free basic services
NGO	Non-Governmental organisations	GDP	Gross domestic product
NKPIs	National Key Performance Indicators	GFS	Government Financial Statistics
OHS	Occupational Health and Safety	GRAP	General Recognised Accounting Practice
OP	Operational Plan	HR	Human Resources
PBO	Public Benefit Organisations	IDP	Integrated Development Strategy
PMS	Performance Management System	IT	Information Technology
PPE	Property Plant and Equipment	KM	kilometre
PPP	Public Private Partnership	KPA	Key Performance Area
RSC	Regional Services Council	KPI	Key Performance Indicator
SALGA	South African Local Government Association		
KWH	Kilowatt		

Part 1- Annual Budget

1.1 Mayors Report

Good day, sanibonani, molweni, riperile, dumelang, goeie dag

Honorable Speaker of Council thank you for the opportunity given to me, this is in terms of Section 16 of the MFMA that compels the Mayor to table the budget in Council for adoption.

We are meeting here two days after we celebrated the Africa day on the 25th May 2015 and also we want to comment the people of South Africa for the remarkable strides when we were faced with xenophobic challenges by saying BIG no to Xenophobia. We are recently from the strategic session as the Municipality where we reviewed our long term strategic vision to be "The agro-economical and ecotourism heartland"

In presenting the 2015/16 Budget the following main challenges were experienced by the Municipality.

- Ageing and poorly maintain roads and electricity infrastructure
- Increase in electricity tariffs due to Eskom tariff increase
- Limited surplus from operating budget makes it difficult to accommodate all the ward within our area of jurisdiction.
- Incorporation of standard chart of accounts (SCOA) in the compilation of the 2015/16 MTREF.
- Madam Speaker we also anticipate challenges with the demarcation board new proposed wards re-arrangements.
- Electricity losses challenges at Roossenekal are also a big concern that needs serious attention.

Madam Speaker let met also announce with pride the introduction of higher impact projects that are coming namely Agri- Park and the regional Mall that is envisage in 2015/16 financial year, that will be a major boost to our local economy toward poverty alleviation and reducing unemployment.

Madam Speaker I want to ensure the house that the community and stakeholders inputs were acknowledge during the budget compilation.

Madam Speaker our 2015/16 Budget is as follows:

Total Budget of R440 million of which R99 million is Capital and R340 million is Operational.
Total anticipated Revenue of R394 million.

Honorable Speaker I therefore present to the Council the 2015/16 revised IDP and MTREF Budget and related Budget Policy for adoption.

I thank you

Dankie

Ke a Leboga

1.2 ANNUAL BUDGET RELATED RESOLUTIONS

1. Council resolves that the budget of Elias Motsoaledi Local Municipality for the financial year 2014/15, with three year audited actual and the two projected outer years 2015/16 and 2016/17 be approved in the following schedules:
 - 1.1 Budgeted summary on table A1;
 - 1.2 Budgeted financial performance (Revenue and expenditure by classification reflected on table A2;
 - 1.3 Budgeted financial performance (revenue and expenditure by municipal vote reflected on table A3;
 - 1.4 Budgeted financial performance (revenue source and expenditure by type reflected on table A4;
 - 1.5 Budgeted capital budget by vote, standard classification and funding as reflected on table A5;
 - 1.6 Budgeted financial position as reflected on table A6;
 - 1.7 Measurable performance objective for revenue source as per Cash flow table A7;
 - 1.8 Cash back reserve/ accumulated surplus reconciliation on A8;
 - 1.9 Asset management as reflected on table A9; and
 - 1.10 The basic service delivery measurement on table A10;
2. Council resolves that property rates be approved for the budget year 2015/16.
3. Council resolves that the budget related policies be adopted and the following tariff and charges be approved for the annual budget 2015/16 financial year
 - Electricity
 - Refuse removal
 - Basic charges
 - Sundry tariffs
4. Council resolves to adopt the amended Integrated Development Plan (IDP).
5. Council notes that the SDBIP submission and approval of the SDBIP will be dealt with in accordance with sections 69(3)(a) and 53(1)(c)(ii) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

1.3 Executive Summary

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

Section 17 of Municipal Finance Management Act (MFMA) requires the municipality to prepare an annual budget in the prescribed format.

National Treasury's MFMA circular 74 and 75 have been used as guidance for the compilation of the 2015/16 MTREF.

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

- Ageing and poorly maintained roads and electricity infrastructure
- The need to re-prioritize projects and expenditure within the existing resource envelop given the cash flow realities and declining cash position of the municipality.
- The increased cost of bulk electricity due to tariff increases from ESKOM which is placing upwards pressure on service tariffs to residence.
- Salaries and Wage increases for municipal staff as well as the need to fill critical vacancies and the implementation of organizational re-engineering that was undertaken during the 2014/15 year.
- Affordability of capital projects- original allocations on certain capital projects had to be reduced
- Limited and/or very minimal surplus anticipated to be realized from operating budget makes it difficult to accommodate all the wards within the area of jurisdiction of the municipality.
- The incorporation of Standard Chart of Accounts (SCOA) in the compilation of the 2015/16 MTREF.

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

- The 2014/15 adjustment budget priorities and targets as well as the base line allocations contained in that adjustment were adopted as the upper limits for the new base lines for the 2015/16 annual budget.
- Tariffs and property rates increases should be affordable and should generally not exceed the inflation as measured by the CPI except where there are price increases in the inputs of services that are beyond the control of the municipality, for example: cost of bulk electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs.
- Capital projects and activities funded from external grants are budgeted as per the gazetted amount as required by the Division of Revenue Act.
- In addition to cost containment to be implemented by the municipality, the following items and allocations thereof had to be kept at minimum level:

- Consultants and Professional Fees
- Special Projects and Events
- Refreshments and Entertainment
- Ad hoc travelling
- Subsistence, Travelling and conference fees
- Telephone and cell phone subscriptions
- Issuing of Material and Store items, and
- Overtime

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

Table 1 Consolidated Overview of the 2015/16 M TREF

Description	Adjustment Budget	Budget Year 2015/16	Budget Year + 1 2016/17	Budget Year + 2 2017/18
Total Revenue	344 935 770	394 325 575	405 389 727	412 640 364
Less: Transfers Recognised Capital	59 814 000	63 102 000	65 178 000	68 289 000
Total Net Operating Revenue	285 121 770	331 223 575	353 789 019	355 616 808
Total Operating Expenditure	304 787 210	340 429 759	355 205 594	367 057 572
Less: Depreciation & Impairment of Assets	33 500 000	35 000 000	36 925 000	38 882 025
Less: Debt Impairment	11 000 000	11 000 000	12 385 000	13 776 405
Less: Loss on Disposl of PPE	-	400 000	422 000	444 366
Total Net Operating Expenditure	260 287 210	294 029 759	305 473 594	313 954 776
Surplus/(Deficit)	24 834 560	37 193 816	48 315 424	41 662 031
Total Capital Expenditure	84 383 400	99 981 215	113 178 000	108 389 000
Grants Funding	59 814 000	63 102 000	65 178 000	68 289 000
Own Funding	24 569 400	36 879 215	48 000 000	40 100 000

Total operating revenue has grown by 14, 32% or R49, 390 million for the 2015/16 financial year when compared to the 2014/15 Adjustments Budget. For the two outer years, operational revenue will increase by 2, 81% and 1, 78% respectively, equating to a total revenue growth of R70, 495 million over the MTREF when compared to the 2014/15 financial year.

Total operating expenditure for the 2015/16 financial year has been appropriated at R340, 429 million and translates into a budgeted surplus of R37,193 million. When compared to the 2014/15 Adjustments Budget, operational expenditure has been increased by 11, 69% in the 2015/16 budget and increases by 4, 34% and 3,34% for each of the respective outer years of the MTREF. The surplus for 2016/17 financial year steadily increases to R48, 315 million and then decreases to R41, 662 million in 2017/18 financial year. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds. However,

looking at the face of Sheet A4 – Financial Performance, it appears like the municipality has budgeted for a deficit that got eliminated by Transfer recognized capital, the deficit is solely attributed to non cash items as presented in the above summary. These non cash items will never have impact on the cash flow position and/or performance of the municipality. They are merely budgeted for lest unauthorized expenditure when presenting the relevant line items in the AFS.

The capital budget of R99, 981 million for 2015/16 is 18.48% more when compared to the 2014/15 Adjustment Budget. The capital programme increases to R99, 178 million in the 2016/17 financial year and then decreases to R98, 589 million in the 2017/18 financial year. A substantial portion of the capital budget will be funded from Municipal Infrastructure Grant (MIG) and the funding will be R53, 102 million representing 53, 11% of the total capital expenditure during the 2015/16 financial year and R55, 178 million and R58, 289 million respectively in the two outer years. The balance will be funded from internally generated funds and Integrated Electrification Programme (R10 million that is to be received in 2015/16 financial year and R10 million for each of the two outer years).

1.4 Operating Revenue Framework

For Elias Motsoaledi Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to setting of tariff increases and balancing expenditures against realistically anticipated revenues and prioritization of capital projects as contained in the Integrated Development Plan (the needs of all wards within Elias Motsoaledi Local Municipality).

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

- National Treasury's guidelines and macroeconomic policy;
- Efficient revenue management, which aims to ensure a 93% 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 establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

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

Table 2 Summary of revenue classified by main revenue source

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source										
Property rates	11 033	17 900	20 450	30 000	24 500	24 500	14 164	26 182	27 792	29 418
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	44 172	47 884	53 899	55 300	62 700	62 700	39 188	62 973	66 846	70 756
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2 523	2 578	2 721	5 143	3 903	3 903	2 311	4 628	4 913	5 200
Service charges - other	-	-	-	2 531	1 206	1 206	807	-	-	-
Rental of facilities and equipment	811	771	1 125	1 030	3 060	3 060	1 483	3 290	3 493	3 697
Interest earned - external investments	2 344	878	3 598	2 800	4 260	4 260	2 430	4 600	4 883	5 169
Interest earned - outstanding debtors	2 580	3 733	5 225	5 000	7 000	7 000	3 909	4 500	4 777	5 056
Dividends received	-	-	-	-	-	-	-	-	-	-
Fines	1 031	792	1 666	610	610	610	276	635	674	713
Licences and permits	5 370	5 249	4 669	5 648	6 000	6 000	3 869	6 348	6 738	7 133
Agency services	3 191	3 187	2 653	-	-	-	-	-	-	-
Transfers recognised - operational	117 269	132 856	146 878	170 641	170 641	170 641	124 021	216 652	218 594	215 619
Other revenue	6 634	4 625	2 210	1 416	1 342	1 342	599	1 415	1 502	1 590
Gains on disposal of PPE	1 789	508								
Total Revenue excluding capital transfers	198 750	220 960	245 094	280 118	285 222	285 222	193 058	331 224	340 212	344 351

Table 3 Percentage Growth in revenue by main revenue source

Description	2014/15		2015/16 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2015/16	%	Budget Year +1 2016/17	%	Budget Year +2 2017/18	%
Revenue By Source								
Property rates	24 500	8.6%	26 182	7.9%	27 792	8.2%	29 418	8.5%
Service charges - electricity revenue	62 700	22.0%	62 973	19.0%	66 846	19.6%	70 756	20.5%
Service charges - refuse revenue	3 903	1.4%	4 628	1.4%	4 913	1.4%	5 200	1.5%
Service charges - other	1 206	0.4%	-	0.0%	-	0.0%	-	0.0%
Rental of facilities and equipment	3 060	1.1%	3 290	1.0%	3 493	1.0%	3 697	1.1%
Interest earned - external investments	4 260	1.5%	4 600	1.4%	4 883	1.4%	5 169	1.5%
Interest earned - outstanding debtors	7 000	2.5%	4 500	1.4%	4 777	1.4%	5 056	1.5%
Fines	610	0.2%	635	0.2%	674	0.2%	713	0.2%
Licences and permits	6 000	2.1%	6 348	1.9%	6 738	2.0%	7 133	2.1%
Transfers recognised - operational	170 641	59.8%	216 652	65.4%	218 594	64.3%	215 619	62.6%
Other revenue	1 342	0.5%	1 415	0.4%	1 502	0.4%	1 590	0.5%
Total Revenue excluding capital transfers	285 222	100%	331 224	100%	340 212	100%	344 351	100.00%

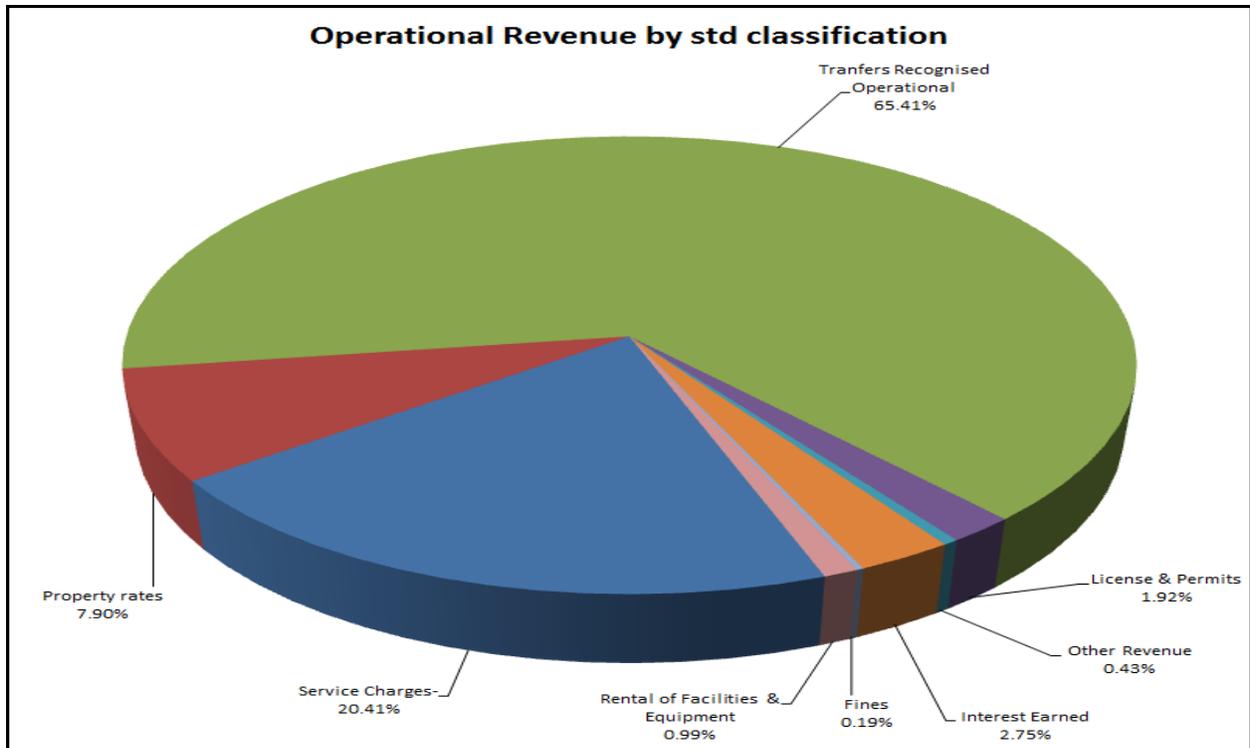


Figure 1 Main operational revenue categories for the 2015/16 financial year

In line with the formats prescribed by the Municipal Budget and Reporting Regulations (MBRR), transfer recognized - capital is excluded from the operating revenue statement, as inclusion of this revenue source would distort the calculation of the operating surplus/deficit.

Revenue generated from operating grants amounts to 65, 41% (2015/16 financial year) making it clear that the Municipality is grants dependent. In addition, revenue generated from rates and services charges amounts to 7, 90% and 20, 40% respectively. In the 2014/15 financial year, revenue from rates and services charges adds up to R92, 309 million or 32, 4%. This increases to R93, 783 million, R99, 551 million and R105, 375 million in the respective financial years of the MTREF.

Service charges – Electricity is the second largest revenue source totaling 19, 0% or R62, 973 million rand and increases to R66, 846 million and R70, 756 million respectively in the outer years. The third largest source is Property rates amounts to R26, 182 million in 2015/16 financial year and R27, 792 million and R29, 418 million in the outer years.

Table 4 Operating Transfers and Grants Receipts

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Operating Transfers and Grants									
National Government:	117 269	132 856	146 878	170 641	170 641	170 641	216 652	218 594	215 619
Local Government Equitable Share	114 134	129 556	143 438	166 920	166 920	166 920	212 959	216 012	212 886
Finance Management	1 250	1 500	1 550	1 600	1 600	1 600	1 600	1 625	1 700
Municipal Systems Improvement	790	800	890	934	934	934	930	957	1 033
EPWP Incentive	1 095	1 000	1 000	1 187	1 187	1 187	1 163	-	-
Provincial Government:	-	-	-	-	-	-	-	-	-
N/A	-	-	-	-	-	-	-	-	-
District Municipality:	-	-	-	-	-	-	-	-	-
N/A	-	-	-	-	-	-	-	-	-
Other grant providers:	-	-	-	-	-	-	-	-	-
N/A	-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	117 269	132 856	146 878	170 641	170 641	170 641	216 652	218 594	215 619

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges are revised, local economic conditions, input costs and the affordability of services will be taken into account to ensure the financial sustainability of the Municipality. National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible and as a result, departments will have to justify in their budget documentation, all increases in excess of the 6% upper boundary of the South African Reserve Bank's inflation target as outlined in MFMA circular 75. Excessive increases are likely to be counterproductive, indirectly resulting in higher levels of non-payment and as a result this was given thorough consideration during tariff setting process.

The service charges electricity tariffs are more than 6 percent as stipulated in the MFMA circular and this is attributed to 14, 24 percent bulk electricity purchase from Eskom that is far beyond the mentioned inflation target. Given that the tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in the tariffs are largely outside the control of the municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the municipality future financial position and viability.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality conforms to the stipulations of the above mentioned regulations more especially on the ratio thereof.

The following stipulations in the Property Rates Policy are highlighted:

- The first R30 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this exemption, the following additional rebates on the market value of a property will be granted in terms of the Municipality's own Property Rates tariffs;

Description	Rebate
Residential Property	20%
Business,commercial and mining	25%
Agricultural Property	0%
Stat Owned Property	75%
Public Service Infrastructure	75%
Public Benefit Organization Property	75%
Municipal Property	Not Levied
Unidentified	Not Levied

The following owners may be granted a rebate on, or a reduction in the rates payable on their property:

- Pensioners that meet the following criteria:
 - Registered owner of property,
 - Applicant must reside on the property,
 - Income not exceeding an amount set by Council,
- Ratable property registered in the name of the Council., if such property is used in supplying electricity, water, and gas or sewerage services;
- Hospitals, clinics, and institutions for mentally ill persons, which are not operated for gain;
- Ratable property registered in the name of an agricultural society affiliated to or recognized by the South African Agricultural Union, which is used for the purpose of such society;

- Cemeteries and crematoriums, which are registered in the names of private persons and which are used exclusively for burials and cremations;
- Museums, art galleries, libraries and botanical gardens which are open to the public, whether admission fees are charged or not;
- Sports grounds used for the purpose of amateur sports and any social activities, which are connected with such sports;
- Ratable property registered in the name of benevolent or charitable organizations, or any ratable property let by the Council to any of the named organizations
- Owners of a property situated in an area affected by a disaster within the meaning of the Disaster Management Act, 2002 or in any other serious adverse social or economic conditions;
- Owners of residential properties with to which Section 17(1)(h) of the Act applies on the market value of the property less the amount stated in that Section or higher amount as determined by Council;
- State or public infrastructure and their rates may be reduced to a percentage which is contemplated in Section 11 of the Act.
- Owners of agricultural properties who are bona fide farmers.

1.4.2 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 14.24 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2015 .

Considering the Eskom increases, the consumer tariff had to be increased by 12.20 per cent (maximum) to offset the additional bulk purchase cost from 1 July 2015. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Registered indigents will be granted additional 50 kWh of electricity on top of the 50 kWh that is currently allocated to them and this will result in indigents receiving 100 kWh per 30-day period free of charge. In addition those residential customers that are not registered as indigent, will receive 50 kWh free of charge and this will be applied only to Municipality Licensed area in terms of Credit and Debt Collection Policy.

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2015. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidize the lower consumption users (mostly the poor).

1.4.3 Waste Removal and Impact of Tariff Increase

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The municipality 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, and landfill site, increases in general expenditure such as petrol and diesel and the cost of contracted service provider.

