

ANNUAL BUDGET OF

POLOKWANE MUNICIPALITY



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

CR/118/05/16

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Abbreviations and Acronyms

ASGISA	Accelerated and Shared Growth Initiative	M	Mayor
BPC	Budget Planning Committee	MBRR	Municipal Budget & Reporting Regulations
CFO	Chief Financial Officer	MEC	Member of the Executive Committee
CM	Municipality Manager	MFMA	Municipal Financial Management Act
CPI	Consumer Price Index	MIG	Municipal Infrastructure Grant
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
EEDSM	Energy Efficiency Demand Side Management	NGO	Non-Governmental Organisations
FBS	Free basic services	NKPIs	National Key Performance Indicators
GAMAP	Generally Accepted Municipal Accounting Practice	OHS	Occupational Health and Safety
GDP	Gross Domestic Product	OP	Operational Plan
GDS	Gauteng Growth and Development Strategy	PBO	Public Benefit Organisations
GFS	Government Financial Statistics	PHC	Provincial Health Care
GRAP	General Recognised Accounting Practice	PMS	Performance Management System
HR	Human Resources	PPE	Property Plant and Equipment
HSRC	Human Science Research Council	PPP	Public Private Partnership
IDP	Integrated Development Plan	PTIS	Public Transport Infrastructure System
IT	Information Technology	RG	Restructuring Grant
kℓ	kilolitre	RSC	Regional Services Council
km	kilometre	SALGA	South African Local Government Association
KPA	Key Performance Area	SAPS	South African Police Service
KPI	Key Performance Indicator	SDBIP	Service Delivery Budget
kWh	kilowatt hour		Implementation Plan
ℓ	litre	SMME	Small Micro and Medium Enterprises
LED	Local Economic Development		

Part 1 – Annual budget

1.1 Mayor’s Report

2016 BUDGET SPEECH BY MEMBER OF MAYORAL COMMITTEE FOR FINANCE AND LED IN POLOKWANE MUNICIPALITY CLLR RASEPUETJA CHARLES MOLEPO, NEW COUNCIL CHAMBER, 26 MAY 2016

Theme

“Moving from financial stability to financial sustainability”

Honorable Speaker of Council, Cllr Mathiba

Her Excellency, Executive Mayor of Polokwane Municipality, Cllr Thembi Nkadimeng (Mahlako)

The Chief Whip of Council, Cllr Mamedupi Teffo

Members of the Mayoral Committee

Chairperson of Ethics (Cllr Moakamedi) and Chairperson of MPAC (Cllr Mogale)

Honorable Fellow Councillors

Acting Municipal Manager, Mme Faith Maboya

Executive Management of the Municipality and ACEO of PHA but in Particular a Warm welcome to our New Acting CFO Mr Essa

Leadership of the ruling party and other parties present today

Leadership of business and Labour

Fellow residents of the City of Stars

Distinguished guests

Members of the Media

Ladies and gentlemen

A beautiful Thursday afternoon to you all

Honorable Speaker

I stand before this August house and the people of Polokwane, with a great sense of appreciation for the opportunity afforded to me to present the last Integrated Development Plan (IDP) and Medium Term Revenue and Expenditure Framework (MTREF) for the term of 2011-2016 under the leadership of Executive Mayor Cllr Thembu Nkadimeng

This budget is being delivered two (2) days after the ANC in Peter Mokaba has completed its successful Regional List Conference for Councillors who will be serving this Council in the new term of office, I would like to wish all those who made it to the list all the best of luck as they will be taking the baton from where we are leaving it today. Wish all the parties good luck in the forthcoming local government elections and wish that they are peaceful, free and fair to our democracy.

Fellow Councillors

The late President Nelson Mandela once said "To deny people their human rights is to challenge their very humanity". It may be years ago but is still relevant today.

It is therefore, appropriate to state that the African National Congress, working together with the people of South Africa, led the struggle against apartheid and this resulted in the birth of democracy and restoration of human dignity.

As a result of his statement today we are walking tall because our collective efforts culminated in the realization of a free society and a democratic South Africa. We are now a Country that is progressive striving to build a non-racial, non-sexist society and a great sense of hope and prosperity.

Out of this hard earned democracy and freedom, not only do our people have the liberty to choose the government of their choice, but equally they have the right to shape the manner in which government should use the budget as a tool for transforming and bettering their lives.

Honorable speaker

Our consistent engagement, lead by Mahlako-mmago ngwana wa go swara thipa ka bogaleng, through the IDP and Budget consultative processes throughout all the clusters of this municipality, have strengthened the voice of our people and propelled them to actively participate in matters of local government.

Honorable Speaker I can therefore say with confidence before this August house that our budget has always and it continued to be driven by the will of the people as we are forever soliciting their views, this is confirmed by drastic changes we made on this budget as compared to the draft budget that was presented to this Council.

Honorable Speaker

Last year on this podium I indicated that I might be presenting the last budget of this Council if elections are held before May 2016, but since the pronouncement of the 03 August by the President of the Republic as the election date it affords me the opportunity to say Yes indeed this is our last budget for our term of office.

Our Budget for 2016/17 Honorable Councilors is as follows

Revenue Budget

Mr Speaker we have proposed our big five revenue streams which are **Water, Electricity, Refuse removal, Sanitation** at an increase of **10%** both in 2016/17 as well as the two outer years. Our increase is based on the tariff modelling exercise which seek a Municipality to render trading services at profit or cost reflective manner in order to build financially sustainable municipality which will cater for the development agenda of Local government.

National treasury circular 78 and 79 leaves no stone unturned on tariff settings compliance. It is also imperative that other revenues sources including assessment rates have been increased by 6% which is the CPIX over the MTREF period. The total revenue in rands value is **R 2.8 Billion** in 2016/17 while in the outer years it amount to **R 6.2 Billion** respectively.

Honorable Speaker

The budget and IDP processes strengthened our decision to safely propose the following Increases.

Assessment Rates will increase by only **6%** which is below the CPI and about **2%** lower than other cities and Metros.

It need be mentioned that Polokwane Electricity tariffs remain firmly below the average benchmark by Nersa and the first two blocks of the residential tariffs will be increased by CPI, this means that an average increase of 10% will not affect the indigent and the lower and middle class in the sense that households that consumes less electricity will pay normal CPIx increase while at the same time the large consumers will pay tariffs which is equivalent to 10% based on their high consumption patter. In other words these tariffs protect the poor and the lower class.

Our consistent engagement with the community made it possible to reduce some of the tariffs like use of halls, while some where increased to be cost reflective like sundry charges.

Indigent Management.

Honorable Speaker,

We are presenting the proposed tariff increases mindful of our indigent households. Just over **R 50 Million** was invested in funding over **13,500** urban indigent's household and over **17,000** Rural household for free basic electricity.

Let me reiterate that the municipality will continue in the financial year 2016/17 to provide **R100 000** of the Market value of Residential property as rebate from Property rates.

Our pensioner earning monthly income of **R 8 300** and above the indigent threshold of **R3 500** per household will get rebates of 40% on assessment rates.

In addition to the supply of basic services to rural areas, The Urban Indigent package will includes the following Mr Speaker:

- R100 000 of the Market value of the property excluded from Rates,as mentioned above
- 6kl – Free Water
- 100kWh – Free Electricity
- 100% rebate on Sanitation
- 100% rebate on Refuse removal
- 100% rebate on Electricity basic charge

Honorable Speaker,

Polokwane customers can now pay their accounts at various pay points including Post offices. Shoprite, Checkers, Woolworth, Pep Stores, Pick and Pay Stores, banks countrywide and municipal offices

Honorable Speaker, allow me to break down **operational budget** according to its significance.

1. Employee Cost

Employee cost is budgeted at **R 644 Million** which includes the provision of Aganang Municipality (9 Months' salary estimated at **R 38 Million**), while in the outer years the municipality will spent **R 1.4 billion**. It must be noted that this budget spending is at **22%** of the total budget as opposed to **45%** norm highlighted in the National Treasury MFMA circular 71. This indicates that as council we are complying with the National Treasury. The remuneration of councillors which includes Aganang municipality in 2016/17 is budgeted at **R 35 Million** while in the outer years **R 76 million** will be spent respectively.

2. Bulk Purchases

I must emphasise that bulk purchases remains material cost driver to this council, purchases of water and electricity from Lepelle Northern Water and Eskom has been budgeted at **R 839 Million** in the 2016/17 while **R 1.9 Billion** will be spent in the outer years.

3. Other Materials

In order to sustain the municipality in a sustainable manner, we have budgeted **R 203 Million** in 2016/17 while **R 397 Million** will be spent in the outer years. This will address the deterioration of the existing assets in order to protect the future income generation of this council.

4. Expenditure

The municipality has made a budget for **R 573 Million** on goods and services including contracted services, sanitation, electrification and transportation related programs while it will spend **R 1.2 Billion** in the outer years.

Honorable Speaker Allow me to indicate that as council we have adopted MFMA circular 82 which seeks to address spending on non-priorities and this will form part of oversight by council in monitoring cost containment measures. I want to indicate to the house that as a parent Municipality to PHA, we have recapitalised the entity by repaying their existing loan in order for the entity to be independent and financially sustainable. Included in **R 11.5 million** allocations is **R 9 Million** which will finally settle the outstanding loan from national housing finance corporation on behalf of PHA, while operational grant will be disbursed to PHA at the total budgeted amount of **R 7.5 million** over the next three years.

5. Capital Expenditure Budget

Honorable Speaker, as an ANC lead government we have prioritised our budget into both basic and social services. Allow me to indicate that for the first time in history of this Municipality, council has made own contribution to service delivery budget at the total amount of **R 239 Million** while it will continue to spend **R 334 Million** in the outer years. This is an indication that this Municipality is moving away from being grants dependent on capital allocation.

The total budget for MIG for 2016/17 is **R 253 Million** while the MIG budget allocation will increase to **R 589 Million** in the outer years.

The Neighbourhood development Grant is budgeted at **R 34.5 Million** in 2016/17 while **R 75 Million** has been budgeted for respectively in the outer years.

Public Infrastructure Grant is budgeted for at **R 153 Million** while **R 198 Million** is budgeted for in the outer years. Furthermore I must congratulate council by receiving new grants allocation which is named Regional Bulk Infrastructure Grants, municipality will receive **R 180 Million** in 2016/17 while **R 421 Million** will be received in the outer years from the same grant.

Fellow Councillors

Of this Budget of which major breakdown will be tabled by her worship Mahlako in her State of the City Address, we have allocated

1. The municipality will spend in 2016/17 **R375 million** on water while at the same time R508 million in the outer years
2. We will however spend in 2016/17 **R229 million** on Sanitation which include building of new Regional Waste Water Treatment Plant and **R532 million** in the outer years
3. It must be emphasised that the municipality will spend **R25 million** on Rural Electrification and **R31 million** on Urban infrastructure while at the same time R131 million will be spent in the outer years. **R20 million** will be used to repay DBSA frontloading which was received in the 2015/16 financial year,
4. Road transport which includes Integrated Rapid Public Transport System has been allocated **R371 million** and **809 million** will be spent in the outer years.
5. Sport and Recreation has been allocated **R46 million** for 2016/17 and **R80 million** will be spent in the outer years.

Honorable Speaker

Last year in my budget speech I indicated that as Council we are embarking on an Off-Balance Sheet financing model through PPP, we have moved a step in that regard and

As part of the initiative to restore the income generating asset of the municipality, council will replace the old asbestos pipes with the new pipes.

The budget for this project amount to **R235 Million** on 2016/17 while **R 205 Million** will be spend in the outer years. This will be funded directly on borrowings. The overall service delivery budget is **R 1.09 Billion** in 2016/17 while **R 1.8 Billion** is budgeted for in the outer years. All those other Off-Balance Sheet as presented in the last budget speech are still in the pipelines and also at an advanced stage.