1.4.4 Overall impact of tariff increases on households

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

Table 5 MBRR Table SA14 – Household bills

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Monthly Account for Household - 'Middle Income Range'										
Rates and services charges:										
Property rates	371.00	259.07	259.07	259.07	259.07	259.07	6.0%	276.00	276.00	276.00
Electricity: Basic levy	100.00	110.00	116.00	124.00	124.00	124.00	6.0%	133.80	149.86	167.84
Electricity: Consumption	870.35	926.00	984.81	1 053.74	1 053.74	1 053.74	6.0%	413.00	595.00	635.00
Water: Basic levy	-	-	-	-	-	-	-	-	-	-
Water: Consumption	-	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-	-
Refuse removal	56.94	56.62	60.00	63.00	63.00	63.00	5.0%	76.30	77.30	81.60
Other										
sub-total	1 398.29	1 351.69	1 419.88	1 499.81	1 499.81	1 499.81	(40.1%)	899.10	1 098.16	1 160.44
VAT on Services	143.82	152.96	162.51							
Total large household bill:	1 542.11	1 504.65	1 582.39	1 499.81	1 499.81	1 499.81	(40.1%)	899.10	1 098.16	1 160.44
% increase/-decrease		(2.4%)	5.2%	(5.2%)	-	-		(40.1%)	22.1%	5.7%
Monthly Account for Household - 'Affordable Range'										
Rates and services charges:										
Property rates	235.00	181.73	181.73	259.07	259.07	259.07	6.0%	276.00	276.00	276.00
Electricity: Basic levy	100.00	110.00	116.00	124.00	124.00	124.00	6.0%	133.80	149.86	167.84
Electricity: Consumption	415.49	426.00	452.01	1 053.74	1 053.74	1 053.74	6.0%	413.00	595.00	635.00
Water: Basic levy	-	-	-	-	-	-	-	-	-	-
Water: Consumption	-	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-	-
Refuse removal	56.94	56.62	60.00	63.00	63.00	63.00	5.0%	76.30	77.30	81.60
Other										
sub-total	807.43	774.35	809.74	1 499.81	1 499.81	1 499.81	(40.1%)	899.10	1 098.16	1 160.44
VAT on Services										
Total small household bill:	807.43	774.35	809.74	1 499.81	1 499.81	1 499.81	(40.1%)	899.10	1 098.16	1 160.44
% increase/-decrease		(4.1%)	4.6%	85.2%	-	-		(40.1%)	22.1%	5.7%
Monthly Account for Household - 'Indigent' Household receiving free basic services										
Rates and services charges:										
Property rates	135.00	104.40	104.40	104.40	104.40	104.40	-	105.03	105.76	106.50
Electricity: Basic levy	100.00	110.00	116.00	116.00	116.00	116.00	-	116.70	117.51	118.34
Electricity: Consumption	281.43	246.00	260.76	260.76	260.76	260.76	-	262.32	264.16	266.01
Water: Basic levy	-	-	-	-	-	-	-	-	-	-
Water: Consumption	-	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-	-
Refuse removal	56.94	56.62	60.00	60.00	60.00	60.00	-	60.36	60.78	61.21
Other										
sub-total	573.37	517.02	541.16	541.16	541.16	541.16	(100.0%)	-	-	-
VAT on Services										
Total small household bill:	573.37	517.02	541.16	541.16	541.16	541.16	(100.0%)	-	-	-
% increase/-decrease		(9.8%)	4.7%	-	-	-		(100.0%)	-	-

1.5 Operating Expenditure Framework

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

- The renewal of assets and the repairs and maintenance needs;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The alignment of capital programme to the asset renewal requirement as per MBRR;
- 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 plans no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2015/16 budget and MTREF (classified per main type of operating expenditure):

Table 6 Summary of operating expenditure by standard classification item

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Expenditure By Type										
Employee related costs	56 253	69 573	87 146	97 177	93 609	93 609	60 560	115 256	122 344	129 501
Remuneration of councillors	14 476	14 719	16 037	16 273	17 590	17 590	11 508	18 543	19 563	20 600
Debt impairment	6 783	3 597	10 245	3 000	11 000	11 000	–	11 000	11 677	12 360
Depreciation & asset impairment	32 124	32 894	32 828	35 000	33 500	33 500	33 500	35 000	37 000	39 000
Finance charges	287	113	–	–	–	–	–	–	–	–
Bulk purchases	40 739	46 120	48 014	47 000	54 300	54 300	35 536	60 000	63 690	67 416
Other materials	1 718	1 224	1 677	3 013	1 732	1 732	1 279	5 430	5 764	6 101
Contracted services	7 512	7 289	9 800	8 700	19 505	19 505	7 267	21 950	23 300	24 389
Transfers and grants	2 552	2 483	2 287	9 600	1 940	1 940	1 238	3 300	3 503	3 708
Other expenditure	41 830	28 990	58 640	71 733	71 611	71 611	49 792	69 550	67 940	63 533
Loss on disposal of PPE								400	425	449
Total Expenditure	204 273	207 004	266 675	291 497	304 787	304 787	200 679	340 430	355 206	367 058

The budgeted allocation for employee related costs for the 2015/16 financial year totals R115, 256 million, which equals 33, 85% of the total operating expenditure. Based on MFMA circular 75, the three year salary increases have been factored into this budget at a percentage increase of 4, 4% for the 2014/15 financial year. An annual increase of 6, 1% has been included in the two outer years of the MTREF.

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

The provision of debt impairment was determined based on an annual collection rate of 93 per cent and the Debt Write-off Policy of the Municipality. For the 2015/16 financial year this amount equates to R11 million and escalates to R12, 360 million by 2017/18. 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.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate for asset consumption. Budget appropriations in this regard total R35 million for the 2015/16 financial and equates to 10.28% of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. Cognizance should therefore be taken that depreciation and asset impairment as well as debt impairment constitute non-cash items and as a result they are excluded when determining surplus to be expended for funding capital projects.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditure includes distribution losses. The 2015/16 budget has been increased as compared to 2014/15 financial year and this is due to Eskom annual increase.

Other material comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the municipality's infrastructure.

Contracted services comprise of 6.45 % or R 21, 950 million of the total operational budget for the 2015/16 financial year and escalates to R23, 300 million and R24, 389 million in the two respective years.

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. Other expenditure has decreased by 2. 88% in the 2015/16 financial year and curbed at 2.3 and 6.5 per cent for the two outer years, indicating that significant cost savings have been already realized

The following diagram gives a breakdown of the main expenditure categories for the 2015/6 financial year.

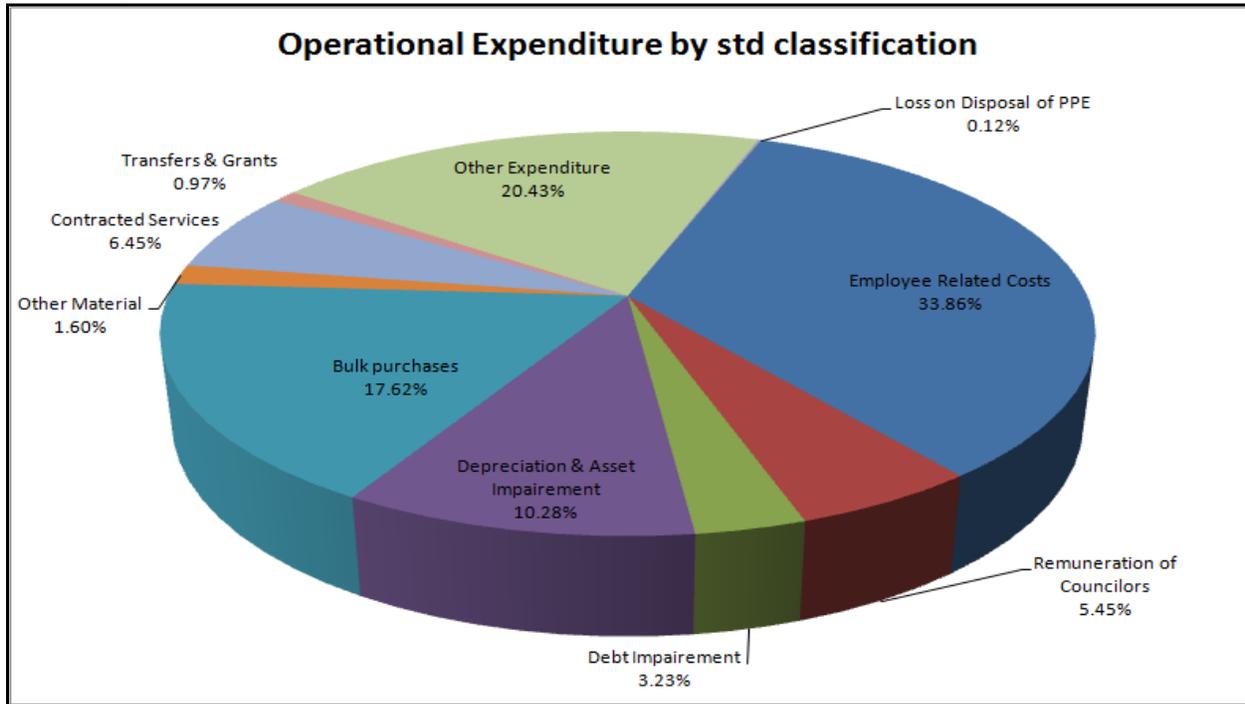


Figure 2 Main operational expenditure categories for the 2014/15 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2015/16 budget and MTREF provide for budget appropriations in the area of asset maintenance, as informed by the asset renewal and repairs and maintenance needs. 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.

During the compilation of the 2015/16 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was however added by 7, 84% in the 2015/16 financial year, from R10,961 million to R11,820 million and this was as a result of budget constraints as well. During the 2014/15 Adjustment Budget, this allocation was adjusted upwards from R8, 776 million to R10, 961 million and the spending thereof was below average or par. The total allocation for 2015/16 equates to R11, 820 million and grows by 6, 7% in the two outer years. In relation to the total operating expenditure, repairs and maintenance comprises of 3, 47% for the 2015/16 years and this percentage is however below the set norm of 8% as stipulated by National Treasury.

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

Table 7 Repairs and maintenance per asset class

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Repairs and maintenance expenditure by Asset Class									
Infrastructure - Road transport	-	2 636	2 448	1 200	1 250	1 250	3 000	3 000	3 159
Infrastructure - Electricity	-	606	973	1 000	1 300	1 300	-	-	-
Infrastructure - Water	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	2 318	-	1 107	1 000	1 520	1 520	1 500	1 583	1 666
Community	-	1 874	13	-	-	-	-	-	-
Other assets	1 101	-	5 043	5 576	6 828	6 828	7 200	6 321	6 650
Intangibles	-	-	-	-	63	63	120	127	133
Total Repairs and Maintenance Expenditure	3 418	5 116	9 585	8 776	10 961	10 961	11 820	11 030	11 609

For the 2015/16 financial year 38, 07% or R 4, 500 million of total repairs and maintenance will be spent on infrastructure assets. Of the total infrastructure assets R 3 million has been allocated to road transport and R1, 500 million to other infrastructure assets. Other assets has been allocated R7, 200 million of total repairs and maintenance equating to 60, 91%. The balance of R120 thousand is allocated to intangibles

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists of households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. Details 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 10 MBRR A10 (Basic Service Delivery Measurement) on.

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 and this package covers all the basic services provided by EMLM and these services include, property rates, service charges electricity, and refuse removal.

1.6 Capital expenditure

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

Table 8 2015/16 Medium-term capital budget per vote

Vote Description	2014/15		2015/16 Medium Term Revenue & Expenditure					
	Adjusted Budget	%	Budget Year 2015/16	%	Budget Year +1 2016/17	%	Budget Year +2 2017/18	%
Capital expenditure - Vote								
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services	2 400	2.84%	1 100	1.10%	1 000	1.01%	800	0.81%
Vote 5 - Community Services	500	0.59%	6 500	6.50%	3 100	3.13%	-	0.00%
Vote 6 - Technical Services	79 983	94.79%	92 381	92.40%	95 078	95.87%	97 789	99.19%
Vote 7 - Strategic Development	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Vote 8 - Development Planning	1 500	1.78%	-	0.00%	-	0.00%	-	0.00%
Vote 9 - Executive Support	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Capital multi-year expenditure sub-total	84 383	100.00%	99 981	100.00%	99 178	100.00%	98 589	100.00%

For 2015/16 an amount of R92, 381 million has been appropriated for the development of infrastructure which represents 92, 40% of the total capital budget. In the outer years this amount totals R95, 078 million (95, 87%) and R97, 789 million (99, 19%) respectively for each of the financial years. The other departments', *id-est* Corporate Services appropriations are mainly for procurement of operational equipment such as ICT equipment, Office furniture, and other equipment while Community and Social Services for Upgrading of the testing center, license offices, development of control room, Cemeteries and development of transfer station.

Total new assets represent 57, 11% or R57, 102 million of the total capital budget while asset renewal equates to 42, 81% or R42, 879 million. The appropriation for asset renewal has significantly improved relative to 2014/15 appropriation. The allocation is above the required norm of 40% that the renewal of existing assets must contribute to the total capital budget. Further detail relating to asset classes and proposed capital expenditure is contained in Table 15 MBRR A9 (Asset Management).

Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Electricity related projects – R10 million
- Street lights – R1,5 million
- Storm-water channels – R5 million
- Roads related projects – R67, 381 million
- Operational equipment – R500 thousand
- Park/s – R500 thousand

1.7 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 2014/15draft budget and MTREF. Each table is accompanied by explanatory notes on the facing page.

Table 9 MBRR Table A1 - Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Financial Performance										
Property rates	11 033	17 900	20 450	30 000	24 500	24 500	14 164	26 182	27 792	29 418
Service charges	46 695	50 462	56 621	62 974	67 809	67 809	42 307	67 601	71 759	75 956
Investment revenue	2 344	878	3 598	2 800	4 260	4 260	2 430	4 600	4 883	5 169
Transfers recognised - operational	117 269	132 856	146 878	170 641	170 641	170 641	124 021	216 652	218 594	215 619
Other own revenue	21 408	18 864	17 548	13 703	18 012	18 012	10 136	16 188	17 184	18 189
Total Revenue excluding capital transfers	198 750	220 960	245 094	280 118	285 222	285 222	193 058	331 224	340 212	344 351
Employee costs	56 253	69 573	87 146	97 177	93 609	93 609	60 560	115 256	122 344	129 501
Remuneration of councillors	14 476	14 719	16 037	16 273	17 590	17 590	11 508	18 543	19 563	20 600
Depreciation & asset impairment	32 124	32 894	32 828	35 000	33 500	33 500	33 500	35 000	37 000	39 000
Finance charges	287	113	-	-	-	-	-	-	-	-
Materials and bulk purchases	42 457	47 344	49 691	50 013	56 032	56 032	36 815	65 430	69 454	73 517
Transfers and grants	2 552	2 483	2 287	9 600	1 940	1 940	1 238	3 300	3 503	3 708
Other expenditure	56 124	39 876	78 685	83 433	102 116	102 116	57 059	102 900	103 341	100 731
Total Expenditure	204 273	207 004	266 675	291 497	304 787	304 787	200 679	340 430	355 206	367 058
Surplus/(Deficit)	(5 523)	13 956	(21 580)	(11 379)	(19 564)	(19 564)	(7 622)	(9 206)	(14 994)	(22 706)
Transfers recognised - capital	29 037	35 223	44 723	50 840	59 713	59 713	24 484	63 102	65 178	68 289
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers	23 514	49 179	23 142	39 461	40 149	40 149	16 863	53 896	50 184	45 583
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	23 514	49 179	23 142	39 461	40 149	40 149	16 863	53 896	50 184	45 583
Capital expenditure & funds sources										
Capital expenditure	105 843	57 412	49 665	77 290	84 383	84 383	33 830	99 981	99 178	98 589
Transfers recognised - capital	29 037	35 223	40 235	50 840	59 814	59 814	28 246	61 602	58 178	68 289
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	76 806	22 189	9 430	26 450	24 569	24 569	5 584	38 379	41 000	30 300
Total sources of capital funds	105 843	57 412	49 665	77 290	84 383	84 383	33 830	99 981	99 178	98 589
Financial position										
Total current assets	38 747	45 820	90 618	72 269	110 321	110 321	126 542	66 715	68 894	83 260
Total non current assets	734 862	892 847	813 499	1 077 247	858 956	858 956	816 980	886 793	955 550	980 805
Total current liabilities	40 530	(52 051)	82 178	43 000	41 307	41 307	96 128	34 500	28 800	31 680
Total non current liabilities	25 592	28 457	34 693	40 000	40 000	40 000	30 512	40 000	40 000	44 000
Community wealth/Equity	707 487	962 260	787 245	1 066 516	887 970	887 970	816 882	879 008	955 644	988 385
Cash flows										
Net cash from (used) operating	77 273	20 114	76 508	72 559	110 247	110 247	19 656	88 226	113 689	108 958
Net cash from (used) investing	(101 937)	(38 870)	(56 618)	(72 290)	(83 383)	(83 383)	(38 067)	(99 981)	(99 178)	(98 589)
Net cash from (used) financing	(3 715)	142	22	500	10	10	21	500	500	500
Cash/cash equivalents at the year end	7 476	(11 138)	35 247	20 769	62 121	62 121	38 348	4 788	19 799	30 669
Cash backing/surplus reconciliation										
Cash and investments available	7 476	32 090	35 247	20 769	61 521	61 521	38 348	25 631	35 542	46 823
Application of cash and investments	13 686	(68 461)	(4 237)	(8 650)	2 949	(2 051)	23 104	16 410	(1 890)	(1 776)
Balance - surplus (shortfall)	(6 210)	100 551	39 484	29 419	58 572	63 572	15 243	9 221	37 432	48 599
Asset management										
Asset register summary (WDV)	734 862	892 847	108 367	1 077 247	786 556	786 556	886 793	886 793	955 550	980 805
Depreciation & asset impairment	32 124	32 894	32 828	35 000	33 500	33 500	35 000	35 000	37 000	39 000
Renewal of Existing Assets	-	-	12 432	24 951	24 924	24 924	24 924	42 879	51 400	46 700
Repairs and Maintenance	3 418	5 116	9 585	8 776	10 961	10 961	11 820	11 820	11 030	11 609
Free services										
Cost of Free Basic Services provided	1 130	1 300	2 000	1 800	1 800	1 800	4 000	4 000	5 000	6 000
Revenue cost of free services provided	10 035	17 353	10 253	6 800	6 800	6 800	10 700	10 700	11 838	12 977
Households below minimum service level										
Water:	20	20	-	40	-	-	-	-	-	-
Sanitation/sewerage:	3	3	-	5	-	-	-	-	-	-
Energy:	-	-	-	2	2	2	2	2	2	2
Refuse:	53	53	53	54	54	54	54	54	54	54

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts contained in the draft budget 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 net of non-cash items) 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. Internally generated funds are financed from a combination of the current operating surplus. 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 the municipality is not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position with regards to replacement of assets since no capital replacement reserve is in place. Notwithstanding the absence of capital replacement reserve, EMLM appear to be doing well since it is not operating on overdraft nor funding some of its capital projects through borrowings. 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. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2016/17 the electricity backlog will have been very nearly eliminated.

Table 10 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue - Standard									
Governance and administration	135 065	155 890	176 282	207 929	206 020	206 020	250 105	255 339	254 514
Executive and council	1 319	1 419	1 611	934	934	934	930	957	1 033
Budget and treasury office	133 357	154 194	174 529	206 890	204 936	204 936	248 806	253 990	253 066
Corporate services	388	276	142	105	150	150	369	392	415
Community and public safety	8 977	8 455	6 414	7 686	1 171	1 171	772	819	867
Community and social services	43	54	46	1 353	511	511	74	78	83
Sport and recreation	-	-	2	25	60	60	63	67	71
Public safety	6 402	5 815	6 366	6 308	600	600	635	674	713
Housing	-	-	-	-	-	-	-	-	-
Health	2 532	2 586	-	-	-	-	-	-	-
Economic and environmental services	31 235	37 395	41 165	52 357	66 347	66 347	64 347	65 880	69 617
Planning and development	8	15	22	77	1 562	1 562	1 670	539	570
Road transport	31 227	37 380	41 142	52 280	64 786	64 786	62 677	65 342	69 047
Environmental protection	-	-	-	-	-	-	-	-	-
Trading services	52 509	54 437	65 956	62 987	71 397	71 397	79 101	83 351	87 642
Electricity	49 319	54 437	60 588	56 430	67 478	67 478	73 973	77 907	81 880
Water	2 821	-	2 006	-	-	-	-	-	-
Waste water management	369	-	617	-	-	-	-	-	-
Waste management	-	-	2 745	6 557	3 920	3 920	5 128	5 444	5 762
Other	2	6	-	-	-	-	-	-	-
Total Revenue - Standard	227 787	256 183	289 817	330 958	344 936	344 936	394 326	405 390	412 640
Expenditure - Standard									
Governance and administration	120 891	122 198	158 566	140 374	157 129	157 129	164 839	172 711	180 765
Executive and council	42 447	41 217	48 179	35 246	41 749	41 749	46 223	46 953	49 212
Budget and treasury office	59 995	53 731	66 069	64 053	71 783	71 783	70 927	75 136	78 244
Corporate services	18 450	27 250	44 317	41 074	43 597	43 597	47 689	50 621	53 309
Community and public safety	22 271	20 452	14 735	50 987	39 555	39 555	22 539	23 925	25 325
Community and social services	3 460	3 428	3 364	20 771	17 858	17 858	9 004	9 558	10 117
Sport and recreation	451	18	-	445	172	172	579	615	651
Public safety	8 356	9 208	11 372	29 771	21 525	21 525	12 956	13 752	14 557
Housing	-	-	-	-	-	-	-	-	-
Health	10 004	7 799	-	-	-	-	-	-	-
Economic and environmental services	21 751	17 919	31 570	30 947	36 160	36 160	63 638	63 656	60 503
Planning and development	7 394	6 256	10 273	12 158	12 812	12 812	14 507	14 337	15 176
Road transport	14 356	11 663	21 297	18 789	23 348	23 348	49 131	49 319	45 327
Environmental protection	-	-	-	-	-	-	-	-	-
Trading services	39 359	46 434	61 804	69 190	71 943	71 943	89 414	94 913	100 465
Electricity	39 359	46 434	51 150	56 772	59 285	59 285	72 315	76 762	81 253
Water	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-
Waste management	-	-	10 654	12 418	12 658	12 658	17 099	18 150	19 212
Other	1	-	-	-	-	-	-	-	-
Total Expenditure - Standard	204 273	207 004	266 675	291 497	304 787	304 787	340 430	355 206	367 058
Surplus/(Deficit) for the year	23 514	49 179	23 142	39 461	40 149	40 149	53 896	50 184	45 583

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

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

Table 11 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue by Vote									
Vote 1 - Executive & Council	–	–	340	–	–	–	–	–	–
Vote 2 - Office of the Municipal Manager	790	800	890	934	934	934	930	957	1 033
Vote 3 - Budget & Treasury	133 363	154 197	174 529	206 890	204 936	204 936	248 806	253 990	253 066
Vote 4 - Corporate Services	388	276	142	105	150	150	369	392	415
Vote 5 - Community Services	9 241	8 894	9 541	14 242	11 091	11 091	12 248	13 001	13 762
Vote 6 - Technical Services	83 997	92 001	104 353	108 711	126 263	126 263	130 302	136 511	143 794
Vote 7 - Strategic Development	–	–	–	–	–	–	–	–	–
Vote 8 - Development Planning	8	15	22	77	1 562	1 562	1 670	539	570
Vote 9 - Executive Support	–	–	–	–	–	–	–	–	–
Total Revenue by Vote	227 787	256 183	289 817	330 958	344 936	344 936	394 326	405 390	412 640
Expenditure by Vote to be appropriated									
Vote 1 - Executive & Council	23 963	21 554	25 983	25 556	27 288	27 288	27 732	27 571	28 930
Vote 2 - Office of the Municipal Manager	4 328	5 349	6 193	9 690	14 461	14 461	20 660	21 684	22 719
Vote 3 - Budget & Treasury	59 995	53 731	66 069	64 053	71 783	71 783	70 927	75 136	78 244
Vote 4 - Corporate Services	18 450	27 250	44 317	41 074	43 597	43 597	28 962	30 744	32 542
Vote 5 - Community Services	35 799	34 154	41 393	63 405	56 202	56 202	46 798	49 676	52 582
Vote 6 - Technical Services	54 344	58 709	72 446	75 560	78 643	78 643	114 286	118 482	118 535
Vote 7 - Strategic Development	–	–	4 730	6 223	6 281	6 281	–	–	–
Vote 8 - Development Planning	7 394	6 256	5 543	5 936	6 531	6 531	14 041	13 843	14 653
Vote 9 - Executive Support	–	–	–	–	–	–	17 023	18 070	18 853
Total Expenditure by Vote	204 273	207 004	266 675	291 497	304 787	304 787	340 430	355 206	367 058
Surplus/(Deficit) for the year	23 514	49 179	23 142	39 461	40 149	40 149	53 896	50 184	45 583

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 organizational structure of the Municipality.