Fellow Councillors

I want to share with this house that in ensuring compliance with the Municipal Finance Management Act, read together with Municipal Budget Regulation and Reporting, all the policies pertaining to budget were reviewed in a year under consideration. We will on a continuous basis as Council monitor the implementation on these policies as part of oversight mechanism

Honorable Speaker

We are closing this Council this Council on a high Note with Unqualified audit opinion which I still believe that we are going to maintain it as we handover this baton to NEW Council

Honorable Speaker, let me take this opportunity to congratulate the Acting Municipal Manager, Directors, the former Acting CFO and his BTO management team, Budget Steering Committee, Members of Jointed Portfolios on Finance & LED and Administration & Governance for ensuring that this budget is prepared, aligned with the national priorities agenda and is funded. I also want to officially welcome our new Acting CFO (Mr Nazeem Essa) and MFMIP Advisor (Mr Martin Mashaba) to Polokwane Municipality.

Mr Speaker, let me leave you with this quote by late president Mr Nelson Mandela when giving the speech at the Bram Fischer Memorial Lecture in 1995, said, **“I waited over 70 years to cast my first vote. As the world held its breath, South Africans together made their mark to bring into being one of the truly remarkable events of this turbulent century.**

“I voted not only for myself alone, but for many years who took part in our struggle. I felt that with me when I voted were Oliver Tambo, Chris Hani, Chief Albert Luthuli and Bram Fischer.

“I felt that Josiah Gumede, GM Naicker, Dr Abdullah Abdurahman, Lillian Ngoyi, Helen Joseph, Yusuf Dadoo, Moses Kotane, Steve Biko and many others were there.

“I felt that each one of them held my hand that made the cross, helped me to fold the ballot paper and push it into the ballot box”

Mahlatse le Mahlogonolo go lena Makhanselara ba le sayang go xoma go buabuetsa bakgethi dikgethong tsa ka 03 August, ba re ka seboyeng re kgopela ofisi ya ACFO le lokixe maxeleng a rena ka ponyo ya leihlo gore re Speke raya ra sokola ra dira tsela butswa ya gotla mo masepaleng beke ka beke re tlo botxixa gore letla kae.

Ke ya leboga ka moka ga Lena go mpha ditsebe tsa Lena

Thanks very much Mahlako once more for the opportunity you have entrusted on me to lead this portfolio and to the Speaker thanks also for allowing me to address this honorable members in your House

Ndaaa

1.2 Council Resolutions

On 26th May 2016 the Council of Polokwane Municipality Local Municipality met in the Council Chambers of Polokwane Municipality to consider the annual budget of the municipality for the financial year 2016/17. The Council approved and adopted the following resolutions:

1. The annual budget of the municipality for the financial year 2016\17 and the multi-year and single-year capital appropriations as set out in the following tables:

- 1.1.1. A high-level Budget summation of the Municipality’s operating – and capital budgets, cash flow financial position, asset management as contained in Table A1

- 1.1.2. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table A2
 - 1.1.3. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table A3
 - 1.1.4. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table A4
 - 1.1.5. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5
2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table A6
 - 1.2.2. Budgeted Cash Flows as contained in Table A7
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in A8
 - 1.2.4. Asset management as contained in A9
 - 1.2.5. Basic service delivery measurement as contained in A10
2. The Council of Polokwane Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2016:
 1. the tariffs for property rates – as set out in Annexure A,
 2. the tariffs for electricity – as set out in Annexure A
 3. the tariffs for the supply of water – as set out in Annexure A
 4. the tariffs for sanitation services – as set out in Annexure A
 5. the tariffs for solid waste services – as set out in Annexure A
 6. other tariffs – as set out in Annexure A
3. To give proper effect to the annual budget, the Council of Polokwane Local Municipality approves:

That unspent conditional grants be cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations
4. That Council take cognisance and mandates the Accounting Officer to initiate and implement off-balance sheet projects as a way of alternate funding and revenue models.\
 5. **That Council approve budget of PHA for implementation as attached**
 6. **That the following reviewed budget related policies be approved for implementation: (Annexure B)**
 - ✓ Borrowing Policy
 - ✓ Petty Cash Policy
 - ✓ Budget Policy
 - ✓ Funding and reserves Policy
 - ✓ Indigent Policy
 - ✓ Cash management and Investment Policy

- ✓ Supply chain management Policy
- ✓ Credit control and debt collection Policy
- ✓ Tariff Policy
- ✓ Rates Policy
- ✓ Virement Policy
- ✓ Asset Management Policy
- ✓ Loss and Claims Policy

The application of sound financial management principles for the compilation of the Polokwane Municipality's Medium Term Revenue Expenditure Framework (MTREF) budget plan is essential and critical to ensure that the City remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Polokwane Municipality business and service delivery priorities were reviewed as part of this year's planning and budget process. Municipality main focus for this MTREF budget was premised around appropriating more resources to capital expenditure programmes which seeks to address the backlog in the municipality while consideration was given for capital renewal programme. Municipality followed MFMA circular 79-82 in preparation of this budget and critical review was also undertaken of expenditures on non-core and 'nice to have' items.

The Polokwane Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers, debt collectors were appointed to follow on long outstanding debtors while the credit control and debt collection policy was reviewed to include key strategies to deal with efficient collection of revenue. Municipality is at advance stage of appointing additional debt collectors to enforce credit control such as terminations, restrictions and other strategies.

The Municipality through the leadership of the Executive Mayor has undertaken Monday sessions with rate payers as part of customer care, data cleansing, indigent support and correct billing initiatives to ensure that the municipality truly involves all citizens in the process of ensuring a people lead government. This and other strategic initiatives are yielding improved revenue management.

National Treasury's MFMA Circular No. **79-82** were amongst other guidelines used in the compilation of the 2016/17 MTREF.

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

- The ongoing difficulties in the national and local economy resulting in job losses, increasing debt due to the reduction in the disposable income per household and high cost of other goods and services;
- Budgeting for the maintenance and refurbishment of ailing and insufficiently maintained water, roads and electricity infrastructure;
- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and current cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from Lepelle Northern Water and Eskom), which is placing upward pressure on service tariffs to

residents. These tariffs increases will affect the levels of affordability for both residential and business consumers, and the consequences of escalating debt will be unavoidable despite credit control measures being instituted.

- Budgeting for growth of the City with regard to capital, operational and human resources needs including an increase in employee related costs and
- Unfunded mandates

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

- The 2015/16 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2016/17 annual budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPIX, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- motivation setting out the intention and cost of the expenditure which was used to prioritize expenditures:
 - Special Projects;
 - Consultant Fees;
 - Furniture and office equipment;
 - Special Events;
 - Refreshments and entertainment;
 - Ad-hoc travelling; and
 - Subsistence, Travelling & Conference fees (national & international).

The following was taken into consideration when compiling the budget:

Revenue: Tariff increases:

- **Electricity:** NERSA has issued a guideline percentage price increase of 10% on electricity sales.
- **Water services:** It is proposed to increase water tariffs by 10%.
- **Sanitation:** It is proposed that sanitation services be increased by 10%
- **Waste Removal:** It is proposed to increase tariffs by 10%.

- **Assessment rates:** It is proposed to increase rates by 6%
1. **Other tariffs:** These tariffs will increase at a CPIX rate as outline in circular 78 and 79 issued by National Treasury.
 2. **Collection Rate** is projected at 88% which is based on the previous performance trend.
 3. **Debtors' payment period** is projected at 28 days on current.
 4. **Property Rates** is projected to grow at an average of 0.005%

Description	2016/17	2017/18	2018/19
Property rates	6%	6%	6%
Service charges - electricity revenue	10%	10%	10%
Service charges - water revenue	10%	10%	10%
Service charges - sanitation revenue	10%	10%	10%
Service charges - refuse revenue	10%	10%	10%

Tariff modelling exercise has been undertaken to ensure financial sustainability of the municipality as required by circular 78 issued by National Treasury. Tariffs above inflation rate were considered after the careful consideration of tariff modelling exercise in order to cover the cost of operation. In order to avoid imposing excessive rates, the municipality will phase the increase over the period of four years. Social, economic and financial factors had been considered in determining the current and the multi-year tariffs increases.

Revenue by Source

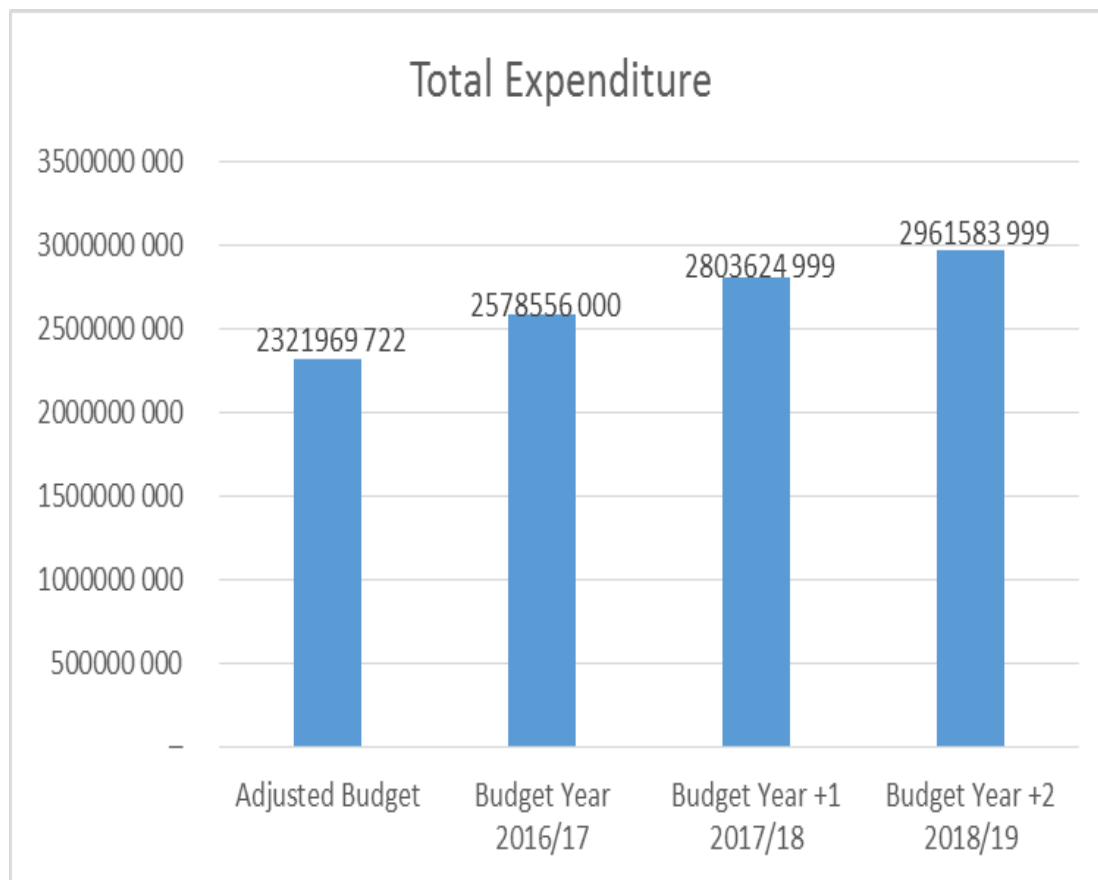
Description	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget		Budget Year 2016/17		Budget Year +1 2017/18		Budget Year +2 2018/19	
R thousand								
Revenue By Source	R'000	%	R'000	%	R'000	%	R'000	%
Property rates	314 000	13%	357 780	13%	379 247	13%	402 001	12%
Service charges - electricity revenue	793 523	32%	917 263	33%	1 003 486	33%	1 097 814	34%
Service charges - water revenue	258 995	10%	284 895	10%	313 384	10%	344 722	11%
Service charges - sanitation revenue	55 326	2%	60 858	2%	66 944	2%	73 638	2%
Service charges - refuse revenue	63 262	3%	69 588	2%	76 547	3%	84 202	3%
Rental of facilities and equipment	19 221	1%	13 500	0%	14 000	0%	14 600	0%
Interest earned - external investments	37 000	1%	40 000	1%	37 300	1%	8 600	0%
Interest earned - outstanding debtors	25 800	1%	59 400	2%	62 964	2%	66 742	2%
Fines	13 726	1%	12 000	0%	12 300	0%	13 000	0%
Licences and permits	9 570	0%	12 501	0%	14 006	0%	15 586	0%
Agency services	16 596	1%	18 800	1%	19 500	1%	20 100	1%
Transfers recognised - operational	678 860	27%	864 900	31%	965 719	32%	1 076 279	33%
Other revenue	162 537	7%	68 840	2%	35 240	1%	37 354	1%
Gains on disposal of PPE	30 200	1%	38 000	1%	2 000	0%	2 000	0%
Total Revenue (excluding capital transfers and contributions)	2 478 616	100%	2 818 325	100%	3 002 636	100%	3 256 638	100%
Rates & Service Charges	1 485 106	60%	1 690 384	60%	1 839 608	61%	2 002 377	61%