Table 12 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source										
Property rates	11 033	17 900	20 450	30 000	24 500	24 500	14 164	26 182	27 792	29 418
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	44 172	47 884	53 899	55 300	62 700	62 700	39 188	62 973	66 846	70 756
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2 523	2 578	2 721	5 143	3 903	3 903	2 311	4 628	4 913	5 200
Service charges - other	-	-	-	2 531	1 206	1 206	807	-	-	-
Rental of facilities and equipment	811	771	1 125	1 030	3 060	3 060	1 483	3 290	3 493	3 697
Interest earned - external investments	2 344	878	3 598	2 800	4 260	4 260	2 430	4 600	4 883	5 169
Interest earned - outstanding debtors	2 580	3 733	5 225	5 000	7 000	7 000	3 909	4 500	4 777	5 056
Dividends received	-	-	-	-	-	-	-	-	-	-
Fines	1 031	792	1 666	610	610	610	276	635	674	713
Licences and permits	5 370	5 249	4 669	5 648	6 000	6 000	3 869	6 348	6 738	7 133
Agency services	3 191	3 187	2 653	-	-	-	-	-	-	-
Transfers recognised - operational	117 269	132 856	146 878	170 641	170 641	170 641	124 021	216 652	218 594	215 619
Other revenue	6 634	4 625	2 210	1 416	1 342	1 342	599	1 415	1 502	1 590
Gains on disposal of PPE	1 789	508	-	-	-	-	-	-	-	-
Total Revenue excluding capital transfers	198 750	220 960	245 094	280 118	285 222	285 222	193 058	331 224	340 212	344 351
Expenditure By Type										
Employee related costs	56 253	69 573	87 146	97 177	93 609	93 609	60 560	115 256	122 344	129 501
Remuneration of councillors	14 476	14 719	16 037	16 273	17 590	17 590	11 508	18 543	19 563	20 600
Debt impairment	6 783	3 597	10 245	3 000	11 000	11 000	-	11 000	11 677	12 360
Depreciation & asset impairment	32 124	32 894	32 828	35 000	33 500	33 500	33 500	35 000	37 000	39 000
Finance charges	287	113	-	-	-	-	-	-	-	-
Bulk purchases	40 739	46 120	48 014	47 000	54 300	54 300	35 536	60 000	63 690	67 416
Other materials	1 718	1 224	1 677	3 013	1 732	1 732	1 279	5 430	5 764	6 101
Contracted services	7 512	7 289	9 800	8 700	19 505	19 505	7 267	21 950	23 300	24 389
Transfers and grants	2 552	2 483	2 287	9 600	1 940	1 940	1 238	3 300	3 503	3 708
Other expenditure	41 830	28 990	58 640	71 733	71 611	71 611	49 792	69 550	67 940	63 533
Loss on disposal of PPE	-	-	-	-	-	-	-	400	425	449
Total Expenditure	204 273	207 004	266 675	291 497	304 787	304 787	200 679	340 430	355 206	367 058
Surplus/(Deficit)	(5 523)	13 956	(21 580)	(11 379)	(19 564)	(19 564)	(7 622)	(9 206)	(14 994)	(22 706)
Transfers recognised - capital	29 037	35 223	44 723	50 840	59 713	59 713	24 484	63 102	65 178	68 289
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers	23 514	49 179	23 142	39 461	40 149	40 149	16 863	53 896	50 184	45 583
Taxation	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	23 514	49 179	23 142	39 461	40 149	40 149	16 863	53 896	50 184	45 583
Attributable to minorities	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	23 514	49 179	23 142	39 461	40 149	40 149	16 863	53 896	50 184	45 583
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	23 514	49 179	23 142	39 461	40 149	40 149	16 863	53 896	50 184	45 583

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

1. Operating revenue is R331, 224 million in 2015/16 and escalates to R340, 212 million by 2016/17. This represents a year-on-year increase of 16, 13% for the 2015/16 financial year, 2, 71% for the 2016/17 financial year and 1, 22% in 2017/18 financial year.
2. Revenue to be generated from property rates is R26, 182 million in the 2015/16 financial year and increases to R29, 418 million by 2017/18 which represents 12, 36% of the operating revenue base of the Municipality for 2015/16 financial year and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term.
3. Services charges relating to electricity and refuse removal also contribute to the revenue basket of the Municipality totaling R67, 601 million for the 2015/16 financial year and increasing to R71, 759 million by 2016/17 and increasing to R75, 956 million in 2017/18 financial year. For the 2015/16 financial year, services charges amount to 20, 41% of the total revenue base in 2015/16 financial year and grows by 6, 15% and 5, 85% respectively in the outer years.
4. Transfers recognized – operating includes the local government equitable share and other operating grants from national. It should be noted that in real terms the grants receipts from national government has increased by 26, 96% in 2015/16 financial year, by 0, 90% in 2016/17 financial year and decreased by 1,36% in 2017/18 financial years.
5. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 13 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital Expenditure - Standard										
Governance and administration	(0)	-	2 057	1 300	2 400	2 400	1 399	1 100	1 000	800
Executive and council	-	-	-	-	-	-	-	-	-	-
Budget and treasury office	-	-	75	-	-	-	-	-	-	-
Corporate services	(0)	-	1 982	1 300	2 400	2 400	1 399	1 100	1 000	800
Community and public safety	2 993	112	-	500	500	500	-	6 500	3 100	-
Community and social services	2 993	-	-	500	500	500	-	6 500	3 100	-
Sport and recreation	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-
Economic and environmental services	85 689	40 183	38 257	66 940	71 716	71 716	28 552	79 381	74 978	69 300
Planning and development	-	-	-	1 500	1 500	1 500	395	-	-	-
Road transport	85 689	40 183	38 257	65 440	70 216	70 216	28 157	79 381	74 978	69 300
Environmental protection	-	-	-	-	-	-	-	-	-	-
Trading services	-	-	9 350	7 950	9 768	9 768	3 879	13 000	20 100	28 489
Electricity	-	-	9 350	7 950	9 768	9 768	3 879	13 000	20 100	28 489
Water	-	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-	-
Other	17 161	17 117	-	600	-	-	-	-	-	-
Total Capital Expenditure - Standard	105 843	57 412	49 665	77 290	84 383	84 383	33 830	99 981	99 178	98 589
Funded by:										
National Government	29 037	35 223	40 235	50 840	55 826	55 826	26 940	51 602	48 178	58 289
Provincial Government	-	-	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	3 988	3 988	1 306	10 000	10 000	10 000
Transfers recognised - capital	29 037	35 223	40 235	50 840	59 814	59 814	28 246	61 602	58 178	68 289
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	76 806	22 189	9 430	26 450	24 569	24 569	5 584	38 379	41 000	30 300
Total Capital Funding	105 843	57 412	49 665	77 290	84 383	84 383	33 830	99 981	99 178	98 589

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital expenditure - Vote										
Multi-year expenditure to be appropriated										
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury	-	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services	-	-	-	1 300	1 100	1 100	1 044	1 100	1 000	800
Vote 5 - Community Services	-	-	-	500	500	500	-	4 200	3 100	-
Vote 6 - Technical Services	-	-	43 439	43 379	49 161	49 161	18 037	56 735	85 928	94 549
Vote 7 - Strategic Development	-	-	-	-	-	-	-	-	-	-
Vote 8 - Development Planning	-	-	-	-	-	-	-	-	-	-
Vote 9 - Executive Support	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	-	-	43 439	45 179	50 761	50 761	19 081	62 035	90 028	95 349
Single-year expenditure to be appropriated										
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury	-	-	75	-	-	-	-	-	-	-
Vote 4 - Corporate Services	-	-	1 982	-	1 300	1 300	355	-	-	-
Vote 5 - Community Services	2 993	1 067	-	-	-	-	-	2 300	-	-
Vote 6 - Technical Services	102 850	53 761	4 169	30 611	30 822	30 822	14 000	35 646	9 150	3 240
Vote 7 - Strategic Development	-	-	-	-	-	-	-	-	-	-
Vote 8 - Development Planning	-	2 584	-	1 500	1 500	1 500	395	-	-	-
Vote 9 - Executive Support	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	105 843	57 412	6 226	32 111	33 622	33 622	14 750	37 946	9 150	3 240
Total Capital Expenditure - Vote	105 843	57 412	49 665	77 290	84 383	84 383	33 830	99 981	99 178	98 589

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

- 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 departments.
- The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2015/16 R62, 035 million has been allocated of the total R99, 981 million capital budget, which totals 62, 05%. This allocation escalates to R90, 028 million in 2016/17 and to R95, 349 million in 2017/18.
- Single-year capital expenditure has been appropriated at R37, 946 million for the 2015/16 financial year and declines over the MTREF at levels of R9, 150 million and R 3, 240 million respectively in the two outer years.
- 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 Municipality. For the purpose 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. The capital programme is funded from capital grants and transfers and internally generated funds from current year surpluses.

Table 14 MBRR Table A6 - Budgeted Financial Position

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
ASSETS										
Current assets										
Cash	7 476	21 690	2 910	5 769	10 769	10 769	1 161	10 631	20 542	30 323
Call investment deposits	-	10 400	32 337	15 000	50 752	50 752	37 187	15 000	15 000	16 500
Consumer debtors	12 741	13 899	20 229	30 000	30 000	30 000	22 554	24 184	17 851	19 636
Other debtors	16 663	(211)	32 854	16 500	16 500	16 500	63 372	14 400	13 000	14 300
Current portion of long-term receivables	-	-	-	-	-	-	-	-	-	-
Inventory	1 868	42	2 288	5 000	2 300	2 300	2 269	2 500	2 500	2 500
Total current assets	38 747	45 820	90 618	72 269	110 321	110 321	126 542	66 715	68 894	83 260
Non current assets										
Long-term receivables	-	-	644	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-
Investment property	17 927	189 890	85 382	220 000	87 382	87 382	85 382	90 000	90 000	90 000
Investment in Associate	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	687 424	691 386	694 407	830 229	771 574	771 574	731 598	796 793	865 550	890 805
Agricultural	-	-	-	-	-	-	-	-	-	-
Biological	94	12	311	18	-	-	-	-	-	-
Intangible	29 416	11 560	22 674	27 000	-	-	-	-	-	-
Other non-current assets	-	-	10 081	-	-	-	-	-	-	-
Total non current assets	734 862	892 847	813 499	1 077 247	858 956	858 956	816 980	886 793	955 550	980 805
TOTAL ASSETS	773 609	938 667	904 116	1 149 516	969 277	969 277	943 522	953 508	1 024 444	1 064 065
LIABILITIES										
Current liabilities										
Bank overdraft	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Consumer deposits	3 206	3 348	4 211	5 000	3 307	3 307	3 241	5 500	6 500	7 150
Trade and other payables	37 325	(55 399)	42 917	38 000	38 000	38 000	92 887	29 000	22 300	24 530
Provisions	-	-	35 049	-	-	-	-	-	-	-
Total current liabilities	40 530	(52 051)	82 178	43 000	41 307	41 307	96 128	34 500	28 800	31 680
Non current liabilities										
Borrowing	(0)	-	-	-	-	-	-	-	-	-
Provisions	25 592	28 457	34 693	40 000	40 000	40 000	30 512	40 000	40 000	44 000
Total non current liabilities	25 592	28 457	34 693	40 000	40 000	40 000	30 512	40 000	40 000	44 000
TOTAL LIABILITIES	66 122	(23 593)	116 871	83 000	81 307	81 307	126 640	74 500	68 800	75 680
NET ASSETS	707 487	962 260	787 245	1 066 516	887 970	887 970	816 882	879 008	955 644	988 385
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	707 487	962 260	787 245	1 066 516	887 970	887 970	816 882	879 008	955 644	988 385
Reserves	-	-	-	-	-	-	-	-	-	-
Minorities' interests	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	707 487	962 260	787 245	1 066 516	887 970	887 970	816 882	879 008	955 644	988 385

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. 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.
4. 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 15 MBRR Table A7 - Budgeted Cash Flow Statement

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates, penalties & collection charges	73 740	90 015	83 043	107 021	95 021	95 021	54 093	24 349	25 847	27 359
Service charges	-	-	-	-	-	-	-	62 869	66 736	70 639
Other revenue	-	-	-	-	-	-	-	10 523	11 519	12 183
Government - operating	117 269	132 856	146 878	170 641	170 641	170 641	124 021	216 652	233 223	229 161
Government - capital	29 037	35 223	44 723	50 840	59 713	59 713	24 484	63 102	65 178	68 289
Interest	4 925	4 611	8 437	8 105	11 260	11 260	3 681	4 600	4 883	5 169
Dividends	-	-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees	(144 860)	(239 995)	(204 285)	(254 448)	(224 448)	(224 448)	(185 385)	(283 833)	(296 665)	(306 436)
Finance charges	(287)	(113)	-	-	-	-	-	-	-	-
Transfers and Grants	(2 552)	(2 483)	(2 287)	(9 600)	(1 940)	(1 940)	(1 238)	(3 300)	(3 503)	(3 708)
NET CASH FROM/(USED) OPERATING ACTIVITIES	77 273	20 114	76 508	72 559	110 247	110 247	19 656	94 962	107 218	102 655
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE	3 906	-	-	5 000	1 000	1 000	500	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-
Payments										
Capital assets	(105 843)	(38 870)	(56 618)	(77 290)	(84 383)	(84 383)	(38 567)	(99 981)	(99 178)	(98 589)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(101 937)	(38 870)	(56 618)	(72 290)	(83 383)	(83 383)	(38 067)	(99 981)	(99 178)	(98 589)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	175	142	22	500	10	10	21	500	500	500
Payments										
Repayment of borrowing	(3 889)	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	(3 715)	142	22	500	10	10	21	500	500	500
NET INCREASE/ (DECREASE) IN CASH HELD	(28 379)	(18 614)	19 912	769	26 874	26 874	(18 389)	(4 519)	8 540	4 566
Cash/cash equivalents at the year begin:	35 855	7 476	15 334	20 000	35 247	35 247	56 738	30 150	25 631	34 171
Cash/cash equivalents at the year end:	7 476	(11 138)	35 247	20 769	62 121	62 121	38 348	25 631	34 171	38 737

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 level of the Municipality fell significantly from the 2014/15 to 2015/16 period owing directly to a net decrease in cash and cash equivalent for the 2015/16 financial year.
4. The approved 2015/16 MTREF however provide for a constant increase in cash and cash equivalent of R34, 171 million and R38, 737 million in the outer years.
5. The 2015/16 MTREF has been informed by the planning principle of ensuring adequate cash and cash equivalent over the medium-term.

Table 16 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash and investments available										
Cash/cash equivalents at the year end	7 476	(11 138)	35 247	20 769	62 121	62 121	38 348	4 788	19 799	30 669
Other current investments > 90 days	(0)	43 228	0	-	(600)	(600)	(1)	20 843	15 743	16 155
Non current assets - Investments	-	-	-	-	-	-	-	-	-	-
Cash and investments available:	7 476	32 090	35 247	20 769	61 521	61 521	38 348	25 631	35 542	46 823
Application of cash and investments										
Unspent conditional transfers	894	(108)	-	-	-	-	-	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements	-	-	-	-	5 000	-	-	15 000	-	-
Other working capital requirements	-	-	-	-	-	-	-	-	-	-
Other provisions	-	-	-	-	-	-	-	-	-	-
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:	894	(108)	-	-	5 000	-	-	15 000	-	-
Surplus(shortfall)	6 582	32 197	35 247	20 769	56 521	61 521	38 348	10 631	35 542	46 823

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 above table, it is clearly indicated that the municipality has surplus over MTREF.

Table 17 MBRR Table A9 - Asset Management

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CAPITAL EXPENDITURE									
Total New Assets	105 843	57 412	37 233	52 339	59 459	59 459	57 102	47 778	51 889
Infrastructure - Road transport	85 749	52 412	30 589	49 239	48 430	48 430	45 602	34 778	35 100
Infrastructure - Electricity	--	--	6 463	2 000	7 238	7 238	11 500	13 000	16 789
Infrastructure - Water	--	--	--	--	--	--	--	--	--
Infrastructure - Sanitation	--	--	--	--	--	--	--	--	--
Infrastructure - Other	17 161	4 000	--	--	--	--	--	--	--
Infrastructure	102 910	56 412	37 052	51 239	55 668	55 668	57 102	47 778	51 889
Community	2 933	700	175	500	2 791	2 791	--	--	--
Heritage assets	--	--	--	--	--	--	--	--	--
Investment properties	--	--	--	--	--	--	--	--	--
Other assets	--	300	6	600	1 000	1 000	--	--	--
Agricultural Assets	--	--	--	--	--	--	--	--	--
Biological assets	--	--	--	--	--	--	--	--	--
Intangibles	--	--	--	--	--	--	--	--	--
Total Renewal of Existing Assets	--	--	12 432	24 951	24 924	24 924	42 879	51 400	46 700
Infrastructure - Road transport	--	--	6 639	13 601	12 378	12 378	26 779	36 200	29 200
Infrastructure - Electricity	--	--	3 792	6 250	4 480	4 480	1 500	7 100	11 700
Infrastructure - Water	--	--	--	--	--	--	--	--	--
Infrastructure - Sanitation	--	--	--	--	--	--	--	--	--
Infrastructure - Other	--	--	--	--	546	546	2 500	360	--
Infrastructure	--	--	10 431	19 851	17 404	17 404	30 779	43 660	40 900
Community	--	--	--	--	--	--	--	--	--
Heritage assets	--	--	--	--	--	--	--	--	--
Investment properties	--	--	--	--	--	--	--	--	--
Other assets	--	--	2 001	5 100	7 520	7 520	12 100	7 740	5 800
Agricultural Assets	--	--	--	--	--	--	--	--	--
Biological assets	--	--	--	--	--	--	--	--	--
Intangibles	--	--	--	--	--	--	--	--	--
Total Capital Expenditure	85 749	52 412	37 228	62 840	60 808	60 808	72 381	70 978	64 300
Infrastructure - Road transport	85 749	52 412	37 228	62 840	60 808	60 808	72 381	70 978	64 300
Infrastructure - Electricity	--	--	10 255	8 250	11 718	11 718	13 000	20 100	28 489
Infrastructure - Water	--	--	--	--	--	--	--	--	--
Infrastructure - Sanitation	--	--	--	--	--	--	--	--	--
Infrastructure - Other	17 161	4 000	--	--	546	546	2 500	360	--
Infrastructure	102 910	56 412	47 483	71 090	73 072	73 072	87 881	91 438	92 789
Community	2 933	700	175	500	2 791	2 791	--	--	--
Heritage assets	--	--	--	--	--	--	--	--	--
Investment properties	--	--	--	--	--	--	--	--	--
Other assets	--	300	2 006	5 700	8 520	8 520	12 100	7 740	5 800
Agricultural Assets	--	--	--	--	--	--	--	--	--
Biological assets	--	--	--	--	--	--	--	--	--
Intangibles	--	--	--	--	--	--	--	--	--
TOTAL CAPITAL EXPENDITURE - Asset class	105 843	57 412	49 665	77 290	84 383	84 383	99 981	99 178	96 589
ASSET REGISTER SUMMARY - PPE (WDV)									
Infrastructure - Road transport	455 600	471 856	--	645 779	364 234	364 234	455 293	519 429	542 987
Infrastructure - Electricity	51 937	29 982	--	85 838	25 066	25 066	31 332	35 746	37 367
Infrastructure - Water	--	--	--	--	--	--	--	--	--
Infrastructure - Sanitation	--	--	--	--	--	--	--	--	--
Infrastructure - Other	129 803	134 570	--	--	1 175	1 175	1 468	1 675	1 751
Infrastructure	637 340	636 409	--	731 617	390 474	390 474	488 093	556 850	582 105
Community	50 085	54 977	--	98 612	41 006	41 006	41 006	41 006	41 006
Heritage assets	--	--	--	--	362	362	362	362	362
Investment properties	17 927	189 890	85 382	220 000	87 382	87 382	90 000	90 000	90 000
Other assets	--	--	--	--	267 332	267 332	267 332	267 332	267 332
Agricultural Assets	--	--	--	--	--	--	--	--	--
Biological assets	94	12	311	18	--	--	--	--	--
Intangibles	29 416	11 560	22 674	27 000	--	--	--	--	--
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	734 862	892 847	108 367	1 077 247	786 556	786 556	886 793	955 550	980 805
EXPENDITURE OTHER ITEMS									
Depreciation & asset impairment	32 124	32 894	32 828	35 000	33 500	33 500	35 000	37 000	39 000
Repairs and Maintenance by Asset Class	3 418	5 116	9 585	8 776	10 961	10 961	11 820	11 030	11 609
Infrastructure - Road transport	--	2 636	2 448	1 200	1 250	1 250	3 000	3 000	3 159
Infrastructure - Electricity	--	606	973	1 000	1 300	1 300	--	--	--
Infrastructure - Water	--	--	--	--	--	--	--	--	--
Infrastructure - Sanitation	--	--	--	--	--	--	--	--	--
Infrastructure - Other	2 318	--	1 107	1 000	1 520	1 520	1 500	1 583	1 666
Infrastructure	2 318	3 242	4 529	3 200	4 070	4 070	4 500	4 583	4 825
Community	--	1 874	13	--	--	--	--	--	--
Heritage assets	--	--	--	--	--	--	--	--	--
Investment properties	--	--	--	--	--	--	--	--	--
Other assets	1 101	--	5 043	5 576	6 891	6 891	7 320	6 448	6 783
TOTAL EXPENDITURE OTHER ITEMS	35 542	38 010	42 414	43 776	44 461	44 461	46 820	48 030	50 609

Explanatory notes to Table A9 - Asset Management

- 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.
- 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.