Expenses

5. **Electricity bulk purchases** have been increased by 9.47% in line with NERSA guidelines.
6. **Water bulk purchases** have been increased by 6.6% in line with Lepelle Northern Water forecast.
7. **Salaries and allowances** have been increased by 6% which is in line with National Treasury's inflation forecasts and SALGA bargaining agreement. Provision of R 38 million has been made to cater for Aganang Municipality in the last nine months of financial year.
8. **Other expenses** is projected to increase at CPIX rate.
9. **Borrowing cost** is projected at 10.5%

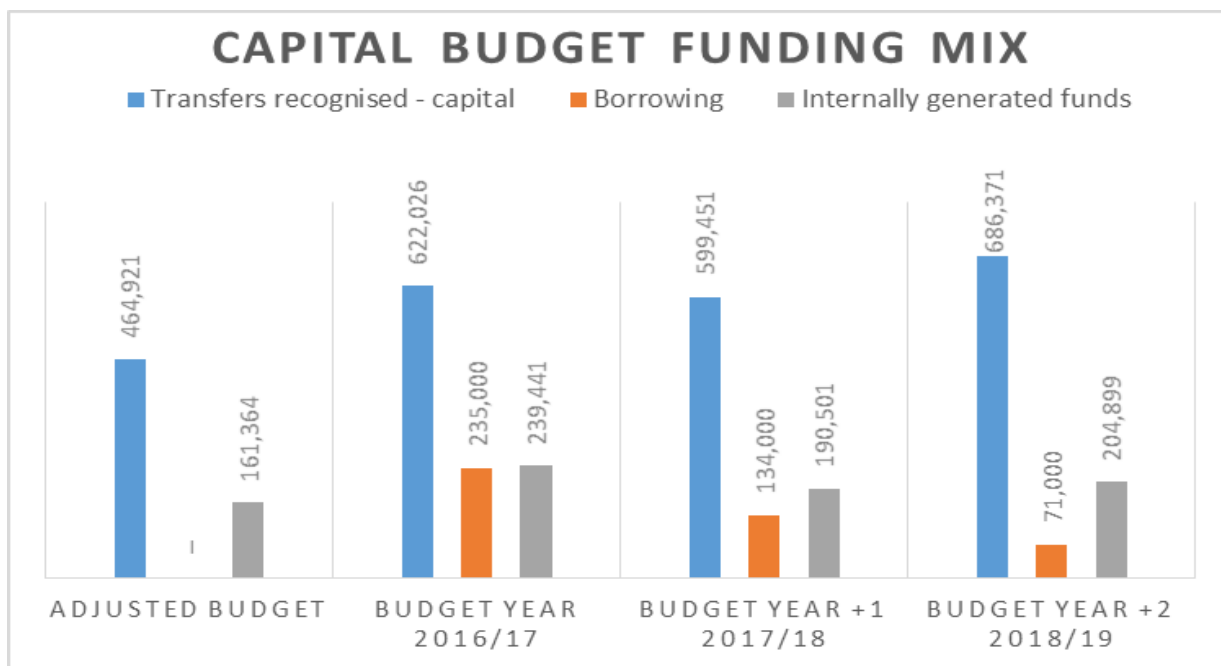
Expenditure by Type

Description	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget		Budget Year 2016/17		Budget Year +1 2017/18		Budget Year +2 2018/19	
R thousand								
<u>Expenditure By Type</u>	R'000	%	R'000	%	R'000	%	R'000	%
Employee related costs	571,431	25%	644,064	27%	678,714	27%	729,403	27%
Remuneration of councillors	25,780	1%	35,326	2%	37,445	1%	39,692	1%
Debt impairment	50,000	2%	50,000	2%	65,000	3%	67,000	2%
Depreciation & asset impairment	205,000	9%	180,000	8%	203,352	8%	205,352	8%
Finance charges	37,000	2%	40,000	2%	88,000	3%	88,000	3%
Bulk purchases	755,500	33%	839,635	36%	919,148	36%	1,006,191	37%
Other materials	201,353	9%	203,209	5%	193,116	5%	204,537	5%
Contracted services	86,130	4%	193,255	4%	239,821	3%	271,076	3%
Transfers and grants	17,180	1%	11,500	0%	2,500	0%	2,500	0%
Other expenditure	372,597	16%	381,567	14%	376,529	13%	347,833	13%
Loss on disposal of PPE								
Total Expenditure	2,321,970	100%	2,578,556	100%	2,803,625	100%	2,961,584	100%



Capital Budget

- The funds available for capital expenditure from conditional grants for the following 3 years are R622 million, R599.5 million and R 686.3 million respectively. Included in the MIG is R 30 million provision for Aganang Municipality.
- The loan application to fund capital projects for the following 3 years are R235 million, R134 million and R 71 million respectively.
- Own funds available for capital expenditure for the following 3 years are R 239.4 million, R 190.5 million and R 204.9 million