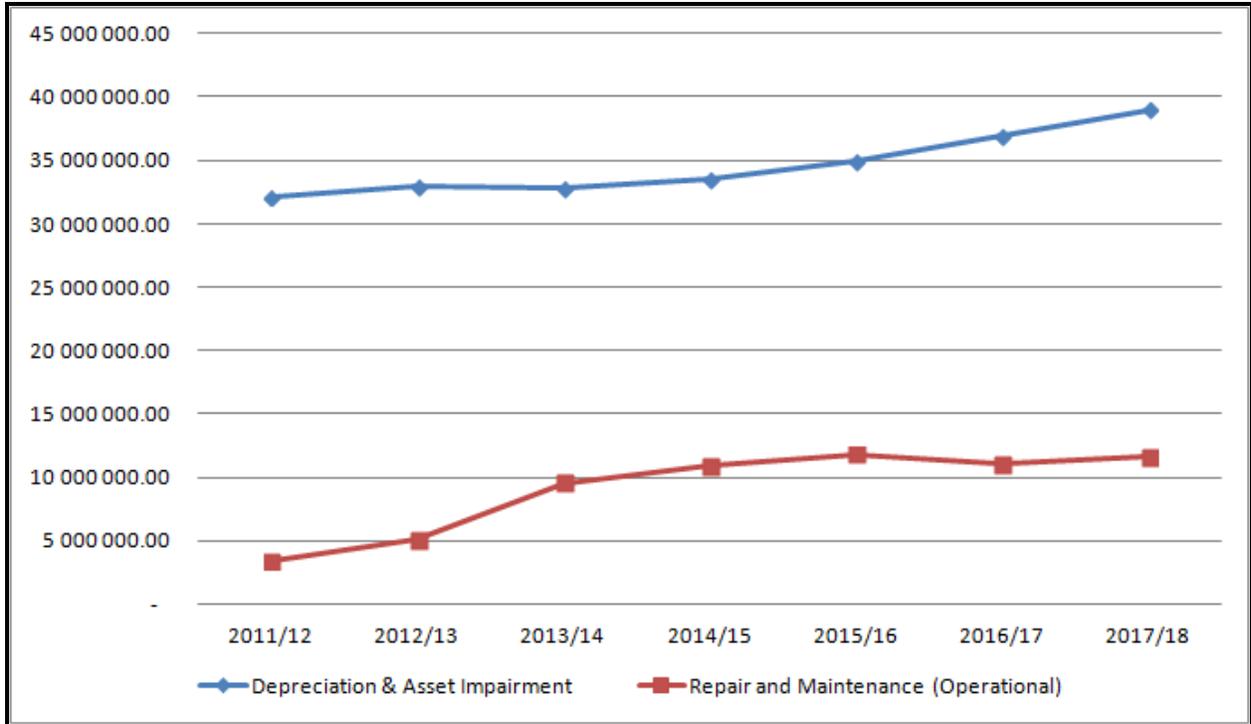


Figure 3 Depreciation in relation to repairs and maintenance over the MTREF

Table 18 MBRR Table A10 - Basic Service Delivery Measurement

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Household service targets									
Water:									
Piped water inside dwelling	28 295	28 295	–	1874	(126)	(126)	–	–	–
Piped water inside yard (but not in dwelling)	–	–	–	12178	178	178	–	–	–
Using public tap (at least min.service level)	–	–	–	–	–	–	–	–	–
Other water supply (at least min.service level)	11 901	11 901	–	6089	89	89	–	–	–
<i>Minimum Service Level and Above sub-total</i>	40 196	40 196	–	20 141	141	141	–	–	–
Using public tap (< min.service level)	–	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	–	–	–	40110	–	–	–	–	–
No water supply	20 056	20 056	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	20 056	20 056	–	40 110	–	–	–	–	–
Total number of households	60 252	60 252	–	60 251	141	141	–	–	–
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	7 792	7 792	–	6085	–	–	–	–	–
Flush toilet (with septic tank)	–	–	–	942	–	–	–	–	–
Chemical toilet	–	–	–	766	–	–	–	–	–
Pit toilet (ventilated)	47 632	47 632	–	4949	–	–	–	–	–
Other toilet provisions (> min.service level)	–	–	–	42683	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>	55 424	55 424	–	55 425	–	–	–	–	–
Bucket toilet	460	460	–	460	–	–	–	–	–
Other toilet provisions (< min.service level)	–	–	–	1686	–	–	–	–	–
No toilet provisions	2 680	2 680	–	2680	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	3 140	3 140	–	4 826	–	–	–	–	–
Total number of households	58 564	58 564	–	60 251	–	–	–	–	–
Energy:									
Electricity (at least min.service level)	6	6	6	58750	58 750	58 750	58 750	58 750	58 750
Electricity - prepaid (min.service level)	–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>	6	6	6	58 750	58 750	58 750	58 750	58 750	58 750
Electricity (< min.service level)	–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)	–	–	–	–	–	–	–	–	–
Other energy sources	–	–	–	1501	1 501	1 501	1 501	1 501	1 501
<i>Below Minimum Service Level sub-total</i>	–	–	–	1 501	1 501	1 501	1 501	1 501	1 501
Total number of households	6	6	6	60 251	60 251	60 251	60 251	60 251	60 251
Refuse:									
Removed at least once a week	6 527	6 527	6 527	6 122	6 122	6 122	6 122	6 122	6 122
<i>Minimum Service Level and Above sub-total</i>	6 527	6 527	6 527	6 122	6 122	6 122	6 122	6 122	6 122
Removed less frequently than once a week	–	–	–	405	405	405	405	405	405
Using communal refuse dump	44 517	44 517	44 517	1993	1 993	1 993	1 993	1 993	1 993
Using own refuse dump	–	–	–	42524	42 524	42 524	42 524	42 524	42 524
Other rubbish disposal	–	–	–	–	–	–	–	–	–
No rubbish disposal	8 504	8 504	8 504	9207	9 207	9 207	9 207	9 207	9 207
<i>Below Minimum Service Level sub-total</i>	53 021	53 021	53 021	54 129	54 129	54 129	54 129	54 129	54 129
Total number of households	59 548	59 548	59 548	60 251	60 251	60 251	60 251	60 251	60 251
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	12	14	15	1874	–	–	–	–	–
Sanitation (free minimum level service)	12	14	15	6085	–	–	–	–	–
Electricity/other energy (50kwh per household per month)	12	14	15	726	726	726	1 277	1 277	1 277
Refuse (removed at least once a week)	12	14	15	6122	6 122	6 122	9 538	9 538	9 538
Cost of Free Basic Services provided (R'000)									
Water (6 kilolitres per household per month)	–	–	–	–	–	–	–	–	–
Sanitation (free sanitation service)	–	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per household per month)	1 130	1 300	2 000	1 300	1 300	1 300	4 000	5 000	6 000
Refuse (removed once a week)	–	–	–	500	500	500	–	–	–
Total cost of FBS provided (minimum social package)	1 130	1 300	2 000	1 800	1 800	1 800	4 000	5 000	6 000
Highest level of free service provided									
Property rates (R value threshold)	30 000	30 000	30 000	30000	30 000	30 000	30 000	30 000	30 000
Water (kilolitres per household per month)	6	6	6	6	6	6	–	–	–
Sanitation (kilolitres per household per month)	–	–	–	–	–	–	–	–	–
Sanitation (Rand per household per month)	–	–	–	–	–	–	–	–	–
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	150	150	150	150	150	150	150	160	160
Revenue cost of free services provided (R'000)									
Property rates (R15 000 threshold rebate)	5 825	14 102	4 725	5 000	5 000	5 000	4 500	4 500	4 500
Property rates (other exemptions, reductions and rebates)	–	–	–	–	–	–	1 100	1 100	1 100
Water	–	–	–	–	–	–	–	–	–
Sanitation	–	–	–	–	–	–	–	–	–
Electricity/other energy	1 130	–	2 000	1 300	1 300	1 300	4 900	5 900	6 900
Refuse	90	100	109	500	500	500	200	338	477
Municipal Housing - rental rebates	–	–	–	–	–	–	–	–	–
Housing - top structure subsidies	–	–	–	–	–	–	–	–	–
Other	2 990	3 151	3 419	–	–	–	–	–	–
Total revenue cost of free services provided	10 035	17 353	10 253	6 800	6 800	6 800	10 700	11 838	12 977

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 municipality's continues to make good progress with the eradication of backlogs:
 - Electricity services – backlog will be reduced by electrification of households within the municipal area. As indicated elsewhere, the emphasis in the electricity sector is on addressing the backlog of households with no electricity.
3. The budget provides for 1300 households to be registered as indigent in 2015/16, and therefore entitled to receiving Free Basic Services. The number is set to increase as the awareness campaigns for indigents will be done.
4. It is anticipated that these Free Basic Services will cost the municipality R3, 300 million in 2015/16, increasing to R3, 508 million in 2016/17. This is covered by the municipality's equitable share allocation from national government.

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 Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

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

- ✓ that the process followed to compile the budget complies with legislation and good budget practices;
- ✓ that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of 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 2013) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule in August 2014. Key dates applicable to the process were:

- **August 2014** – ward to ward based data collection and collating of information from ward based data.
- **September 2014** – determination of strategic objectives for service delivery through IDP review processes and the development of the next three year budget (including review of sector departments plans); determination of revenue projections and propose tariffs and draft initial allocations per function and department for 2015/16 financial year; consultation with provincial national sector departments on sector specific programmes for alignment (schools, libraries, clinics, electricity, roads, etc); finalization of ward based data compilation for verification in December 2013; and updating of Council structures on updated data.
- **October 2014** - 1st quarter reviewal of 2014/15 budget, related policies, amendments (if necessary), and any related consultative process; begin with preliminary preparations on proposed budget for 2015/16 financial year with consideration being given to partial performance of 2014/15; and 1st Quarter Performance Lekgotla (2014/15).
- **November 2014** - confirmation of IDP projects with district and sector departments; engagement with sector departments' strategic sessions to test feasibility of attendance to planned sessions; and reviewal and effecting of changes on initial draft IDP draft.
- **December 2014** - reviewal of 2014/15 budget performance and preparation for adjustment.
- **January 2015** - Review of the financial strategy and key economic and financial planning assumptions and this included financial forecasting and scenario considerations;
 - Mid-year performance Lekgotla/review/strategic planning session (reviewal of IDP/Budget related policies and consultative process);
 - Council considers the 2014/15 Mid-year Review and Adjustments Budget;
- **February 2015** - tabling of budget adjustment (if necessary); submission of Draft IDP/Budget for 2015/16 to Management; submission of Draft IDP/Budget and plans to Portfolio Committees; and submission of 2015/16 Draft IDP/Budget to EXCO.
- **March 2015** - Tabling in Council, the draft 2015/16 IDP and 2015/16 MTREF for public consultation;
- **April 2015** - Public consultation;
- **May 2014** - Closing date for written comments;
 - Finalization of the 2015/16 IDP and 2015/16 MTREF, taking into consideration comments received from the public, comments from National and Provincial Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
 - Tabling of the 2015/16 MTREF before Council for consideration and approval.

There were 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 adopted by Council in May 2010. The process started in September 2014 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2015/16 MTREF in August.

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

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

The IDP has been taken into a business and financial planning process leading up to the 2015/16 MTREF, based on the approved 2014/15 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2015/16 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2014/15 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2015/16 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2015/16 MTREF:

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

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

2.1.4 Community Consultation

The draft 2015/16 MTREF as tabled before Council on 25 March 2011 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries.

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.

Ward Committees were utilized to facilitate the community consultation process. The applicable dates and venues were published in all the local newspapers and on average attendance of 100 was recorded per meeting. This is up on the previous year's process. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and imbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organizations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalization of the 2015/16 MTREF.

2.2 Overview of alignment of annual budget with IDP

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

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

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

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

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

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

- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- National Spatial Development Perspective (NSDP) and

- National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP' strategic objectives for the 2015/16 MTREF and further planning refinements that have directly informed the compilation of the budget:

Developmental priority	Outcome	Role of EMLM	Output
Spatial Rationale	Outcome 8 &9	<ul style="list-style-type: none"> ➤ Provide land for human settlement ➤ Zoning and rezoning of land ➤ Prevent land invasions 	More efficient land utilization and release state land.
Access to basic service delivery	Outcome 6	<ul style="list-style-type: none"> ➤ Provision of electricity ➤ Roads and storm water control 	Reliable infrastructure services
Local Economic Development	Outcome 7,4 &11	<ul style="list-style-type: none"> ➤ Creation of jobs ➤ Support to emerging businesses (SMME"s) ➤ Promote tourism 	Improved employment and municipal economy
Financial sound management	Outcome 9 &12	<ul style="list-style-type: none"> ➤ Financial management and planning ➤ Comply with legal financial requirements ➤ Revenue enhancement 	Sound financial management
Good Governance and public participation	Outcome 9	<ul style="list-style-type: none"> ➤ Community participations ➤ Intergovernmental relations 	Full participation of all structures and communities

Organizational Development	Outcome 9	<ul style="list-style-type: none"> ➤ Human resource development and management ➤ Organizational structure development ➤ Executive and Council support 	Vibrant institution
----------------------------	------------------	--	---------------------

Social services	Outcome 1 , 2 &10	<ul style="list-style-type: none"> ➤ Education support and co-ordination ➤ Facilitation of health services ➤ Community development services 	Improved community services
-----------------	------------------------------	--	-----------------------------

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the developmental priorities mentioned above.

Table 19 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Executive & Council		-	-	340	-	-	-	-	-	-
To Strengthen participatory governance within the governance	Sound Governance									
Office of the Municipal Manager		790	800	890	934	934	934	930	957	1 033
Improved efficiency and effectiveness of the municipal administration	Capacitated and effective human capital									
Budget & Treasury		133 363	154 197	174 529	206 890	204 936	204 936	248 806	253 990	253 066
To implement sound financial management practices	Sustainable financial growth/Viability									
Corporate Services		388	276	142	105	150	150	369	392	415
Improved efficiency and effectiveness of the municipal administration	Capacitated and effective human capital									
Community Services		9 241	8 894	9 541	14 242	11 091	11 091	12 248	13 001	13 762
Facilitate promotion of health and well being of communities	improved social well being									
Technical Services		83 996	92 001	104 353	108 710	126 263	126 263	130 302	136 511	143 794
Reduction in the level services delivery backlogs. To facilitate economic growth and sustainable job creation	Accessible and sustainable infrastructure and basic services									
Strategic Development										
Development Planning		8	15	22	77	1 562	1 562	1 670	539	570
To provide a systematic integrated spatial/land development policy. Increase regularisation of built environment	Integrated human settlement									
Executive Support										
Facilitate promotion of health and well being of communities	improved social well being									
Total Revenue (excluding capital transfers and contributions)		227 786	256 183	289 817	330 958	344 936	344 936	394 326	405 390	412 640

Table 20 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Executive & Council		23 963	21 554	25 983	25 556	27 288	27 288	27 732	27 571	28 930
To Strengthen participatory governance within the governance	Sound Governance									
Office of the Municipal Manager		4 328	5 349	6 193	9 690	14 461	14 461	20 660	21 684	22 719
Improved efficiency and effectiveness of the municipal administration	Capacitated and effective human capital									
Budget & Treasury		59 995	53 731	66 069	64 053	71 783	71 783	70 927	75 136	78 244
To implement sound financial management practices	Sustainable financial growth/Viability									
Corporate Services		18 450	27 250	44 317	41 074	43 597	43 597	28 962	30 744	32 542
Improved efficiency and effectiveness of the municipal administration	Capacitated and effective human capital									
Community Services		35 799	34 154	41 393	63 405	56 202	56 202	46 798	49 676	52 582
Facilitate promotion of health and well being of communities	improved social well being									
Technical Services		54 344	58 709	72 446	75 560	78 643	78 643	114 286	118 482	118 535
Reduction in the level services delivery backlogs. To facilitate economic growth and sustainable job creation	Accessible and sustainable infrastructure and basic services									
Strategic Development		-	-	4 730	6 223	6 281	6 281			
To ensure high quality of performance management, monitoring and evaluation.	To improve intergovernmental relations and public participation									
Development Planning		7 394	6 256	5 543	5 936	6 531	6 531	14 041	13 843	14 653
To provide a systematic integrated spatial/land development policy. Increase regularisation of built environment	Integrated human settlement									
Executive Support								17 023	18 070	18 853
Facilitate promotion of health and well being of communities	improved social well being									
Total Expenditure		204 273	207 004	266 675	291 497	304 787	304 787	340 430	355 206	367 058

Table 21 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year+1 2016/17	Budget Year+2 2017/18
Office of the Municipal Manager										
Improved efficiency and effectiveness of the municipal administration	Capacitated and effective human capital									
Budget & Treasury				75	-	-	-	-	-	-
Improved efficiency and effectiveness of the municipal administration	Capacitated and effective human capital									
Corporate Services				1 982	1 300	2 400	2 400	1 100	1 000	800
Improved efficiency and effectiveness of the municipal administration	Capacitated and effective human capital									
Community Services		2 993			500	500	500	6 500	3 100	-
Facilitate promotion of health and well being of communities	improved social well being									
Technical Services		102 850	57 412	47 607	73 990	79 982	79 982	92 381	95 078	97 789
Reduction in the level services delivery backlogs. To facilitate economic growth and sustainable job creation	Accessible and sustainable infrastructure and basic services									
Strategic Development										
To ensure high quality of performance management, monitoring and evaluation.	To improve intergovernmental relations and public participation									
Development Planning					1 500	1 500	1 500	-	-	-
To provide a systematic integrated spatial/land development policy. Increase regularisation of built environment	Intergrated human settlement									
Total Capital Expenditure		105 843	57 412	49 665	77 290	84 382	84 382	99 981	99 178	98 589

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee’s performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year’s performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

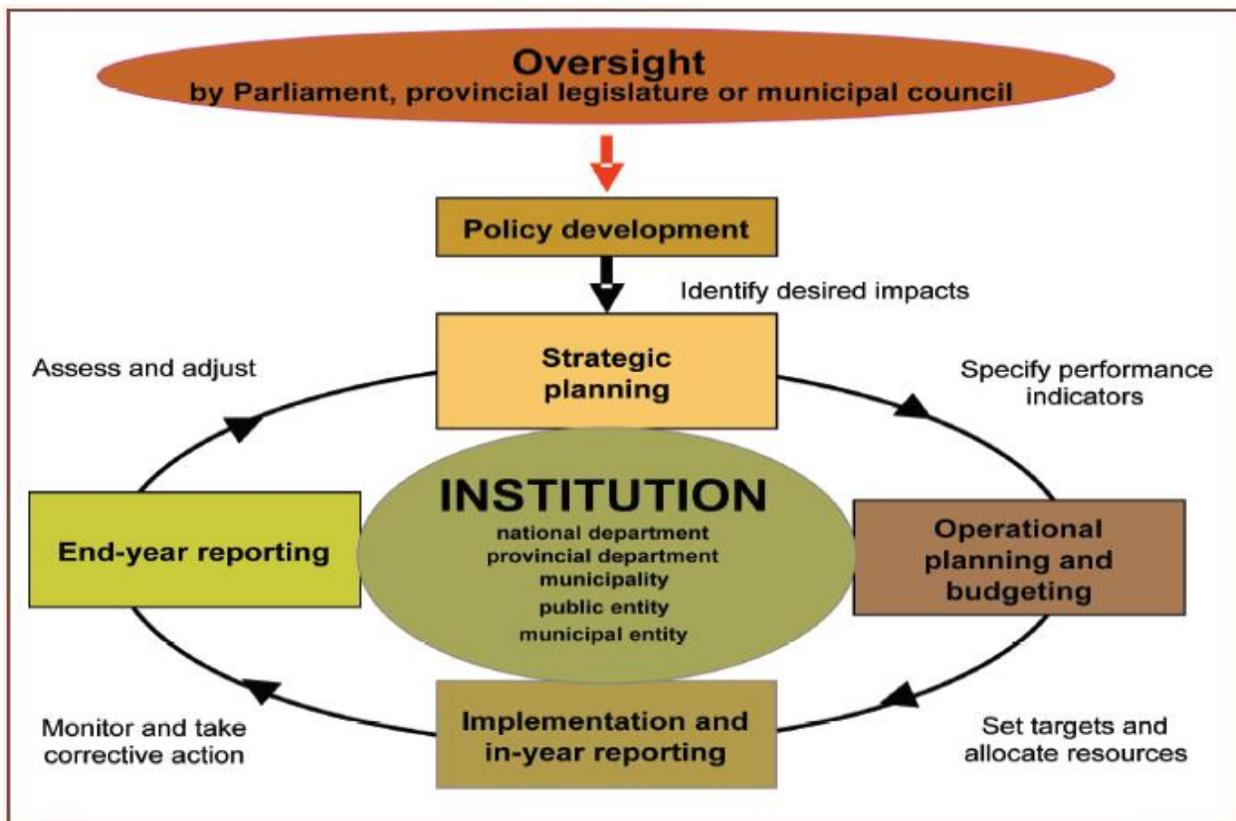


Figure 4 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

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

Table 22 MBRR Table SA7 - Measurable performance objectives

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Vote 1 - Municipal Manager	-	-	-	-	-	-	-	-	-
Municipal Manager	-	-	-	-	-	-	-	-	-
Municipal Manager	-	-	-	-	-	-	-	-	-
<i>Municipal systems improvements grant</i>	790	800	890	934	934	934	930	957	1 033
Vote 2 - Budget and Treasury	-	-	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-	-	-
<i>Financial Management Grant</i>	1 250	1 500	1 550	1 600	1 600	1 600	1 600	1 625	1 700
<i>Valuations</i>	-	-	4 410	1 800	1 000	1 000	1 000	500	500
<i>Asset Management plan</i>	-	-	882	50	400	400	-	-	-
<i>Asset Valuer</i>	-	-	-	-	-	-	1 000	1 000	1 000
Vote 3 - Corporate Services	-	-	-	-	-	-	-	-	-
Corporate Services	-	-	-	-	-	-	-	-	-
ICT	-	-	-	-	-	-	-	-	-
<i>Website maintenance</i>	-	-	221	-	-	-	-	-	-
<i>Software and Licencing</i>	-	-	700	1 200	1 457	1 457	1 200	1 066	1 333
<i>IT Disaster recovery plan</i>	-	-	1 200	800	-	-	-	-	-
<i>IT Support Services</i>	-	-	1 000	2 500	1 886	1 886	1 500	1 583	1 666
<i>Network support and maintenance</i>	-	-	210	200	200	200	120	127	133
<i>Computers and printers</i>	-	-	1 331	500	500	500	500	500	500
-	-	-	-	-	-	-	-	-	-
Human Resources	-	-	-	-	-	-	-	-	-
<i>Insert measure/s description</i>	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
Sub-function 3 - (name)	-	-	-	-	-	-	-	-	-
<i>Training</i>	-	-	200	1 000	1 000	1 000	-	-	-
<i>Air conditioning</i>	-	-	450	150	100	100	100	100	100
<i>Office furniture</i>	-	-	50	500	500	500	500	500	500
<i>Other equipment</i>	-	-	-	-	-	-	-	-	-
Vote 5 - Technical Services	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-
<i>Electrification of various villages</i>	-	-	10 000	-	-	-	10 000	10 000	10 000
Infrastructure	-	-	-	-	-	-	-	-	-
<i>Municipal Infrastructure Grant and other projects</i>	29 037	35 223	43 596	50 840	15 000	65 840	53 102	55 178	58 289
<i>EPWP</i>	1 095	1 200	1 000	1 187	1 187	1 187	1 163	-	-
And so on for the rest of the Votes	-	-	-	-	-	-	-	-	-

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

The social package assists residents that have difficulty in paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality.

For the 2015/16 financial year registered indigents have been provided for in the budget and the indigent-base is expected to steadily increase in the MTREF period. In terms of the Municipality's indigent policy registered households are entitled to 100 kwh of electricity, free waste removal, as well as a discount on their property rates.

Special discount on property rates is also given to pensioners.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in MBRR A10 (Basic Service Delivery Measurement) on.

2.4 Overview of budget related-policies

The Municipality'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 Collection Policy as approved by Council in the past is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money, there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2015/16 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 93 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

2.4.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

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, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and

maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.4.3 Budget Policy

The 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 municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

2.4.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in September 2007. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

2.4.5 Budget Virement Policy

The Budget and 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 municipality's system of delegations. The Budget and Virement Policy was approved by Council in the past and was reviewed in 2014/15 financial year in respect of both Operating and Capital Budget Fund Transfers.

2.4.6 Cash Management and Investment Policy

The municipality's Cash Management and Investment Policy was amended by Council in February 2013. The aim of the policy is to ensure that the municipality'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 equivalent required at any point in time and introduces time frames to achieve certain benchmarks.

2.4.7 Tariff Policies

The municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service

delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation.

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

- Basic Social Services Package (Indigent Policy), and
- Petty Cash 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 Municipality's finances.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2015/16 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity; and
- The increase in the cost of remuneration. Employee related costs comprise 33, 86% of total operating expenditure in the 2015/16 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

2.5.3 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly 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 budgeted as a percentage (93%) of annual billings. Cash flow is assumed to be 93 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.

2.5.4 Growth or decline in tax base of the municipality

Debtor's 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 municipality, household formation growth rate and the poor household change rate.

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

2.5.5 Salary increases

In terms of MFMA circular 75, the budgeted salaries and wages increase is 4.4% for 2015/16 financial year

2.5.6 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.

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

It is estimated that a spending rate of at least 100% will be achieved on operating expenditure and 100% on the capital programme for the 2015/16 MTREF of which performance has been factored into the cash flow budget.

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 and presents a Surplus of R31, 860 million in 2015/16 that is attributed to inclusion of non-cash items in operating expenditure amounting to R46 million, the summary shows a surplus in the outer years.

Table 23 Breakdown of the operating revenue over the medium-term

Description	Medium Term Revenue and Expenditure Framework					
	Budget Year 2015/16	%	Budget Year +1 2016/17	%	Budget Year +2 2017/18	%
Cash Receipts By Source						
Property rates	24 349	7.63%	25 847	7.55%	27 359	7.94%
Service charges - electricity revenue	62 869	19.71%	63 134	18.45%	63 401	18.40%
Interest earned - external investments	4 600	1.44%	4 883	1.43%	5 169	1.50%
Transfer receipts - operational	216 652	67.92%	233 223	68.15%	229 161	66.52%
Other revenue	10 523	3.30%	11 101	3.24%	11 684	3.39%
Total Operational Revenue	318 994	100.00%	338 187	100.00%	336 773	100.00%
Total Operational Expenditure	287 133		300 168		310 144	
Surplus/(Deficit)	31 860		38 020		26 630	

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

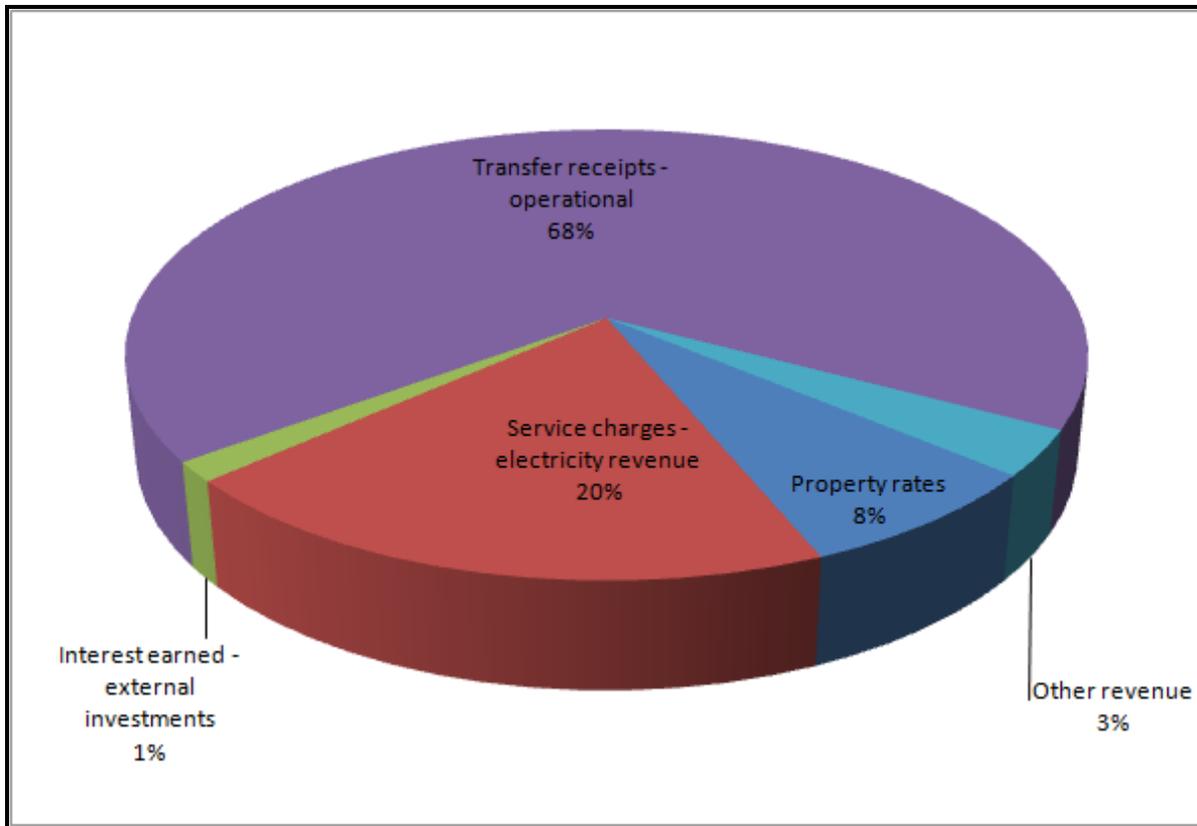


Figure 5 Breakdown of operating revenue over the 2015/16 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity 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 revenue strategy is a function of key components such as:
- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 93 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

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

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

Table 24 Proposed tariff increases over the medium-term

Revenue Category	Proposed Tarrif Increase 2015/16	Proposed Tarrif Increase 2016/17	Proposed Tarrif Increase 2017/18	Additional Revenue for % Increase 2015/16	Additional Revenue for % Increase 2015/16	Additional Revenue for % Increase 2015/16
Property Rates	6.50%	6.70%	6.70%	1 682 000	1 610 000	1 626 000
Electricity	12%	13%	13%	272 820	3 872 828	3 910 470
Solid Waste	3.62%	5.50%	5.65%	725 316	284 641	287 408
Total				2 680 136	5 767 470	5 823 878

Revenue to be generated from property rates resulting from tariff increase is zero in the MTREF period. The increase in property rates is therefore attributed to increase in a number of ratable properties and increase in property values.

The municipality is still in a process of further data verification and validation relating to the valuation roll. In addition there are still outstanding objections, although significant progress was made in dealing with these objections in the 2014/15 financial year. It is anticipated that the process will be concluded by the end of 2014/15 financial year. As the levying of property rates is considered a strategic revenue source a further supplementary valuation process will be undertaken in the 3rd quarter of each financial year. The outcome of this initiative will be closely monitored and reported on a regular basis as part of the quarterly performance reporting.

Services charges relating to electricity, refuse removal and other constitutes the biggest component of the revenue basket of the municipality totaling R67, 601 million for the 2015/16 financial year and increasing to R75, 956 million by 2017/18. For the 2015/16 financial year services charges amount to 20, 41%.

Investment revenue contributes marginally to the revenue base of the municipality with a budget allocation of R4,600 million, R4,883 million and R5,169 million for the respective three financial years of the 2015/16 MTREF. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

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

Table 25 MBRR SA15 – Detail Investment Information

Investment type	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Parent municipality									
Securities - National Government	-	-	-	-	-	-	-	-	-
Listed Corporate Bonds	-	-	-	-	-	-	-	-	-
Deposits - Bank	-	10 400	32 337	15 000	50 752	50 752	15 000	15 000	16 500
Deposits - Public Investment Commissioners	-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits	-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates	-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks	-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)	-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks	-	-	-	-	-	-	-	-	-
Municipal Bonds	-	-	-	-	-	-	-	-	-
Municipality sub-total	-	10 400	32 337	15 000	50 752	50 752	15 000	15 000	16 500

Table 26 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
	Yrs/Months												
Parent municipality													
Nedbank	Months	Short term	Yes	Fixed	0.48%			On request	10 420	3 196	(23 196)	20 000	10 420
Absa	Months	Short term	Yes	Fixed	0.38%			On request	4 475	1 372	(11 373)	10 000	4 475
Sanlam	Months	Short term	Yes	Fixed	0.24%			On request	105	32	(31)	-	106
Municipality sub-total									15 000	4 600	(34 600)	30 000	15 000

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted actual surplus of R53, 896 million, R50, 184 million and R45, 483 million in each of the financial years. This surplus is intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds.

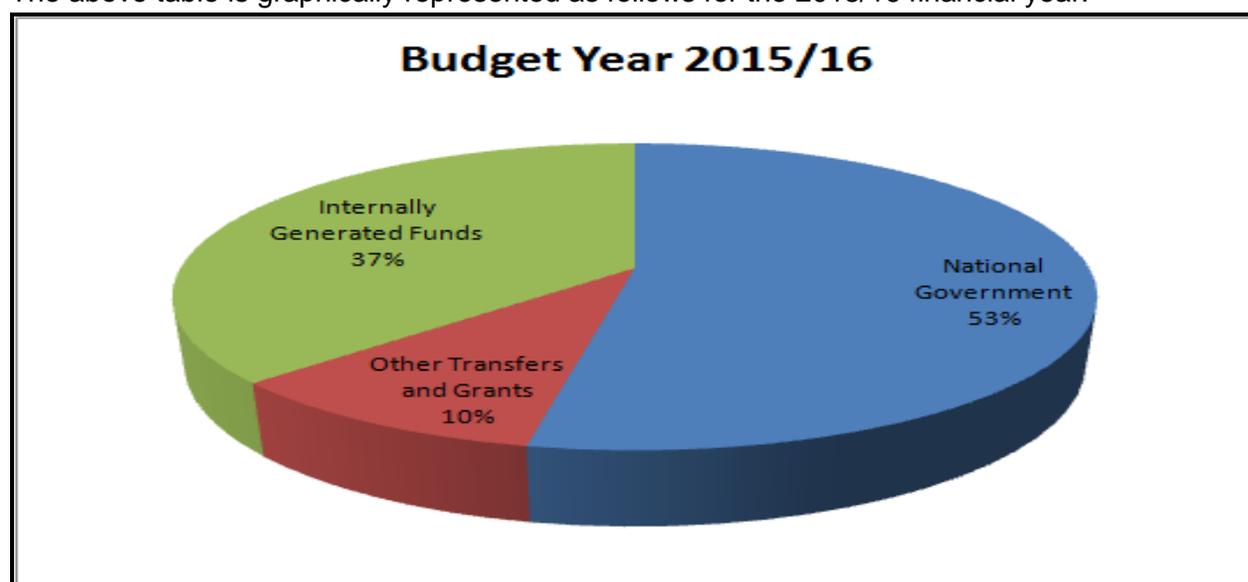
2.6.2 Medium-term outlook: capital revenue

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

Table 27 Sources of capital revenue over the MTREF

Vote Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Funded by:										
National Government	29 037	35 223	40 235	50 840	55 826	55 826	26 940	53 102	55 178	58 289
Provincial Government	–	–	–	–	–	–	–	–	–	–
District Municipality	–	–	–	–	–	–	–	–	–	–
Other transfers and grants	–	–	–	–	3 988	3 988	1 306	10 000	10 000	10 000
Transfers recognised - capital	29 037	35 223	40 235	50 840	59 814	59 814	28 246	63 102	65 178	68 289
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	76 806	22 189	9 430	26 450	24 569	24 569	5 584	36 879	34 000	30 300
Total Capital Funding	105 843	57 412	49 665	77 290	84 383	84 383	33 830	99 981	99 178	98 589

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

**Figure 6 Sources of capital revenue for the 2015/16 financial year**

Capital grants and receipts equates to 63% of the total funding source which represents R63,102 million for the 2015/16 financial year and steadily increase to R65,178 million in 2016/17 and increases R68,289 million. Only 37% of capital budgets is funded from internally generated revenue.

2.7 Expenditure on grants and reconciliation of unspent funds

Table 28 MBRR SA18 - Transfers and Grants Receipts

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
RECEIPTS:									
Operating Transfers and Grants									
National Government:	117 269	132 856	146 878	170 641	170 641	170 641	216 652	218 594	215 619
Local Government Equitable Share	114 134	129 556	143 438	166 920	166 920	166 920	212 959	216 012	212 886
	-	-	-	-	-	-	-	-	-
Finance Management	1 250	1 500	1 550	1 600	1 600	1 600	1 600	1 625	1 700
Municipal Systems Improvement	790	800	890	934	934	934	930	957	1 033
EPWP Incentive	1 095	1 000	1 000	1 187	1 187	1 187	1 163	-	-
	-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]	-	-	-	-	-	-	-	-	-
Provincial Government:	-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]	-	-	-	-	-	-	-	-	-
District Municipality:	-	-	-	-	-	-	-	-	-
[insert description]	-	-	-	-	-	-	-	-	-
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]	-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	117 269	132 856	146 878	170 641	170 641	170 641	216 652	218 594	215 619
Capital Transfers and Grants									
National Government:	29 037	35 223	53 596	50 840	50 840	50 840	63 102	65 178	68 289
Municipal Infrastructure Grant (MIG)	29 037	35 223	43 596	50 840	50 840	50 840	53 102	55 178	58 289
Integrated National Electrification Grant	-	-	10 000	-	-	-	10 000	10 000	10 000
Provincial Government:	-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]	-	-	-	-	-	-	-	-	-
District Municipality:	-	-	-	-	-	-	-	-	-
[insert description]	-	-	-	-	-	-	-	-	-
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]	-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	29 037	35 223	53 596	50 840	50 840	50 840	63 102	65 178	68 289
TOTAL RECEIPTS OF TRANSFERS & GRANTS	146 306	168 079	200 474	221 481	221 481	221 481	279 754	283 772	283 908

Table 29 MBRR SA19 - Expenditure on transfers and grant programmes

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government:	117 269	132 856	146 878	170 641	170 641	170 641	216 652	218 594	215 619
Local Government Equitable Share	114 134	129 556	143 438	166 920	166 920	166 920	212 959	216 012	212 886
	-	-	-	-	-	-	-	-	-
Finance Management	1 250	1 500	1 550	1 600	1 600	1 600	1 600	1 625	1 700
Municipal Systems Improvement	790	800	890	934	934	934	930	957	1 033
EPWP Incentive	1 095	1 000	1 000	1 187	1 187	1 187	1 163	-	-
	-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]	-	-	-	-	-	-	-	-	-
Provincial Government:	-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]	-	-	-	-	-	-	-	-	-
District Municipality:	-	-	-	-	-	-	-	-	-
[insert description]	-	-	-	-	-	-	-	-	-
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]	-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:	117 269	132 856	146 878	170 641	170 641	170 641	216 652	218 594	215 619
Capital expenditure of Transfers and Grants									
National Government:	29 037	35 223	53 596	50 840	50 840	50 840	63 102	65 178	68 289
Municipal Infrastructure Grant (MIG)	29 037	35 223	43 596	50 840	50 840	50 840	53 102	55 178	58 289
Intergrated National Electrification Grant	-	-	10 000	-	-	-	10 000	10 000	10 000
Provincial Government:	-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]	-	-	-	-	-	-	-	-	-
District Municipality:	-	-	-	-	-	-	-	-	-
[insert description]	-	-	-	-	-	-	-	-	-
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]	-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants	29 037	35 223	53 596	50 840	50 840	50 840	63 102	65 178	68 289
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	146 306	168 079	200 474	221 481	221 481	221 481	279 754	283 772	283 908

Table 30 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Operating transfers and grants:									
National Government:									
Balance unspent at beginning of the year	893	-	-	-	-	-	-	-	-
Current year receipts	117 269	132 856	146 878	170 641	170 641	170 641	216 652	218 594	215 619
Conditions met - transferred to revenue	117 269	132 856	146 878	170 641	170 641	170 641	216 652	218 594	215 619
Conditions still to be met - transferred to liabilities	894	-							
Total operating transfers and grants revenue	117 269	132 856	146 878	170 641	170 641	170 641	216 652	218 594	215 619
Capital transfers and grants:									
National Government:									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	29 037	35 223	40 235	50 840	59 814	59 814	53 102	55 178	58 289
Conditions met - transferred to revenue	29 037	35 223	40 235	50 840	59 814	59 814	53 102	55 178	58 289
Other grant providers:									
Balance unspent at beginning of the year	-	-	-	-	-	-	-	-	-
Current year receipts	-	-	-	-	-	-	10 000	10 000	10 000
Conditions met - transferred to revenue	-	-	-	-	-	-	10 000	10 000	10 000
Conditions still to be met - transferred to liabilities									
Total capital transfers and grants revenue	29 037	35 223	40 235	50 840	59 814	59 814	63 102	65 178	68 289
Total capital transfers and grants - CTBM	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE	146 306	168 079	187 113	221 481	230 455	230 455	279 754	283 772	283 908

Table 31 MBRR SA21 – Transfers and Grants made by the municipality

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Groups of Individuals										
<i>Transfers and Grants</i>	2 552	2 483	2 287	9 600	1 940	1 940	1 238	3 300	3 377	3 454
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS	2 552	2 483	2 287	9 600	1 940	1 940	1 238	3 300	3 377	3 454

2.8 Councilor and employee benefits

Table 32 MBRR SA22 – Summary of councilor and benefits

Summary of Employee and Councilor remuneration	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<u>Councillors (Political Office Bearers plus Other)</u>									
Basic Salaries and Wages	10 658	11 474	10 270	10 586	12 061	12 061	3 548	3 743	3 941
Pension and UIF Contributions	250	107	953	1 417	992	992	1 408	1 486	1 564
Medical Aid Contributions	123	35	170	160	280	280	408	431	454
Motor Vehicle Allowance	3 315	3 208	3 840	4 066	3 916	3 916	4 075	4 299	4 527
Cellphone Allowance	–	–	–	–	–	–	1 554	1 640	1 726
Housing Allowances	2	–	–	–	–	–	–	–	–
Other benefits and allowances	127	7	0	45	340	340	7 550	7 965	8 388
Sub Total - Councillors	14 476	14 831	15 233	16 273	17 590	17 590	18 543	19 563	20 600
% increase		2.5%	2.7%	6.8%	8.1%	–	5.4%	5.5%	5.3%
<u>Senior Managers of the Municipality</u>									
Basic Salaries and Wages	2 091	–	3 335	5 131	5 261	5 261	4 831	5 128	5 428
Pension and UIF Contributions	126	–	–	400	475	475	503	534	565
Medical Aid Contributions	18	–	–	–	–	–	175	186	197
Overtime	–	–	–	–	–	–	–	–	–
Performance Bonus	–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	339	–	827	1 292	1 407	1 407	840	892	944
Cellphone Allowance	–	–	–	–	–	–	–	–	–
Housing Allowances	–	–	–	–	–	–	–	–	–
Other benefits and allowances	–	–	–	67	323	323	596	632	669
Payments in lieu of leave	–	–	–	60	150	150	–	–	–
Long service awards	–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	–	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Municipality	2 573	–	4 162	6 949	7 615	7 615	6 944	7 371	7 803
% increase		(100.0%)	–	67.0%	9.6%	–	(8.8%)	6.1%	5.9%
<u>Other Municipal Staff</u>									
Basic Salaries and Wages	33 275	43 496	49 972	60 245	57 342	57 342	73 424	77 940	82 500
Pension and UIF Contributions	7 175	8 606	9 902	13 223	11 595	11 595	14 613	15 512	16 419
Medical Aid Contributions	2 009	2 493	2 621	3 076	3 050	3 050	4 616	4 900	5 187
Overtime	1 145	568	1 172	775	1 610	1 610	1 380	1 465	1 551
Performance Bonus	198	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	4 079	3 453	3 718	4 451	4 670	4 670	5 632	5 978	6 328
Cellphone Allowance	0	(0)	–	–	–	–	–	–	–
Housing Allowances	40	43	67	120	139	139	157	167	176
Other benefits and allowances	–	–	699	7 483	6 633	6 633	7 864	8 348	8 836
Payments in lieu of leave	–	–	4 528	855	955	955	530	563	596
Long service awards	3 757	3 577	–	–	–	–	95	101	107
Post-retirement benefit obligations	2 004	–	–	–	–	–	–	–	–
Sub Total - Other Municipal Staff	53 680	62 237	72 680	90 228	85 994	85 994	108 312	114 973	121 699
% increase		15.9%	16.8%	24.1%	(4.7%)	–	26.0%	6.1%	5.9%
Total Parent Municipality	70 729	77 068	92 075	113 451	111 199	111 199	133 799	141 907	150 101
		9.0%	19.5%	23.2%	(2.0%)	–	20.3%	6.1%	5.8%

Table 33 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
<u>Councillors</u>						
Speaker	247 200	76 403	296 275			619 878
Chief Whip	-	-	-			-
Executive Mayor	340 740	93 124	332 132			765 995
Deputy Executive Mayor	-	-	-			-
Executive Committee	-	-	-			-
Total for all other councillors	2 959 591	1 646 851	12 551 062			17 157 504
Total Councillors	3 547 531	1 816 378	13 179 469			18 543 377
<u>Senior Managers of the Municipality</u>						
Municipal Manager (MM)	808 743	96 800	120 096	85 000		1 110 639
Chief Finance Officer	531 154	96 800	120 096	85 000		833 050
Director Corporate Services	531 154	96 800	120 096	85 000		833 050
Director Community Services	531 154	96 800	120 096	85 000		833 050
Director Strategic Management	764 804	96 800	120 096	85 000		1 066 700
Director Planning & Development	832 048	96 800	120 096	85 000		1 133 944
<i>List of each official with packages >= senior manager</i>						
Director Technical Services	832 048	96 800	120 096	85 000		1 133 944
Total Senior Managers of the Municipality	4 831 104	677 600	840 672	595 000		6 944 376