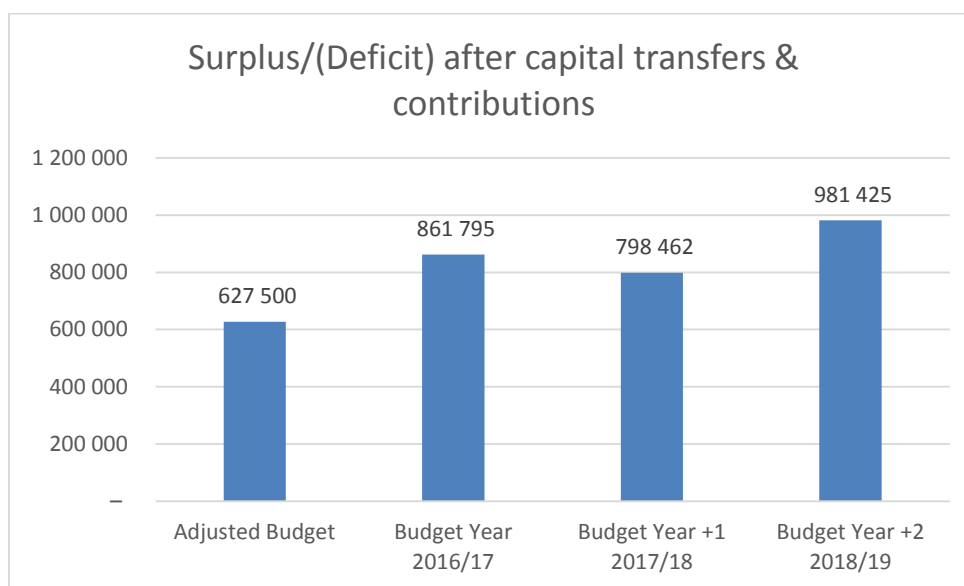
SUMMARY

- The Annual Budget for the financial year 2016/2017 and indicative for the two projected outer years 2017/2018 and 2018/2019 can be summarized as follows:

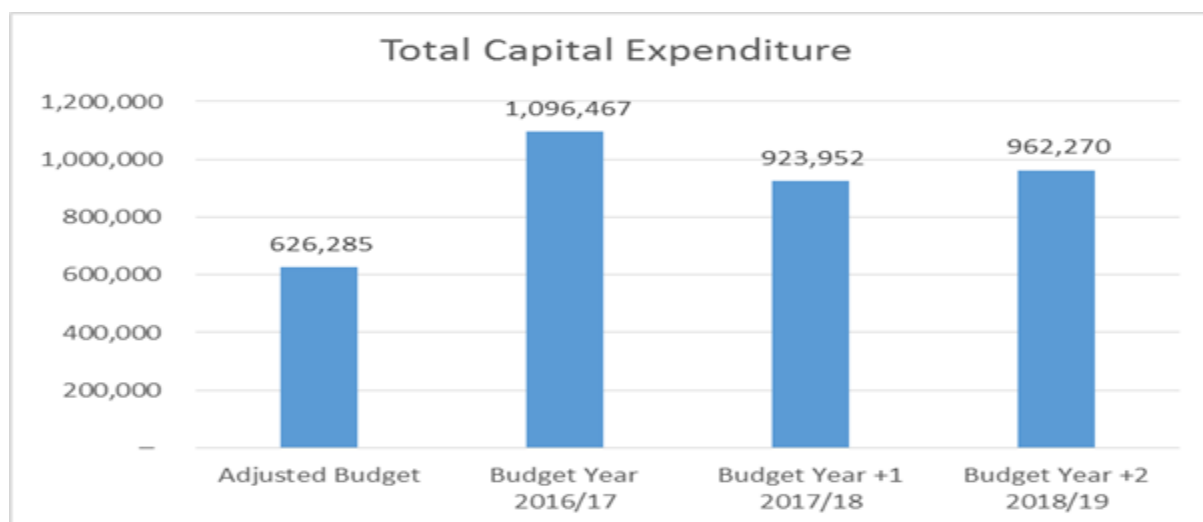
1.1 Operating revenue and expenditure by source:

Description	Current Year	2016/17 Medium Term Revenue &		
	Adjusted	Budget Year	Budget Year	Budget Year
R thousand				
Total Revenue (excluding capital transfers and contributions)	2,478,616	2,818,325	3,002,636	3,256,638
Total Expenditure	2,321,970	2,578,556	2,803,625	2,961,584
Surplus/(Deficit)	156,646	239,769	199,011	295,054
Transfers recognised - capital	470,854	622,026	599,451	686,371
Surplus/(Deficit) for the year	627,500	861,795	798,462	981,425

Surplus for the year



1.2 Capital expenditure by standard classification:



Total capital budget is R 1 096 467 000.00, which is funded as follows:

MULTI YEAR BUDGET		Funding	2016/17	2017/2018	2018/2019
Description					
Municipal Infrastructure Grant (MIG)	MIG		253,668,000	291,537,000	298,747,000
Regional Bulk Infrastructure Grant	RGIG		180,159,000	172,264,000	249,050,000
Neighbourhood Dev Partnership Grant	NDPG		34,538,000	30,358,000	45,235,000
Public Transport Infrastructure System Grant (PTIG)	PTISG		153,661,000	105,292,000.00	93,339,000.00
Total DoRA Allocations			622,026,000	599,451,000.00	686,371,000.00
Borrowings	LOAN		235,000,000	134,000,000.00	71,000,000.00
Own Funds	CRR		239,441,000	190,501,000.00	204,899,000.00
TOTAL NEW PROJECTS			1,096,467,000	923,952,000.00	962,270,000.00

The City continuously affirms the commitment of pushing back the frontiers of poverty and the adverse social and economic realities. As a result thereof, social relief will be provided to the elderly, indigent child-headed families and registered indigent's households as follows:

- Free 6 kl of water monthly
- Sanitation-100% rebate
- Refuse-100% rebate
- Free 100kw electricity monthly
- Basic charge-100% rebate
- Exemption of first R100 000 market value rating on residential properties

1.3 Operating Revenue Framework

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

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Energy Regulator of South Africa (NERSA);

- Achievement of full cost recovery of specific user charges especially in relation to electricity;
- 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);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

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

Table 1 Summary of revenue classified by main revenue source

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source										
Property rates	254 721	285 392	255 730	332 477	314 000	314 000	314 000	357 780	379 247	402 001
Service charges - electricity revenue	605 486	616 926	597 527	793 523	793 523	793 523	793 523	917 263	1 003 486	1 097 814
Service charges - water revenue	221 060	211 680	223 249	258 995	258 995	258 995	258 995	284 895	313 384	344 722
Service charges - sanitation revenue	46 449	48 588	49 065	55 326	55 326	55 326	55 326	60 858	66 944	73 638
Service charges - refuse revenue	51 305	54 773	57 388	63 262	63 262	63 262	63 262	69 588	76 547	84 202
Rental of facilities and equipment	12 154	16 231	23 577	21 221	19 221	19 221	19 221	13 500	14 000	14 600
Interest earned - external investments	23 017	30 547	35 721	31 000	37 000	37 000	37 000	40 000	37 300	8 600
Interest earned - outstanding debtors	7 377	51 302	45 798	31 800	25 800	25 800	25 800	59 400	62 964	66 742
Fines	2 627	12 347	9 846	13 726	13 726	13 726	13 726	12 000	12 300	13 000
Licences and permits	8 816	8 909	9 196	9 569	9 570	9 570	9 570	12 501	14 006	15 586
Agency services	13 892	16 040	15 608	16 596	16 596	16 596	16 596	18 800	19 500	20 100
Transfers recognised - operational	397 176	478 178	547 555	586 860	678 860	678 860	678 860	864 900	965 719	1 076 279
Other revenue	23 430	36 474	89 817	67 909	162 537	162 537	162 537	68 840	35 240	37 354
Gains on disposal of PPE	1 451	305	22 196	30 200	30 200	30 200	30 200	38 000	2 000	2 000
Total Revenue (excluding capital transfers and contributions)	1 668 960	1 867 692	1 982 273	2 312 463	2 478 616	2 478 616	2 478 616	2 818 325	3 002 636	3 256 638

Table 2 Percentage growth in revenue by main revenue source

Description	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget		Budget Year 2016/17		Budget Year +1 2017/18		Budget Year +2 2018/19	
R thousand								
Revenue By Source								
Property rates	314,000	13%	357,780	13%	379,247	13%	402,001	12%
Property rates - penalties & collection charges		0%		0%		0%		0%
Service charges - electricity revenue	783,023	33%	917,263	33%	1,003,486	33%	1,097,814	34%
Service charges - water revenue	251,852	10%	284,895	10%	313,384	10%	344,722	11%
Service charges - sanitation revenue	45,909	2%	60,858	2%	66,944	2%	73,638	2%
Service charges - refuse revenue	59,971	2%	69,588	2%	76,547	3%	84,202	3%
Service charges - other	-	0%	-	0%	-	0%	-	0%
Rental of facilities and equipment	19,221	0%	13,500	0%	14,000	0%	14,600	0%
Interest earned - external investments	37,000	1%	40,000	1%	37,300	1%	8,600	0%
Interest earned - outstanding debtors	25,800	2%	59,400	2%	62,964	2%	66,742	2%
Dividends received	-	0%	-	0%	-	0%	-	0%
Fines	13,726	0%	12,000	0%	12,300	0%	13,000	0%
Licences and permits	9,570	0%	12,501	0%	14,006	0%	15,586	0%
Agency services	16,596	1%	18,800	1%	19,500	1%	20,100	1%
Transfers recognised - operational	678,860	31%	864,900	31%	965,719	32%	1,076,279	33%
Other revenue	162,537	2%	68,840	2%	35,240	1%	37,354	1%
Gains on disposal of PPE	30,200	1%	38,000	1%	2,000	0%	2,000	0%
Total Revenue (excluding capital transfers and contributions)	2,448,265	100%	2,818,325	100%	3,002,636	100%	3,256,638	100%
Rates and Services Charges	1,454,755	60%	1,690,384	60%	1,839,608	61%	2,002,377	61%

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

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than two thirds of the total revenue mix. In the 2015/16 financial year, revenue from rates and services charges totalled R1.454 billion or 60 per cent. This increases to R1.690 billion, R1.839 billion and R2.002 billion in the respective financial years of the MTREF. This growth can be mainly attributed to the supplementary valuation rolls and the increased share that the sale of electricity and water contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity and bulk water. The above table includes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 59 MBRR SA1.

Operating Grants & Subsidies are the second largest revenue source totalling 31 per cent in 2016/17 and increases at 33 per cent in 2016/17. Property rates are the third largest revenue source totalling 13 per cent or R357.7 million rand in 2016/17 and increases to R402 million by 2018/19. Departments have been urged to review the tariffs of items like building plan fees, connection fees, advertisements and permits and licenses on an annual basis to ensure they are cost reflective and market related. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 3 Operating Transfers and Grant Receipts

Description	Current Year	2016/17 Medium Term Revenue & Expenditure Framework		
	2015/16	Budget Year	Budget Year	Budget Year
R thousand	Adjusted Budget	2016/17	+1 2017/18	+2 2018/19
EXPENDITURE:				
<u>Operating expenditure of Transfers and Grants</u>				
National Government:	678 860	864 900	965 719	1 076 279
Local Government Equitable Share	522 595	675 714	757 286	830 052
Finance Management	1 875	2 619	2 979	3 234
Municipal Systems Improvement	930	-	-	-
Public Transport	11 000	46 365	95 711	121 711
Infrastructure skills development fund	5 000	6 000	6 213	6 500
Integrated national electrification programme grant	40 000	45 000	40 000	40 000
Expanded public works programme incentive grant				
Municipal Infrastructure (MIG)	42 800	46 275	60 486	74 782
Expanded public works programme incentive grant	2 660	5 975		
INEP Frontloading	52 000			
Municipal Demarcation		8 952	3 044	-
Total Operating Transfers and Grants	678 860	864 900	965 719	1 076 279