Table 34 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers	2013/14			Current Year 2014/15			Budget Year 2015/16		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	60	60	–	60	–	60	60	–	60
Board Members of municipal entities	–	–	–	–	–	–	–	–	–
Municipal employees									
Municipal Manager and Senior Managers	7	–	5	7	–	7	7	–	70
Other Managers	–	–	–	28	24	4	28	25	3
Professionals	35	24	8	17	15	2	52	50	2
<i>Finance</i>	6	6	–	8	8	–	18	18	–
<i>Spatial/town planning</i>	3	2	1	2	1	1	5	4	1
<i>Information Technology</i>	1	1	–	–	–	–	–	–	–
<i>Roads</i>	4	1	4	1	1	–	1	1	–
<i>Electricity</i>	2	1	1	1	1	–	1	1	–
<i>Water</i>	–	–	–	–	–	–	–	–	–
<i>Sanitation</i>	1	1	–	–	–	–	–	–	–
<i>Refuse</i>	1	1	–	–	–	–	–	–	–
<i>Other</i>	17	11	2	5	4	1	27	26	1
Technicians	111	82	–	60	58	2	22	19	3
<i>Finance</i>	19	18	–	7	7	–	2	2	–
<i>Spatial/town planning</i>	4	4	–	4	4	–	–	–	–
<i>Information Technology</i>	4	2	–	7	7	–	6	6	–
<i>Roads</i>	–	–	–	–	–	–	6	5	1
<i>Electricity</i>	1	1	–	5	5	–	6	6	–
<i>Water</i>	–	–	–	–	–	–	–	–	–
<i>Sanitation</i>	2	2	–	–	–	–	–	–	–
<i>Refuse</i>	–	–	–	7	7	–	–	–	–
<i>Other</i>	81	55	–	30	28	2	2	–	2
Clerks (Clerical and administrative)	201	122	–	76	71	5	113	112	1
Service and sales workers	–	–	–	7	7	–	–	–	–
Skilled agricultural and fishery workers	–	–	–	–	–	–	–	–	–
Craft and related trades	–	–	–	–	–	–	–	–	–
Plant and Machine Operators	11	11	–	–	–	–	30	30	–
Elementary Occupations	–	–	–	213	211	2	173	173	–
TOTAL PERSONNEL NUMBERS	425	299	13	468	386	82	485	409	139
% increase				10.1%	29.1%	530.8%	3.6%	6.0%	69.5%
Total municipal employees headcount	365	239	13	407	385	22	370	298	135
Finance personnel headcount	38	34	2	43	41	2	43	41	2
Human Resources personnel headcount	6	5	–	9	9	–	72	70	2

2.9 Monthly targets for revenue, expenditure and cash flow

Table 35 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Budget Year 2015/16												Medium Term Revenue and		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year+1 2016/17	Budget Year+2 2017/18
Revenue By Source															
Property rates	2 186	2 200	2 077	2 150	2 300	2 187	2 456	2 145	2 300	2 430	2 456	1 295	26 182	27 792	29 418
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	7 250	6 500	5 460	4 580	4 300	4 672	4 120	4 260	4 563	5 521	5 800	5 966	62 973	66 846	70 756
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	385	345	395	325	385	376	400	295	450	395	450	428	4 628	4 913	5 200
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	265	250	245	280	275	265	256	285	245	290	356	278	3 290	3 493	3 697
Interest earned - external investments	350	365	360	400	365	375	320	395	324	450	395	501	4 600	4 883	5 169
Interest earned - outstanding debtors	320	385	370	390	410	365	420	375	390	360	360	355	4 500	4 777	5 056
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	45	50	39	35	60	75	34	55	65	40	67	70	635	674	713
Licences and permits	530	450	580	550	475	495	600	540	650	450	495	533	6 348	6 738	7 133
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational	82 217	-	-	-	75 600	-	-	58 835	-	-	-	-	216 652	218 594	215 619
Other revenue	101	150	76	120	104	102	65	210	75	65	65	283	1 415	1 502	1 590
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue excluding capital transfers	93 649	10 695	9 601	8 811	84 274	8 912	8 671	67 395	9 062	10 001	10 444	9 709	331 224	340 212	344 351
Expenditure By Type															
Employee related costs	9 564	9 568	9 765	9 642	9 653	19 506	10 456	9 960	8 654	8 654	7 896	1 938	115 256	122 344	129 501
Remuneration of councillors	1 545	1 545	1 545	1 545	1 545	1 545	1 545	1 545	1 545	1 545	1 545	1 548	18 543	19 563	20 600
Debt impairment	-	-	-	-	-	-	-	-	-	-	-	11 000	11 000	11 677	12 360
Depreciation & asset impairment	-	-	-	-	-	-	-	-	-	-	-	35 000	35 000	37 000	39 000
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases	3 560	3 890	4 100	4 985	4 800	3 875	5 500	3 563	3 986	4 695	4 756	12 290	60 000	63 690	67 416
Other materials	425	481	456	402	375	457	465	485	495	450	540	399	5 430	5 764	6 101
Contracted services	1 754	1 600	1 823	1 540	1 700	1 952	1 854	1 600	1 700	1 745	1 796	2 886	21 950	23 300	24 389
Transfers and grants	1 025	140	200	160	145	250	265	175	300	210	145	285	3 300	3 503	3 708
Other expenditure	5 511	5 876	6 240	5 970	4 750	5 658	4 529	6 428	6 297	5 473	6 006	6 813	69 550	67 940	63 533
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	400	400	425	449
Total Expenditure	23 384	23 100	24 129	24 245	22 968	33 243	24 614	23 756	22 976	22 772	22 684	72 559	340 430	355 206	367 058
Surplus/(Deficit)	70 265	(12 405)	(14 528)	(15 434)	61 306	(24 332)	(15 943)	43 639	(13 914)	(12 771)	(12 240)	(62 850)	(9 206)	(14 994)	(22 706)
Transfers recognised - capital	3 500	3 200	5 634	6 500	4 500	4 750	5 630	3 052	7 896	6 400	4 500	7 540	63 102	65 178	68 289
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers	73 765	(9 205)	(8 894)	(8 934)	65 806	(19 582)	(10 313)	46 692	(6 018)	(6 371)	(7 740)	(55 310)	53 896	50 184	45 583
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	73 765	(9 205)	(8 894)	(8 934)	65 806	(19 582)	(10 313)	46 692	(6 018)	(6 371)	(7 740)	(55 310)	53 896	50 184	45 583

Table 36 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2015/16												Medium Term Revenue and		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year+1 2016/17	Budget Year+2 2017/18
Revenue by Vote															
Vote 1 - Executive & Council												-	-	-	-
Vote 2 - Office of the Municipal Manager	55	75	100	85	103	125	60	75	90	40	45	77	930	957	1 033
Vote 3 - Budget & Treasury	65 735	5 562	5 920	4 045	46 176	6 749	5 430	50 552	3 356	4 563	5 760	44 958	248 806	253 990	253 066
Vote 4 - Corporate Services	15	21	14	15	14	15	13	12	14	12	13	211	369	392	415
Vote 5 - Community Services	1 022	1 015	1 140	1 015	320	1 010	857	1 040	1 023	985	1 052	1 769	12 248	13 001	13 762
Vote 6 - Technical Services	26 567	3 654	2 214	3 651	37 640	956	2 236	15 556	4 500	4 100	3 527	25 700	130 302	136 511	143 794
Vote 7 - Strategic Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Development Planning	255	368	213	-	21	57	75	160	79	301	47	94	1 670	539	570
Vote 9 - Executive Support												-	-	-	-
Total Revenue by Vote	93 649	10 695	9 601	8 811	84 274	8 912	8 671	67 395	9 062	10 001	10 444	72 810	394 326	405 390	412 640
Expenditure by Vote to be appropriated															
Vote 1 - Executive & Council	2 420	1 740	2 341	3 564	2 341	3 824	3 210	2 345	1 254	2 200	1 256	1 237	27 732	27 571	28 930
Vote 2 - Office of the Municipal Manager	1 542	1 645	2 245	1 796	1 542	1 730	1 204	1 352	1 100	1 200	1 245	4 059	20 660	21 684	22 719
Vote 3 - Budget & Treasury	3 500	5 542	5 542	4 563	7 524	7 000	6 700	6 850	5 540	7 540	4 550	6 076	70 927	75 136	78 244
Vote 4 - Corporate Services	3 320	4 200	2 295	1 382	1 390	5 020	1 623	1 666	2 742	2 860	1 816	648	28 962	30 744	32 542
Vote 5 - Community Services	3 098	2 960	2 720	3 365	3 509	2 745	2 728	2 910	3 945	3 795	2 960	12 063	46 798	49 676	52 582
Vote 6 - Technical Services	7 471	5 014	6 976	7 601	4 310	9 658	6 433	6 423	6 734	3 137	8 913	41 616	114 286	118 482	118 535
Vote 7 - Strategic Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Development Planning	1 045	1 020	1 045	1 030	1 012	1 756	1 463	1 452	1 010	1 030	965	1 213	14 041	13 843	14 653
Vote 9 - Executive Support	988	979	965	985	1 300	1 510	1 253	758	650	1 010	979	5 647	17 023	18 070	18 853
Total Expenditure by Vote	23 384	23 100	24 129	24 285	22 928	33 243	24 614	23 756	22 976	22 772	22 684	72 560	340 430	355 206	367 058
Surplus/(Deficit) before assoc.	70 266	(12 405)	(14 528)	(15 474)	61 346	(24 331)	(15 943)	43 639	(13 913)	(12 771)	(12 240)	250	53 896	50 184	45 583
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	70 266	(12 405)	(14 528)	(15 474)	61 346	(24 331)	(15 943)	43 639	(13 913)	(12 771)	(12 240)	250	53 896	50 184	45 583

Table 37 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Budget Year 2015/16												Medium Term Revenue and		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue - Standard															
Governance and administration	69 005	6 658	6 034	4 145	60 293	5 889	5 503	48 639	3 260	4 615	5 818	30 246	250 105	255 339	254 514
Executive and council	55	75	100	85	103	125	60	75	90	40	45	77	930	957	1 033
Budget and treasury office	68 935	6 562	5 920	4 045	60 176	5 749	5 430	48 552	3 156	4 563	5 760	29 958	248 806	253 990	253 066
Corporate services	15	21	14	15	14	15	13	12	14	12	13	211	369	392	415
Community and public safety	53	57	48	45	74	89	47	68	78	53	80	81	772	819	867
Community and social services	4	5	3	4	7	8	7	10	5	7	8	5	74	78	83
Sport and recreation	3	2	6	5	7	6	6	4	8	6	5	6	63	67	71
Public safety	45	50	39	35	60	75	34	55	65	40	67	70	635	674	713
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services	5 532	1 622	1 223	965	6 775	1 302	1 939	10 610	3 424	1 546	3 257	26 152	64 347	65 880	69 617
Planning and development	255	368	213	-	21	57	75	160	79	301	47	94	1 670	539	570
Road transport	5 277	1 254	1 010	965	6 754	1 245	1 864	10 450	3 345	1 245	3 210	26 058	62 677	65 342	69 047
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services	19 059	2 358	2 296	3 656	17 132	1 632	1 182	8 078	2 300	3 787	1 289	16 332	79 101	83 351	87 642
Electricity	18 465	1 964	1 745	3 300	16 790	1 020	1 040	7 690	2 150	3 564	965	15 280	73 973	77 907	81 880
Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management	594	394	551	356	342	612	142	388	150	223	324	1 052	5 128	5 444	5 762
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	93 649	10 695	9 601	8 811	84 274	8 912	8 671	67 395	9 062	10 001	10 444	72 811	394 326	405 390	412 640
		13 107	11 663	12 200	101 195	10 122	9 853	75 330	11 386	13 914	11 509				
Expenditure - Standard															
Governance and administration	9 240	11 482	11 003	10 372	12 120	17 757	12 255	11 651	10 246	13 415	10 762	34 535	164 839	172 711	180 765
Executive and council	2 420	1 740	2 341	3 564	2 341	5 737	3 210	2 345	1 254	2 200	1 256	17 815	46 223	46 953	49 212
Budget and treasury office	3 500	5 542	5 542	4 563	7 524	7 000	6 700	6 850	5 540	7 540	6 050	4 576	70 927	75 136	78 244
Corporate services	3 320	4 200	3 120	2 245	2 255	5 020	2 345	2 456	3 452	3 675	3 456	12 145	47 689	50 621	53 309
Community and public safety	1 824	1 815	1 637	2 316	1 983	2 679	2 432	1 818	1 823	1 317	1 250	1 645	22 539	23 925	25 325
Community and social services	654	710	580	650	880	960	980	658	754	760	500	918	9 004	9 558	10 117
Sport and recreation	30	65	55	45	47	65	42	30	64	35	50	51	579	615	651
Public safety	1 140	1 040	1 002	1 621	1 056	1 654	1 410	1 130	1 005	522	700	676	12 956	13 752	14 557
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services	4 187	3 686	3 530	4 250	3 470	4 420	4 713	5 452	4 710	4 015	5 029	16 276	63 638	63 656	60 503
Planning and development	886	986	785	765	654	745	1 463	1 452	1 010	1 030	965	3 766	14 507	14 337	15 176
Road transport	3 301	2 600	2 745	3 485	2 816	3 675	3 250	4 000	3 700	2 985	4 064	12 510	49 131	49 319	45 327
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services	8 134	6 217	7 959	7 307	5 395	8 387	5 214	4 835	6 197	4 025	5 643	20 101	89 414	94 913	100 465
Electricity	6 575	4 561	6 614	5 653	3 835	7 022	4 014	3 385	4 987	2 371	3 503	19 795	72 315	76 762	81 253
Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management	1 559	1 656	1 345	1 654	1 560	1 365	1 200	1 450	1 210	1 654	2 140	306	17 099	18 150	19 212
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	23 384	23 100	24 129	24 245	22 968	33 243	24 614	23 756	22 976	22 772	22 684	72 558	340 430	355 206	367 058
Surplus/(Deficit) before assoc.	70 264	(12 405)	(14 528)	(15 435)	61 306	(24 331)	(15 943)	43 639	(13 914)	(12 771)	(12 240)	253	53 896	50 184	45 583
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	70 264	(12 405)	(14 528)	(15 435)	61 306	(24 331)	(15 943)	43 639	(13 914)	(12 771)	(12 240)	253	53 896	50 184	45 583

Table 38 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Budget Year 2015/16												Medium Term Revenue and		
	July	August	Sept.	October	Nov	Dec	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year+1 2016/17	Budget Year+2 2017/18
Multi-year expenditure to be appropriated															
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services	100	25	200	25	100	100	175	150	25	100	-	100	1 100	1 000	800
Vote 5 - Community Services	600	450	350		800	200	200	300	750	400	-	150	4 200	3 100	-
Vote 6 - Technical Services	3 423	7 550	9 600	9 777	7 329	3 431	3 200	3 400	2 674	3 326	2 325	700	56 735	85 928	94 549
Vote 7 - Strategic Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Development Planning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Executive Support	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	4 123	8 025	10 150	9 802	8 229	3 731	3 575	3 850	3 449	3 826	2 325	950	62 035	90 028	95 349
Single-year expenditure to be appropriated															
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services	250	150	-	400	-	350	100	150	300	100	200	300	2 300	-	-
Vote 6 - Technical Services	2 527	3 633	4 077	3 799	3 369	2 702	2 650	2 850	2 351	3 039	2 100	2 550	35 646	9 150	3 240
Vote 7 - Strategic Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Development Planning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Executive Support	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	2 777	3 783	4 077	4 199	3 369	3 052	2 750	3 000	2 651	3 139	2 300	2 850	37 946	9 150	3 240
Total Capital Expenditure	6 900	11 808	14 227	14 001	11 598	6 783	6 325	6 850	6 100	6 965	4 625	3 800	99 981	99 178	98 589

Table 39 MBRR SA 29-Budgeted monthly capital expenditure (Standard classification)

Description	Budget Year 2015/16												Medium Term Revenue and		
	July	August	Sept.	October	Nov	Dec	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year+1 2016/17	Budget Year+2 2017/18
Capital Expenditure - Standard															
Governance and administration	100	25	200	25	100	100	175	150	25	100	-	100	1 100	1 000	800
Executive and council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Budget and treasury office	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate services	100	25	200	25	100	100	175	150	25	100	-	100	1 100	1 000	800
Community and public safety	850	600	350	400	800	550	300	450	1 050	500	200	450	6 500	3 100	-
Community and social services	850	600	350	400	800	550	300	450	1 050	500	200	450	6 500	3 100	-
Sport and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services	5 950	10 933	11 827	11 426	8 354	4 577	4 900	4 850	4 325	5 465	4 425	2 350	79 381	74 978	69 300
Planning and development													-	-	-
Road transport	5 950	10 933	11 827	11 426	8 354	4 577	4 900	4 850	4 325	5 465	4 425	2 350	79 381	74 978	69 300
Environmental protection													-	-	-
Trading services	-	250	1 850	2 150	2 344	1 556	950	1 400	700	900	-	900	13 000	20 100	28 489
Electricity	-	250	1 850	2 150	2 344	1 556	950	1 400	700	900	-	900	13 000	20 100	28 489
Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	6 900	11 808	14 227	14 001	11 598	6 783	6 325	6 850	6 100	6 965	4 625	3 800	99 981	99 178	98 589
Funded by:															
National Government	4 552	6 383	6 350	5 200	3 675	3 952	4 200	4 350	3 875	4 490	4 025	2 050	53 102	55 178	58 289
Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	1 100	1 150	2 344	1 306	700	900	700	900	-	900	10 000	10 000	10 000
Transfers recognised - capital	4 552	6 383	7 450	6 350	6 019	5 258	4 900	5 250	4 575	5 390	4 025	2 950	63 102	65 178	68 289
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	2 348	5 425	6 777	7 650	5 579	1 525	1 425	1 600	1 525	1 575	600	850	36 879	34 000	30 300
Total Capital Funding	6 900	11 808	14 227	14 001	11 598	6 783	6 325	6 850	6 100	6 965	4 625	3 800	99 981	99 178	98 589

Table 40 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2015/16												Medium Term Revenue and		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year+1 2016/17	Budget Year+2 2017/18
Cash Receipts By Source													1		
Property rates	2 186	1 900	2 077	2 150	2 005	2 187	2 456	1 900	2 300	2 105	1 856	1 228	24 349	25 847	27 359
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	5 250	5 500	4 460	4 560	3 300	4 672	4 120	4 280	4 563	4 521	4 800	8 558	58 565	62 167	65 803
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	385	245	395	325	385	376	400	295	350	395	450	304	4 304	4 569	4 836
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	265	250	245	280	275	265	256	285	245	290	156	478	3 290	3 493	3 697
Interest earned - external investments	250	365	360	200	365	275	320	195	324	450	395	1 101	4 600	4 883	5 169
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	35	35	39	15	25	30	15	25	15	20	35	29	318	335	353
Licences and permits	530	450	580	550	475	495	600	540	650	450	495	4	5 819	6 177	6 538
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	82 217	-	-	-	75 600	-	-	58 835	-	-	-	-	216 652	233 223	229 161
Other revenue	101	150	76	120	104	102	65	110	75	65	65	64	1 096	1 515	1 595
Cash Receipts by Source	91 219	8 895	8 231	8 201	82 534	8 402	8 232	66 445	8 522	8 296	8 252	11 765	318 994	342 207	344 510
Other Cash Flows by Source															
Transfer receipts - capital	3 500	3 200	5 634	6 500	4 500	4 750	5 630	3 052	7 896	6 400	4 500	7 540	63 102	65 178	68 289
Contributions recognised - capital & Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	56	45	26	15	21	35	32	55	75	45	40	55	500	500	500
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	94 775	12 140	13 891	14 716	87 055	13 187	13 894	69 553	16 493	14 741	12 792	19 360	382 596	407 885	413 299
Cash Payments by Type															
Employee related costs	9 564	9 568	9 765	9 642	9 653	19 506	10 456	9 960	8 654	8 654	7 896	1 938	115 256	122 344	129 501
Remuneration of councillors	1 545	1 545	1 545	1 545	1 545	1 545	1 545	1 545	1 545	1 545	1 545	1 548	18 543	19 563	20 600
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Electricity	4 560	4 890	5 100	4 985	4 800	4 875	5 500	4 563	4 986	4 695	4 756	6 290	60 000	63 300	66 655
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	225	381	356	302	275	357	365	385	395	450	540	1 399	5 430	5 764	6 101
Contracted services	1 854	1 700	1 823	1 640	2 000	2 152	1 954	1 750	1 950	2 145	1 596	1 386	21 950	23 300	24 389
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	140	100	975	165	150	210	200	450	200	235	305	170	3 300	3 503	3 708
Other expenditure	4 563	4 876	5 240	5 010	4 650	4 658	3 561	5 463	4 797	4 523	5 546	9 767	62 654	62 393	59 190
Cash Payments by Type	22 451	23 060	24 804	23 290	23 073	33 303	23 581	24 116	22 526	22 247	22 184	22 498	287 133	300 168	310 144
Other Cash Flows/Payments by Type															
Capital assets	4 584	6 184	7 005	8 840	11 250	11 260	8 500	12 291	9 710	7 165	6 842	6 350	99 981	99 178	98 589
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	27 035	29 244	31 809	32 130	34 323	44 563	32 081	36 407	32 236	29 412	29 026	28 848	387 114	399 346	408 733
NET INCREASE/(DECREASE) IN CASH HELD	67 740	(17 104)	(17 918)	(17 414)	52 732	(31 377)	(18 187)	33 146	(15 743)	(14 671)	(16 234)	(9 488)	(4 519)	8 540	4 566
Cash/cash equivalents at the month/year begin:	30 150	97 889	80 785	62 867	45 453	98 185	66 808	48 621	81 767	66 024	51 353	35 119	30 150	25 631	34 171
Cash/cash equivalents at the month/year end:	97 889	80 785	62 867	45 453	98 185	66 808	48 621	81 767	66 024	51 353	35 119	25 631	25 631	34 171	38 737

Table 41 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
WENZILE PHAPHAMA	Yrs	3	Safeguard and Security	30/06/2016	6 681
ODIRILE	Yrs	3	IT SUPPORT	31/05/2015	5 700
INGWE	Yrs	3	REFUSE REMOVAL		
JUSTICE OF PEACE	Mths	3	Traffic Fines Management		AS AND WHEN
BOPEDI BAPEDI CONSULTING	Yrs	3	Business and Advisory - Project Management		AS AND WHEN
AUDIT COMMITTEE TO BE APPOINTED			Business and Advisory - Audit Committee		AS AND WHEN
TO BE APPOINTED			Legal Advice and Litigation		AS AND WHEN
TO BE APPOINTED			Administrative and Support Staff		AS AND WHEN
M J ACCOUNTANTS		3	Business and Advisory - Accountants and Auditors		AS AND WHEN
VISION PRINT & BAUPA COMMUNICATIONS			Business and Advisory - Communications		AS AND WHEN
LEKOKO CONSULTING			Business and Advisory - Organisational		AS AND WHEN
MAREDI TELECOMS			Contractors: Prepaid Electricity Vendors		AS AND WHEN
UNIQUE			Valuer		AS AND WHEN
VODACOM			Cellular Contract (Subscription and Calls)		AS AND WHEN
TO BE APPOINTED			Landfill site Audit		AS AND WHEN
TO BE APPOINTED			Asset Valuer		AS AND WHEN

2.10 Contracts having future budgetary implications

In terms EMLM 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.

2.11 Capital expenditure details

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

Table 42 MBRR SA 34a - Capital expenditure on new assets by asset class

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital expenditure on new assets									
Infrastructure	102 910	56 412	37 052	51 239	55 668	55 668	57 102	47 778	51 889
<i>Roads, Pavements & Bridges</i>	85 749	52 412	30 589	49 239	48 430	48 430	40 602	30 178	33 000
<i>Storm water</i>	-	-	-	-	-	-	5 000	4 600	2 100
<i>Generation</i>	-	-	-	-	-	-	-	-	-
<i>Transmission & Reticulation</i>	-	-	3 898	2 000	7 238	7 238	10 000	10 000	10 000
<i>Street Lighting</i>	-	-	2 565				1 500	3 000	6 789
<i>Waste Management</i>	-	1 500	-	-	-	-	-	-	-
<i>Transportation</i>	-	-	-	-	-	-	-	-	-
<i>Gas</i>	-	-	-	-	-	-	-	-	-
<i>Other</i>	17 161	2 500	-	-	-	-	-	-	-
Community	2 933	700	175	500	2 791	2 791	-	-	-
<i>Parks & gardens</i>	-	-	-	500	-	-	-	-	-
<i>Cemeteries</i>	-	-	175	-	-	-	-	-	-
<i>Social rental housing</i>	-	-	-	-	-	-	-	-	-
<i>Other</i>	2 933	700	-	-	2 791	2 791			
Other assets	-	300	6	600	1 000	1 000	-	-	-
<i>General vehicles</i>	-	-	-	600	1 000	1 000	-	-	-
<i>Other</i>	-	300	6	-	-	-	-	-	-
Total Capital Expenditure on new assets	105 843	57 412	37 233	52 339	59 459	59 459	57 102	47 778	51 889

Table 43 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital expenditure on renewal of existing assets									
Infrastructure	-	-	10 431	19 851	17 404	17 404	30 779	43 660	40 900
<i>Roads, Pavements & Bridges</i>	-	-	6 639	13 601	12 378	12 378	26 779	36 200	29 200
<i>Storm water</i>	-	-	-	-	-	-	-	-	-
<i>Generation</i>	-	-	-	-	-	-	-	-	-
<i>Transmission & Reticulation</i>	-	-	3 792	6 250	4 480	4 480	1 500	7 100	11 700
<i>Waste Management</i>	-	-	-	-	546	546	2 500	360	-
<i>Transportation</i>	-	-	-	-	-	-	-	-	-
<i>Gas</i>	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-
Community	-	-	-	-	-	-	-	-	-
Parks & gardens	-	-	-	-	-	-	-	-	-
Sportsfields & stadia	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-
Museums & Art Galleries	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Other assets	-	-	2 001	5 100	7 520	7 520	12 100	7 740	5 800
General vehicles	-	-	-	5 100	7 520	7 520	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-
Computers - hardware/equipment	-	-	1 311	-	-	-	500	500	500
Furniture and other office equipment	-	-	356	-	-	-	500	400	200
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Civic Land and Buildings	-	-	-	-	-	-	1 000	240	-
Other Buildings	-	-	43	-	-	-	10 000	6 500	5 000
Other Land	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	-	-	291	-	-	-	100	100	100
Total Capital Expenditure on renewal of existing assets	-	-	12 432	24 951	24 924	24 924	42 879	51 400	46 700

Table 44 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Repairs and maintenance expenditure									
Infrastructure	2 318	3 242	4 529	3 200	4 070	4 070	4 500	4 583	4 825
<i>Roads, Pavements & Bridges</i>	–	2 636	2 266	1 000	900	900	3 000	3 000	3 159
<i>Storm water</i>	–	–	183	200	350	350	–	–	–
<i>Generation</i>	–	606	–	1 000	1 300	1 300	–	–	–
<i>Transmission & Reticulation</i>	–	–	973	–	–	–	–	–	–
<i>Street Lighting</i>	–	–	–	–	–	–	–	–	–
<i>Waste Management</i>	–	–	1 107	1 000	1 520	1 520	1 500	1 583	1 666
<i>Transportation</i>	–	–	–	–	–	–	–	–	–
<i>Gas</i>	–	–	–	–	–	–	–	–	–
<i>Other</i>	2 318	–	–	–	–	–	–	–	–
Community	–	1 874	13	–	–	–	–	–	–
<i>Parks & gardens</i>	–	–	–	–	–	–	–	–	–
<i>Sportsfields & stadia</i>	–	–	–	–	–	–	–	–	–
<i>Swimming pools</i>	–	–	–	–	–	–	–	–	–
<i>Community halls</i>	–	–	13	–	–	–	–	–	–
<i>Other</i>	–	1 874	–	–	–	–	–	–	–
Heritage assets	–	–	–	–	–	–	–	–	–
<i>Buildings</i>	–	–	–	–	–	–	–	–	–
<i>Other</i>	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
<i>Housing development</i>	–	–	–	–	–	–	–	–	–
<i>Other</i>	–	–	–	–	–	–	–	–	–
Other assets	1 101	–	5 043	5 576	6 828	6 828	7 200	6 321	6 650
<i>General vehicles</i>	–	–	32	2 067	3 527	3 527	2 000	2 110	2 222
<i>Specialised vehicles</i>	–	–	–	–	–	–	–	–	–
<i>Plant & equipment</i>	–	–	1 376	500	680	680	3 000	2 000	2 100
<i>Computers - hardware/equipment</i>	–	–	–	–	–	–	–	–	–
<i>Furniture and other office equipment</i>	–	–	0	–	–	–	–	–	–
<i>Abattoirs</i>	–	–	–	–	–	–	–	–	–
<i>Markets</i>	–	–	–	–	–	–	–	–	–
<i>Civic Land and Buildings</i>	–	–	–	–	–	–	–	–	–
<i>Other Buildings</i>	–	–	914	1 250	1 600	1 600	2 000	2 000	2 106
<i>Other Land</i>	–	–	–	–	–	–	–	–	–
<i>Surplus Assets - (Investment or Inventory)</i>	–	–	–	–	–	–	–	–	–
<i>Other</i>	1 101	–	2 721	1 759	1 021	1 021	200	211	222
Intangibles	–	–	–	–	63	63	120	127	133
<i>Computers - software & programming</i>	–	–	–	–	–	–	–	–	–
<i>Website Maintenance</i>	–	–	–	–	63	63	120	127	133
Total Repairs and Maintenance Expenditure	3 418	5 116	9 585	8 776	10 961	10 961	11 820	11 030	11 609

The repairs and maintenance is below the stipulated norm of 8% is this is attributed to the fact that most of the assets that need to be repaired and maintained need major maintenance and as a result the allocated budget is sitting under capital budget – renewal of existing assets that is all in all more than the minimum percentage of 40%

Table 45 MBRR SA34d –Depreciation of Assets

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Depreciation by Asset Class/Sub-class									
Infrastructure	31 483	7 000	32 000	31 350	31 350	31 350	32 638	34 558	36 487
<i>Roads, Pavements & Bridges</i>	–	–	–	23 034	23 034	23 034	22 710	23 955	25 192
<i>Storm water</i>	–	–	–	4 459	4 459	4 459	4 725	5 016	5 309
<i>Generation</i>	–	–	–	1 992	1 992	1 992	2 328	2 471	2 615
<i>Transmission & Reticulation</i>	–	–	–	1 099	1 099	1 099	1 575	1 672	1 770
<i>Street Lighting</i>	–	–	–	–	–	–	–	–	–
Infrastructure - Water	–	–	–	–	–	–	–	–	–
<i>Dams & Reservoirs</i>	–	–	–	–	–	–	–	–	–
<i>Water purification</i>	–	–	–	–	–	–	–	–	–
<i>Reticulation</i>	–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation	–	–	–	–	–	–	–	–	–
<i>Reticulation</i>	–	–	–	–	–	–	–	–	–
<i>Sewerage purification</i>	–	–	–	–	–	–	–	–	–
<i>Waste Management</i>	–	–	–	767	767	767	1 300	1 380	1 461
<i>Transportation</i>	–	–	–	–	–	–	–	–	–
<i>Gas</i>	–	–	–	–	–	–	–	–	–
<i>Other</i>	31 483	7 000	32 000	–	–	–	–	–	–
Community	–	–	–	3 517	2 017	2 017	2 145	2 277	2 410
<i>Parks & gardens</i>	–	–	–	–	–	–	–	–	–
<i>Sportsfields & stadia</i>	–	–	–	–	–	–	–	–	–
<i>Swimming pools</i>	–	–	–	–	–	–	–	–	–
<i>Community halls</i>	–	–	–	–	–	–	–	–	–
<i>Libraries</i>	–	–	–	–	–	–	–	–	–
<i>Recreational facilities</i>	–	–	–	–	–	–	–	–	–
<i>Fire, safety & emergency</i>	–	–	–	–	–	–	–	–	–
<i>Security and policing</i>	–	–	–	–	–	–	–	–	–
<i>Buses</i>	–	–	–	–	–	–	–	–	–
<i>Clinics</i>	–	–	–	–	–	–	–	–	–
<i>Museums & Art Galleries</i>	–	–	–	–	–	–	–	–	–
<i>Cemeteries</i>	–	–	–	3 517	2 017	2 017	2 145	2 277	2 410
<i>Social rental housing</i>	–	–	–	–	–	–	–	–	–
<i>Other</i>	–	–	–	–	–	–	–	–	–
Other assets	–	–	–	133	133	133	217	230	244
<i>General vehicles</i>	–	–	–	43	43	43	57	61	64
<i>Specialised vehicles</i>	–	–	–	–	–	–	–	–	–
<i>Plant & equipment</i>	–	–	–	–	–	–	–	–	–
<i>Computers - hardware/equipment</i>	–	–	–	14	14	14	20	21	22
<i>Furniture and other office equipment</i>	–	–	–	16	16	16	25	27	28
<i>Abattoirs</i>	–	–	–	–	–	–	–	–	–
<i>Markets</i>	–	–	–	–	–	–	–	–	–
<i>Civic Land and Buildings</i>	–	–	–	–	–	–	–	–	–
<i>Other Buildings</i>	–	–	–	54	54	54	100	106	112
<i>Other Land</i>	–	–	–	–	–	–	–	–	–
<i>Surplus Assets - (Investment or Inventory)</i>	–	–	–	–	–	–	–	–	–
<i>Other</i>	–	–	–	6	6	6	15	16	17
Total Depreciation	31 483	7 000	32 000	35 000	33 500	33 500	35 000	37 000	39 000

Table 46 MBRR Table SA36–Capital project list

Municipal Vote/Capital project	Program/Project description	Asset Class	Asset Sub-Class	Prior year outcomes		2015/16 Medium Term Revenue & Expenditure		
				Audited Outcome	Current Year	Budget Year	Budget Year +1	Budget Year +2
				2013/14	2014/15 Full Year Forecast	2015/16	2016/17	2017/18
Corporate Services	Upgrading of ICT network system	Other Assets	Other		300	-	-	-
	Furniture	Other Assets	Furniture and other office equipment	362	500	500	400	200
	Aircons	Other Assets	Other	166	100	-	-	-
	Tools and equipment	Other Assets	Other	125	-	100	100	100
	ICT Disaster recovery site	Other Assets	Other		1 600	-	-	-
	Hardware Devices	Other Assets	Computers - hardware/equipment	1 330	500	500	500	500
Budget and Treasury	FMG - ICT Equipment	Other Assets	Computers - hardware/equipment	75	-	-	-	-
Community and Social Services	Upgrading of Driving Licence Testing Centre	Other Assets	Other			2 000	1 000	-
	Upgrading of Licence offices	Other Assets	Other			1 500	1 500	-
	Upgrading of Offices and Development of Control Room	Other Assets	Other			1 500	-	-
	Development of Parks	Community	Parks & gardens		300		-	
	Other equipment	Other Assets	Other		200			
	Development of Cemeteries	Community	Cemeteries			200	240	-
	Development of Transfer Station- Ntwane	Other Assets	Other			500	360	-
	Landscaping of Hoep- Hoep and Impala parks	Other Assets	Other			800	-	-
Development Planning	Game Farm Development	Other Assets	Other		1 500	-	-	-
Electricity	Crane Truck - Electrical	Other Assets	General vehicles	519	-	700	1 000	-
	Electrification of Households in Monsterlus Stadium View	Infrastructure - Electricity	Transmission & Reticulation	-	-	7 344	-	-
	Electrification of Households in Magagatala	Infrastructure - Electricity	Transmission & Reticulation	-	-	600		
	Electrification of Households in Makaepa Village	Infrastructure - Electricity	Transmission & Reticulation	-	-	-	6 000	
	Electrification of Tambo Village	Infrastructure - Electricity	Transmission & Reticulation	-	-	-	-	1 790
	Electrification of Zuma Park	Infrastructure - Electricity	Transmission & Reticulation	-	-	-	1 000	910
	Electrification of Zenzele	Infrastructure - Electricity	Transmission & Reticulation	-	-	1 000	2 000	5 000
	Electrification of Jabulani	Infrastructure - Electricity	Transmission & Reticulation	-	-	-	-	1 300
	Development of Public lighting Masterplan (Highmast Light)	Infrastructure - Electricity	Street Lighting	-	-	500	3 000	6 789
	Fencing - Groblersdal Main Substation	Infrastructure - Electricity	Other	-	300	-	-	-
	Installation of High Mast Lights Elandsdooren	Infrastructure - Electricity	Street Lighting	-	-	-	-	-
	Main & Kruger Substation Upgrade	Infrastructure - Electricity	Transmission & Reticulation	-	3 280	-	-	-
	Main Substation	Infrastructure - Electricity	Transmission & Reticulation	-	-	-	2 100	5 000
	Mini Subs	Infrastructure - Electricity	Transmission & Reticulation	-	1 000	800	1 000	1 700
	Moteti Liberty Phase 2	Infrastructure - Electricity	Transmission & Reticulation	1 210	811	-	-	-
	Smart Metering Project - Groblerdal	Infrastructure - Electricity	Transmission & Reticulation		200	-	3 000	5 000
	Tafelkop (HH electrification)(Dikgalaopeng 20, Ba	Infrastructure - Electricity	Transmission & Reticulation	2 371	2 280	-	-	-
	Waalkraal RDP PH3	Infrastructure - Electricity	Transmission & Reticulation	2 431	886	-	-	-
	Electrification of Makwana village	Infrastructure - Electricity	Transmission & Reticulation		1 000	2 056	1 000	1 000
	Installation High Mast Light Elandsdoom	Infrastructure - Electricity	Street Lighting	2 735	-	-	-	-

Municipal Vote/Capital project	Program/Project description	Asset Class	Asset Sub-Class	Prior year		2015/16 Medium Term		
				Audited	Current	Budget	Budget	Budget
				Outcome	Year	Year	Year +1	Year +2
				2013/14	2014/15	2015/16	2016/17	2017/18
					Full Year			
					Forecast			
Infrastructure	Cemetery - Elandsdooren	Community	Cemeteries	175	1 500	-	-	-
	Cemetery - Hlogotlou	Community	Cemeteries	3 504	991	-	-	-
	Construction of Speed Humps - Ward 17	Infrastructure - Road transport	Roads, Pavements & Bridges		-	100	150	150
	Construction of Speed Humps - Ward 24	Infrastructure - Road transport	Roads, Pavements & Bridges		-	200	150	150
	Construction of Speed Humps - Ward 23	Infrastructure - Road transport	Roads, Pavements & Bridges		-	150	150	150
	Construction of Speed Humps - Ward 25	Infrastructure - Road transport	Roads, Pavements & Bridges		-	150	150	150
	Construction of Speed Humps - Ward 06	Infrastructure - Road transport	Roads, Pavements & Bridges		-	100	150	150
	Construction of Speed Humps - Ward 07	Infrastructure - Road transport	Roads, Pavements & Bridges		-	100	150	150
	Construction of Speed Humps - Ward 08	Infrastructure - Road transport	Roads, Pavements & Bridges		-	100	150	150
	Construction of Speed Humps - Various Villages	Infrastructure - Road transport	Roads, Pavements & Bridges		370	-	-	-
	Dikgalaopeng Construction of storm water Channels	Infrastructure - Road transport	Roads, Pavements & Bridges			500	600	700
	Sephaku Construction of storm water Channels	Infrastructure - Road transport	Roads, Pavements & Bridges			600	600	700
	Chego to Dikgalaopeng Road Storm water Controls	Infrastructure - Road transport	Roads, Pavements & Bridges			500	600	700
	Waakraal Construction of storm water channels	Infrastructure - Road transport	Roads, Pavements & Bridges			400	800	-
	Construction of Stormwater Channels	Infrastructure - Road transport	Roads, Pavements & Bridges		1 000	-	-	-
	Groblersdal - Landfill Site	Infrastructure - Other	Waste Management		546	2 000	-	-
	Hlogotlou Street and Storm water control	Infrastructure - Road transport	Roads, Pavements & Bridges	3 504	-	3 000	2 000	-
	JJ Road: Zaiplaas Bus route	Infrastructure - Road transport	Roads, Pavements & Bridges		5 485	5 000	6 000	7 000
	Karnaal Street - Groblersdal	Infrastructure - Road transport	Roads, Pavements & Bridges		3 500	6 500	-	4 000
	Kgaphamadi Upgrade	Infrastructure - Road transport	Roads, Pavements & Bridges		5 508	5 000	5 000	12 500
	Laersdrift Bus Route	Infrastructure - Road transport	Roads, Pavements & Bridges		-	1 500	5 000	2 000
	Mathula road	Infrastructure - Road transport	Roads, Pavements & Bridges		2 000	6 000	10 000	-
	Mobile Offices	Other Assets	Other		1 800	-	-	-
	Mogaung Upgrade	Infrastructure - Road transport	Roads, Pavements & Bridges		2 000	6 000	9 178	-
	Mosterlus to Makgopeng Phase 2	Infrastructure - Road transport	Roads, Pavements & Bridges	8 681	4 292	6 000	-	-
	Motelema Streets upgrade	Infrastructure - Road transport	Roads, Pavements & Bridges		6 402	-	-	-
	Moteti A - Bus Route	Infrastructure - Road transport	Roads, Pavements & Bridges	10 309	4 000	5 100	150	150
	Mpheleng Construction of Bus Road	Infrastructure - Road transport	Roads, Pavements & Bridges	2 072	5 293	5 000	5 000	7 000
	Multi Purpose Sports Fields Master plan	Community	Sportsfields & stadia			1 000	5 000	6 000
	Naganeng Bus Route	Infrastructure - Road transport	Roads, Pavements & Bridges		-	-	2 000	12 000
	Nyakelang Bus Route Phase 4	Infrastructure - Road transport	Roads, Pavements & Bridges	2 444	2 000		-	-
	Phuchukani Construction of Road	Infrastructure - Road transport	Roads, Pavements & Bridges		1 400	6 602	-	-
	Plant and Machinery	Other Assets	Plant & equipment		-	3 000	2 000	4 000
	Upgrading of Marapong Bridge	Infrastructure - Road transport	Roads, Pavements & Bridges			1 500	5 000	3 500
	Rehabilitation of Dikgalaopeng Road & Storm water Control	Infrastructure - Road transport	Storm water			1 279	3 000	-
	Roads to Magoshi - Mahlangu	Infrastructure - Road transport	Roads, Pavements & Bridges	5 642	1 248	-	-	-
	Roads to Magoshi - Matlala	Infrastructure - Road transport	Roads, Pavements & Bridges		5 725	2 000	-	-
	Roads to Magoshi - Matsepe	Infrastructure - Road transport	Roads, Pavements & Bridges		-	-	3 000	-
	Roads to Magoshi - Rammupudi	Infrastructure - Road transport	Roads, Pavements & Bridges		5 425	6 000	-	-
	Rehabilitaion Roosenekal Roads & Streets	Infrastructure - Road transport	Roads, Pavements & Bridges		-	2 000	2 000	-
	Tafelkop Highmast Lights	Infrastructure - Electricity	Street Lighting		2 252	-	-	-
	Tourism Centre	Community	Community halls	6	-	-	-	-
	Walter Sisulu/Tambo Construction Bus/Taxi Road	Infrastructure - Road transport	Roads, Pavements & Bridges	2 040	5 159	-	5 000	7 000
	Development of Workshop PH1	Other Assets	Other			2 000	2 000	1 000
	Other equipment	Other Assets	Other		320	-	-	-
	Upgrading of Home affairs Building	Other Assets	Other Buildings		2 000	-	-	-
	Fencing	Other Assets	Other	43		-	-	-
	Groblersdal - Roads & Street	Infrastructure - Road transport	Roads, Pavements & Bridges	3 377		-	-	-
	Development of Parking - mark Street	Community	Other	1 108		-	-	-
Capital expenditure				54 228	84 983	99 981	99 178	98 589

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 Municipality's website.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and is in the process of appointing new five intern who will be undergoing training in various divisions of the Financial Services Department. Before the appointment of five interns, five interns were appointed and four of them have been appointment in permanent positions and the other one got employment opportunity outside Elias Motsoaledi Local Municipality.
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. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalized after approval of the 2015/16 MTREF in May 2015 directly aligned and informed by the 2015/16 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.
8. Policies
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

2.13 Other supporting documents

Table 47 MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
REVENUE ITEMS:										
Revenue By Source										
Total Property Rates	11 033	17 900	20 450	30 000	24 500	24 500	14 164	30 682	32 292	33 918
<i>less Revenue Foregone</i>								4 500	4 500	4 500
Net Property Rates	11 033	17 900	20 450	30 000	24 500	24 500	14 164	26 182	27 792	29 418
Property rates - penalties & collection charges										
Total Property rates - penalties & collection charges	44 172	47 884	53 899	55 300	62 700	62 700	39 188	66 973	71 846	76 756
<i>Net Property Rates</i>								4 000	5 000	6 000
Net Property rates - penalties & collection charges	44 172	47 884	53 899	55 300	62 700	62 700	39 188	62 973	66 846	70 756
Service charges - electricity revenue										
Total Service charges - electricity revenue										
<i>Net Property Rates</i>										
Net Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue										
Total Service charges - water revenue										
<i>Net Property Rates</i>										
Net Service charges - water revenue	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue										
Total refuse removal revenue	2 523	2 578	2 721	5 143	3 903	3 903	2 311	4 628	4 913	5 200
Total landfill revenue										
<i>Net Property Rates</i>										
Net Service charges - sanitation revenue	2 523	2 578	2 721	5 143	3 903	3 903	2 311	4 628	4 913	5 200
Other Revenue by source										
<i>List other revenue by source</i>										
Advertisements	6 634	4 625	2 210	1 416	1 342	1 342	599	-	-	-
Advertisements	-	-	-	-	-	-	-	50	53	56
Building Plans	-	-	-	-	-	-	-	327	348	368
Cemetery and Burial	-	-	-	-	-	-	-	70	74	78
Clearance Fees	-	-	-	-	-	-	-	48	50	53
Other Revenue	-	-	-	-	-	-	-	483	513	543
Prints	-	-	-	-	-	-	-	106	112	119
Tender Documents	-	-	-	-	-	-	-	300	318	337
Valuation Roll	-	-	-	-	-	-	-	32	34	36
Total 'Other' Revenue	6 634	4 625	2 210	1 416	1 342	1 342	599	1 415	1 502	1 590

EXPENDITURE ITEMS:										
Employee related costs										
Basic Salaries and Wages	56 253	69 573	87 146	97 177	93 609	93 609	60 560	78 256	83 068	87 928
Pension and UIF Contributions	-	-	-	-	-	-	-	15 116	16 045	16 984
Medical Aid Contributions	-	-	-	-	-	-	-	4 791	5 086	5 383
Overtime	-	-	-	-	-	-	-	1 380	1 465	1 551
Performance Bonus	-	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	-	-	-	-	-	-	-	6 472	6 870	7 272
Cellphone Allowance	-	-	-	-	-	-	-	-	-	-
Housing Allowances	-	-	-	-	-	-	-	157	167	176
Other benefits and allowances	-	-	-	-	-	-	-	8 460	8 980	9 505
Payments in lieu of leave	-	-	-	-	-	-	-	530	563	596
Long service awards	-	-	-	-	-	-	-	95	101	107
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-	-
sub-total	56 253	69 573	87 146	97 177	93 609	93 609	60 560	115 256	122 344	129 501
Less: Employees costs capitalised to PPE	-	-	-	-	-	-	-	-	-	-
Total Employee related costs	56 253	69 573	87 146	97 177	93 609	93 609	60 560	115 256	122 344	129 501
Depreciation & asset impairment										
Depreciation of Property, Plant & Equipment	32 124	32 894	32 828	35 000	33 500	33 500	33 500	35 000	37 000	39 000
Lease amortisation	-	-	-	-	-	-	-	-	-	-
Capital asset impairment	-	-	-	-	-	-	-	-	-	-
Depreciation resulting from revaluation of PPE	-	-	-	-	-	-	-	-	-	-
Total Depreciation & asset impairment	32 124	32 894	32 828	35 000	33 500	33 500	33 500	35 000	37 000	39 000
Bulk purchases										
Electricity Bulk Purchases	40 739	46 120	48 014	47 000	54 300	54 300	35 536	60 000	63 690	67 416
Water Bulk Purchases	-	-	-	-	-	-	-	-	-	-
Total bulk purchases	40 739	46 120	48 014	47 000	54 300	54 300	35 536	60 000	63 690	67 416
Transfers and grants										
Cash transfers and grants	-	-	-	-	-	-	-	-	-	-
Non-cash transfers and grants	2 552	2 483	2 287	9 600	1 940	1 940	1 238	3 300	3 503	3 708
Total transfers and grants	2 552	2 483	2 287	9 600	1 940	1 940	1 238	3 300	3 503	3 708
Contracted services										
Refuse Removal	7 512	7 289	9 800	8 700	19 505	19 505	7 267	3 200	3 389	3 579
Traffic Fines Management	-	-	-	-	-	-	-	200	212	224
Business and Advisory - Project Management	-	-	-	-	-	-	-	750	-	-
Business and Advisory - Audit Committee	-	-	-	-	-	-	-	500	530	559
Legal Advice and Litigation	-	-	-	-	-	-	-	1 000	1 059	1 118
Administrative and Support Staff	-	-	-	-	-	-	-	1 200	1 271	1 342
Business and Advisory - Accountants and Auditors	-	-	-	-	-	-	-	1 800	1 906	2 013
Business and Advisory - Communications	-	-	-	-	-	-	-	1 000	1 059	1 118
Business and Advisory - Organisational	-	-	-	-	-	-	-	500	530	559
Contractors: Prepaid Electricity Vendors	-	-	-	-	-	-	-	700	741	783
Safeguard and Security	-	-	-	-	-	-	-	8 000	8 472	8 946
Valuer	-	-	-	-	-	-	-	1 000	500	500
Cellular Contract (Subscription and Calls)	-	-	-	-	-	-	-	800	847	895
Landfill site Audit	-	-	-	-	-	-	-	300	318	335
Asset Valuer	-	-	-	-	-	-	-	1 000	1 000	1 000
-	-	-	-	-	-	-	-	-	1 467	1 418
sub-total	7 512	7 289	9 800	8 700	19 505	19 505	7 267	21 950	23 300	24 389
Allocations to organs of state:										
Electricity	-	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total contracted services	7 512	7 289	9 800	8 700	19 505	19 505	7 267	21 950	23 300	24 389
Other Expenditure By Type										
Collection costs	-	-	-	-	-	-	-	-	-	-
Contributions to 'other' provisions	-	-	-	-	-	-	-	-	-	-
Consultant fees	-	-	-	-	-	-	-	-	-	-
Audit fees	-	-	-	-	-	-	-	4 000	4 000	4 000
General expenses	-	-	-	-	-	-	-	-	-	-
List Other Expenditure by Type	41 830	28 990	58 640	71 733	71 611	71 611	49 792	-	-	-
Awareness Campaign	-	-	-	-	-	-	-	730	775	820
Bursaries	-	-	-	-	-	-	-	200	212	225
Congress and Conferences	-	-	-	-	-	-	-	6 077	6 451	6 828
Debt Collectors	-	-	-	-	-	-	-	1 000	1 062	-
Disaster Programme	-	-	-	-	-	-	-	650	690	730
Entertainment	-	-	-	-	-	-	-	718	761	804
Fleet Management	-	-	-	-	-	-	-	10 000	10 000	4 000
Insurance	-	-	-	-	-	-	-	2 000	2 123	2 254
Other Expenditure	-	-	-	-	-	-	-	18 985	17 345	18 207
Printing and Publication	-	-	-	-	-	-	-	2 760	2 930	3 101
Protective Clothing	-	-	-	-	-	-	-	683	725	767
Repairs and Maintenance	-	-	-	-	-	-	-	11 850	10 361	10 674
Skilled development levy	-	-	-	-	-	-	-	280	297	315
Software Licences	-	-	-	-	-	-	-	2 500	2 654	2 809
Telephone, Fax, Telegraph and Telex	-	-	-	-	-	-	-	2 320	2 463	2 607
Tenders	-	-	-	-	-	-	-	200	212	225
Travel Agency fees	-	-	-	-	-	-	-	598	635	672
Ward Committees	-	-	-	-	-	-	-	3 000	3 185	3 371
Workmens Compensation Fund	-	-	-	-	-	-	-	1 000	1 062	1 124
Total 'Other' Expenditure	41 830	28 990	58 640	71 733	71 611	71 611	49 792	69 551	67 940	63 533

Table 48 MBRR Table SA2 – Supporting detail to budgeted financial performance

Description	Vote 1 - Executive & Council	Vote 2 - Office of the Municipality	Vote 3 - Budget & Treasury	Vote 4 - Corporate Services	Vote 5 - Community Services	Vote 6 - Technical Services	Vote 7 - Strategic Development	Vote 8 - Development Planning	Vote 9 - Executive Support	Total
Revenue By Source										
Property rates	-	-	26 182	-	-	-	-	-	-	26 182
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	62 973	-	-	-	62 973
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	-	-	-	-	4 628	-	-	-	-	4 628
Service charges - other	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	-	-	-	-	63	3 227	-	-	-	3 290
Interest earned - external investments	-	-	4 600	-	-	-	-	-	-	4 600
Interest earned - outstanding debtors	-	-	3 000	-	500	1 000	-	-	-	4 500
Dividends received	-	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	635	-	-	-	-	635
Licences and permits	-	-	-	-	6 348	-	-	-	-	6 348
Agency services	-	-	-	-	-	-	-	-	-	-
Other revenue	-	-	465	369	74	-	-	507	-	1 415
Transfers recognised - operational	-	930	214 559	-	-	-	-	1 163	-	216 652
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-
Total Revenue excluding capital transfers	-	930	248 806	369	12 248	67 200	-	1 670	-	331 224
Expenditure By Type										
Employee related costs	-	10 178	17 773	16 879	32 866	20 674	-	9 853	7 033	115 256
Remuneration of councillors	18 543	-	-	-	-	-	-	-	-	18 543
Debt impairment	-	-	5 000	-	2 000	4 000	-	-	-	11 000
Depreciation & asset impairment	-	-	35 000	-	-	-	-	-	-	35 000
Finance charges	-	-	-	-	-	-	-	-	-	-
Bulk purchases	-	-	-	-	-	60 000	-	-	-	60 000
Other materials	50	50	600	620	1 505	2 360	-	115	130	5 430
Contracted services	-	2 000	3 800	2 000	3 700	700	-	750	9 000	21 950
Transfers and grants	300	-	2 000	1 000	-	-	-	-	-	3 300
Other expenditure	8 839	8 432	6 354	8 464	6 727	26 553	-	3 323	860	69 550
Loss on disposal of PPE	-	-	400	-	-	-	-	-	-	400
Total Expenditure	27 732	20 660	70 927	28 962	46 798	114 286	-	14 041	17 023	340 430
Surplus/(Deficit)	(27 732)	(19 730)	177 879	(28 593)	(34 550)	(47 087)	-	(12 371)	(17 023)	(9 206)
Transfers recognised - capital	-	-	-	-	-	63 102	-	-	-	63 102
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers	(27 732)	(19 730)	177 879	(28 593)	(34 550)	16 015	-	(12 371)	(17 023)	53 896

Table 49 MBRR Table SA8 – Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	5.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	1.0	(0.9)	1.1	1.7	2.7	2.7	1.3	1.9	2.4	2.6
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.0	(0.9)	1.1	1.7	2.7	2.7	1.3	1.9	2.3	2.5
Liquidity Ratio	Monetary Assets/Current Liabilities	0.2	(0.6)	0.4	0.5	1.5	1.5	0.4	0.7	1.2	1.5
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		127.7%	131.7%	107.7%	115.1%	102.9%	102.9%	95.8%	93.0%	93.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		127.7%	131.7%	107.7%	115.1%	102.9%	102.9%	95.8%	93.0%	93.0%	93.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	14.8%	6.2%	21.9%	16.6%	16.3%	16.3%	44.5%	11.6%	9.1%	9.9%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old				20.0%	20.0%	15.0%	12.0%	15.0%	20.0%	25.0%
Creditors Management											
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%	100.0%
Creditors to Cash and Investments		546.1%	486.1%	121.8%	183.0%	61.2%	61.2%	242.2%	132.7%	79.3%	77.0%
Other Indicators											
	% Volume (units purchased and generated less units sold)/units purchased and generated				17.6%	17.6%	10.0%	10.0%	13.5%	13.5%	14.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	28.3%	31.5%	35.6%	34.7%	32.8%	32.8%	31.4%	34.8%	36.0%	37.6%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	35.6%	34.9%	37.6%	40.5%	39.0%	39.0%		40.4%	41.7%	43.6%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	1.7%	2.3%	3.9%	3.1%	3.8%	3.8%		3.6%	3.2%	3.4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	16.3%	14.9%	13.4%	12.5%	11.7%	11.7%	17.4%	10.6%	10.9%	11.3%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	17.7	10.4	12.1	9.7	9.7	9.7	15.0	23.5	23.5	24.9
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	50.2%	19.8%	67.9%	49.5%	48.8%	48.8%	148.3%	39.7%	29.9%	31.1%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.6	(0.9)	2.2	1.2	3.3	3.3	3.4	1.2	1.5	1.6

SPATIAL PLANNING AND LAND USE MANAGEMENT

Currently, all the Traditional Councils within the local authority's boundaries have been consulted, inclusive of the community. The above undertaking yielded positive results. To compound to the above, the local authority have budgeted R 750 000.00 for SPLUMA related activities. This includes initiation & promulgation of related by-laws to sooth the implementation of SPLUMA. Other relevant by-laws will also be reviewed to promote alignment between the by-law & the law at hand.

The above budget will further be used to align the Land Use Management System with SPLUMA. Upon formulation of District Municipal Tribunal, the money will further be used for remuneration of expert advisors to the tribunal. The set budget will further be used to create awareness & educate the locals with regard to the implications & benefits of the act at hand.

NATIONAL DEVELOPMENT PLAN

The National Development Plan aims for an economy that will create more jobs by:

- Realising an environment for sustainable employment and inclusive economic growth
- Promoting employment in labour-absorbing industries
- Raising exports and competitiveness
- Strengthening government's capacity to give leadership to economic development
- Mobilising all sectors of society around a national vision

It further aims to achieve the following targets by 2030:

- Unemployment rate should fall to 14% by 2020 and 6% by 2030 –requiring an additional 11 million jobs
- Proportion of adults working should increase from 41% to 61%
- Proportion of adults in rural areas working should rise from 29% to 40%
- Labour force participation should rise from 54% to 65%
- Gross Domestic Product (GDP) should increase by 2.7 times in real terms
- Proportion of national income earned by the bottom 40% should rise from about 6% to 10% in 2030
- Broad ownership of assets by historically disadvantaged groups to increase
- Public Employment programmes should reach 1 million by 2015 and 2 million by 2030

The NDP further aims to have an inclusive and integrated rural economy. It is envisaged that by 2030, South Africa's rural communities should have greater opportunities to participate fully in the economic, social and political life of the country. A million jobs to be created through

agricultural development based on effective land reform and the growth of irrigated agriculture and land production. The focus is also on basic services that enable people to develop the capabilities they need to take advantage of economic opportunities throughout the country and so contribute to the development of their communities through remittances and the transfer of skills. Food security and the empowerment of farm workers is also a priority. Industries, tourism and small enterprises should be developed where potential exists.

National Outcome 4 and 7 relate to decent employment through inclusive economic growth and vibrant, equitable and sustainable rural communities with food security for all. The outputs of these two outcomes refer to the implementation of community work programmes. Elias Motsoaledi Local Municipality strives towards contributing to the priorities set out in the NDP and National Outcomes through the implementation of the goal: Inclusive growing economy.

This goal responds to the institutional priority issue that relates to economic growth.

Elias Motsoaledi Local Municipality seeks to compile programmes and formulate policies and by-laws that encourage entrepreneurship and thereby monitor and evaluate performance of the local economy and investment trends. Project designs should include labour intensive methods and identify opportunity areas and expose SMMEs to incubation projects which will stimulate development and thereby enhance job creation. Through the aforementioned initiatives the municipality strives to reduce the unemployment rate from 42.9% to 40%.

Existing policies should be reviewed or new policies developed to become more enabling and focussed on establishment of partnerships and networks that will enhance and expand the SMME value chain.

The outcome to be achieved through this goal is improved economic conditions for the community. This means that the municipality intends to facilitate processes for the creation of a prosperous and poverty free community.

To achieve the outcome the following critical areas have been identified:

- Cooperatives and enterprise support initiatives
- Implementation of LED Strategy
- Training of SMMEs
- Support Agri-Park initiatives

PART 3 – SCOA BUDGET SEGMENTS

3.1 Function Segment and Item Expenditure Segment

Function	Sub Function	Core - Non Core	Budget 2015/16	Budget 2016/17	Budget 2017/18
Community and Social Services	Cemeteries and Crematoriums	Core Function	2 813 066	2 986 070	3 160 755
	Disaster	Non Core Function	1 553 192	1 648 713	1 745 163
	Libraries and Archives	Non Core Function	1 439 732	1 528 275	1 617 680
	Parks	Core Function	2 281 239	2 421 536	2 563 195
Community and Social Services Total			8 087 229	8 584 594	9 086 792
Electricity	Electricity Distribution	Core Function	72 315 021	76 762 394	81 252 995
Electricity Total			72 315 021	76 762 394	81 252 995
Environmental Protection	Pollution Control	Core Function	1 321 894	1 403 191	1 485 277
Environmental Protection Total			1 321 894	1 403 191	1 485 277
Executive and Council	Council	Core Function	18 371 396	19 389 713	20 424 455
	Mayor	Core Function	3 403 096	2 484 406	2 566 800
	Municipal Manager	Core Function	1 283 000	1 361 782	1 441 329
	PMU	Core Function	263 432	279 633	295 992
	Speaker	Core Function	5 957 647	5 697 013	5 938 941
Executive and Council Total			29 278 571	29 212 547	30 667 516
Finance and Administrator	Administrative and CorporateSupport	Core Function	16 502 312	17 516 958	18 541 777
	Budget	Core Function	2 114 857	2 244 921	2 376 248
	Finance	Core Function	60 999 342	64 598 179	67 089 085
	Fleet Management	Core Function	14 402 230	14 672 967	8 946 336
	Human Resources	Core Function	9 058 599	9 615 703	10 178 222
	Information Technology	Core Function	8 564 921	9 091 663	9 623 526
	Legal Services	Core Function	3 129 832	3 322 316	3 516 672
	Marketing Publicity and Media Coordination	Core Function	2 975 837	3 158 851	3 070 046
	Other - Asset Management	Core Function	4 084 064	4 335 234	4 588 845
	Property Services	Core Function	6 988 975	7 418 797	7 852 797
	Risk management	Core Function	4 519 029	4 796 949	5 077 570
Supply Chain Management	Core Function	3 728 727	3 958 044	4 189 589	
Finance and Administrator Total			137 068 725	144 730 582	145 050 713
Internal Audit	Internal Audit	Core Function	6 403 870	6 551 708	6 700 983
Internal Audit Total			6 403 870	6 551 708	6 700 983
Municipal Manager	Administrative and CorporateSupport	Core Function	3 497 876	3 712 996	3 930 206
	Municipal Manager	Core Function	5 404 651	5 737 037	6 072 654
Municipal Manager Total			8 902 527	9 450 033	10 002 860
Planning and Development	Corporate Wide Strategic Planning - IDP and LED	Core Function	5 103 626	5 417 499	5 734 422
	Economic Development/Planning	Core Function	9 402 944	8 919 603	9 441 282
Planning and Development Total			14 506 570	14 337 101	15 175 705
Public Safety	Public Forces Traffic and Street Parking Control	Core Function	11 402 529	12 103 785	12 811 856
Public Safety Total			11 402 529	12 103 785	12 811 856
Road Transport	Roads	Core Function	25 156 300	24 485 089	25 624 850
	Vehicle Testing and Licensing	Non Core Function	7 159 774	7 600 100	8 044 706
Road Transport Total			32 316 074	32 085 190	33 669 557
Sports and Recreation	Sports Ground and Stadiums	Non Core Function	579 360	614 990	650 967
Sports and Recreation Total			579 360	614 990	650 967
Waste Removal	Solid Waste Removal	Core Function	18 247 387	19 369 478	20 502 475
Waste Removal Total			18 247 387	19 369 478	20 502 475
Grand Total			340 429 757	355 205 593	367 057 697

3.2 Function Segment and Item Revenue Segment

Function	Sub Function	Core - Non Core	Budget 2015/16	Budget 2016/17	Budget 2017/18
Community and Social Services	Cemeteries and Crematoriums	Core Function	69 828	74 122	78 459
	Libraries and Archives	Non Core Function	3 703	3 931	4 161
Community and Social Services Total			73 531	78 053	82 619
Electricity	Electricity Distribution	Core Function	73 972 820	77 907 148	81 879 717
Electricity Total			73 972 820	77 907 148	81 879 717
Executive and Council	Municipal Manager	Core Function	930 000	957 000	1 033 000
Executive and Council Total			930 000	957 000	1 033 000
Finance and Administrator	Administrative and Corporate Support	Core Function	200 000	212 300	224 720
	Finance	Core Function	248 806 048	253 990 241	253 065 906
	Fleet Management	Core Function	10 580	11 231	11 888
	Human Resources	Core Function	158 700	168 460	178 315
Finance and Administrator Total			249 175 328	254 382 232	253 480 828
Planning and Development	Economic Development/Planning	Core Function	1 670 400	538 605	570 113
Planning and Development Total			1 670 400	538 605	570 113
Public Safety	Public Forces Traffic and Street Parking Control	Core Function	634 800	673 840	713 260
Public Safety Total			634 800	673 840	713 260
Road Transport	Roads	Core Function	56 328 900	58 603 354	61 914 738
	Vehicle Testing and Licensing	Non Core Function	6 348 000	6 738 402	7 132 599
Road Transport Total			62 676 900	65 341 756	69 047 336
Sports and Recreation	Sports Ground and Stadiums	Non Core Function	63 480	67 384	71 326
Sports and Recreation Total			63 480	67 384	71 326
Waste Removal	Solid Waste Removal	Core Function	5 128 316	5 443 707	5 762 164
Waste Removal Total			5 128 316	5 443 707	5 762 164
Grand Total			394 325 575	405 389 727	412 640 364

The above two tables presents the Expenditure and Revenue segments in conjunction with the Function segment and the budget thereof remain the same as the one presented in Part A of the Budget document under the National Treasury Schedules.

3.3 Function, Segment and item Capital

Function	Sub Function	Core - Non Core	Sum of 2015/16	Sum of 2016/17	Sum of 2017/18
Community and Social Services	Cemeteries and Crematoriums	Core Function	200 000	240 000	-
	Parks	Core Function	800 000	-	-
Community and Social Services Total			1 000 000	240 000	-
Electricity	Electricity Distribution	Core Function	13 000 000	20 100 000	28 489 000
Electricity Total			13 000 000	20 100 000	28 489 000
Finance and Administrator	Fleet Management	Core Function	600 000	500 000	300 000
	Information Technology	Core Function	500 000	500 000	500 000
Finance and Administrator Total			1 100 000	1 000 000	800 000
Public Safety	Public Forces Traffic and Street Parking Control	Core Function	1 500 000	-	-
Public Safety Total			1 500 000	-	-
Road Transport	Roads	Core Function	79 381 215	74 978 000	69 300 000
	Vehicle Testing and Licensing	Non Core Function	3 500 000	2 500 000	-
Road Transport Total			82 881 215	77 478 000	69 300 000
Waste Removal	Solid Waste Removal	Core Function	500 000	360 000	-
Waste Removal Total			500 000	360 000	-
Grand Total			99 981 215	99 178 000	98 589 000

In terms of SCOA regulation, the Function segment ought to indicate whether the function is core or non-core function of the municipality, and from the above and below function table, the municipality has the following divisions as non-core:

- Disaster Management that is the competency of the District municipality
- Libraries and Archives that is the function of the department of Sports, Arts, Culture and Recreation (SRAC)
- Sports Ground and Stadiums that is the function of the department of Sports, Arts, Culture and Recreation (SRAC)
- Vehicle Testing and Licensing that is the function of department of Roads.

Municipal Manager’s quality certificate

Quality certificate

I.....,the Municipal Manager of **ELIAS MOTSOALEDI LOCAL MUNICIPALITY**, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with integrated Development Plan of the Municipality.

Print name: Ramakgahlela Minah Maredi

Municipal Manager of Elias Motsoaledi Local Municipality (LIM 472)

Signature

Date