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

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

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

1.3.1 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 Circulars No. 66 and 67 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 has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R100 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 rebate, a further maximum R85 000 reduction on the market value of a property will be granted to all properties with a valuation of R100 000 or less in terms of the Municipality's own Property Rates Policy;
- Rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, a rebate of 40 percent will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not exceed the amount equal to twice the annual state pension as approved by National Government for a financial year. In this regard the following stipulations are relevant:
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
 - The applicant must submit proof of his/her age and identity and also proof of the annual income from a social pension;
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

Table 10 MBRR Table SA14 – Household bills

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Rand/cent							% incr.			
Monthly Account for Household - 'Middle Income Range'										
Rates and services charges:										
Property rates	370.34	247.05	215.00	235.00	235.00	235.00	6.0%	249.10	264.05	279.89
Electricity: Basic levy			64.00	68.00	68.00	68.00	72.08	74.80	81.83	89.52
Electricity: Consumption	998.19	1,089.00	1,106.50	1,229.00	1,229.00	1,229.00	10.0%	1,351.90	1,478.98	1,618.00
Water: Basic levy				-	-	-				
Water: Consumption	216.59	231.10	247.25	271.80	271.80	271.80	10.0%	298.98	327.08	357.83
Sanitation	53.47	44.45	47.56	52.31	52.31	52.31	10.0%	57.54	62.95	68.87
Refuse removal	70.00	74.90	79.39	87.32	87.32	87.32	10.0%	96.05	105.08	114.96
Other		100.00	100.00	100.00	100.00	100.00		100.00	100.00	100.00
sub-total	1,708.59	1,786.50	1,859.70	2,043.43	2,043.43	2,043.43	9.1%	2,228.37	2,419.97	2,629.07
VAT on Services	187.36	215.52	233.06	253.18	253.18	253.18		277.10	301.83	328.89
Total large household bill:	1,895.95	2,002.02	2,092.76	2,296.61	2,296.61	2,296.61	9.1%	2,505.47	2,721.80	2,957.96
% increase/-decrease		5.6%	4.5%	9.7%	-	-	9.1%	8.6%	8.7%	
Monthly Account for Household - 'Affordable Range'										
Rates and services charges:										
Property rates	84.16	171.37	143.33	156.66	156.66	156.66	6.0%	166.06	176.02	186.58
Electricity: Basic levy			64.00	68.00	68.00	68.00		74.80	81.83	89.52
Electricity: Consumption	478.23	446.00	475.00	518.00	518.00	518.00	10.0%	569.80	623.36	681.96
Water: Basic levy				-	-	-				
Water: Consumption	176.86	188.80	202.00	222.05	222.05	222.05	10.0%	244.26	267.21	292.33
Sanitation	11.25	44.45	47.56	52.31	52.31	52.31	10.0%	57.54	62.95	68.87
Refuse removal	26.10	74.90	79.39	87.32	87.32	87.32	10.0%	96.05	105.08	114.96
Other		50.00	50.00	50.00	50.00	50.00		50.00	50.00	50.00
sub-total	776.60	975.52	1,061.28	1,154.34	1,154.34	1,154.34	9.0%	1,258.51	1,366.46	1,484.22
VAT on Services	86.08	96.94	128.51	139.67	139.67	139.67		152.94	166.66	181.67
Total small household bill:	862.68	1,072.46	1,189.79	1,294.01	1,294.01	1,294.01	9.1%	1,411.45	1,533.12	1,665.89
% increase/-decrease		24.3%	10.9%	8.8%	-	-	9.1%	8.6%	8.7%	
Monthly Account for Household - 'Indigent' Household receiving free basic services										
Rates and services charges:										
Property rates	21.24	85.68	71.66	78.33	78.33	78.33	6.0%	83.03	88.01	93.29
Electricity: Basic levy			64.00	68.00	68.00	68.00	10.0%	74.80	81.83	89.52
Electricity: Consumption	447.52	246.00	225.50	279.00	279.00	279.00	10.0%	306.90	335.75	367.31
Water: Basic levy				-	-	-				
Water: Consumption	152.52	112.77	120.67	132.64	132.64	132.64	10.0%	145.90	159.62	174.62
Sanitation				-	-	-				
Refuse removal		27.98	29.66	32.62	32.62	32.62	10.0%	35.88	39.25	42.94
Other										
sub-total	621.28	472.43	511.49	590.59	590.59	590.59	9.5%	646.52	704.47	767.69
VAT on Services	84.00	54.15	61.57	71.71	71.71	71.71		78.89	86.30	94.42
Total small household bill:	705.28	526.58	573.06	662.30	662.30	662.30	9.5%	725.40	790.77	862.11
% increase/-decrease		(25.3%)	8.8%	15.6%	-	-	9.5%	9.0%	9.0%	

1.4 Operating Expenditure Framework

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

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

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

Table 11 Summary of operating expenditure by standard classification item

Description	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget		Budget Year 2016/17		Budget Year +1 2017/18		Budget Year +2 2018/19	
R thousand								
Expenditure By Type								
Employee related costs	571,431	25%	644,064	27%	678,714	27%	729,403	27%
Remuneration of councillors	25,780	1%	35,326	2%	37,445	1%	39,692	1%
Debt impairment	50,000	2%	50,000	2%	65,000	3%	67,000	2%
Depreciation & asset impairment	205,000	9%	180,000	8%	203,352	8%	205,352	8%
Finance charges	37,000	2%	40,000	2%	88,000	3%	88,000	3%
Bulk purchases	755,500	33%	839,635	36%	919,148	36%	1,006,191	37%
Other materials	201,353	9%	203,209	5%	193,116	5%	204,537	5%
Contracted services	86,130	4%	193,255	4%	239,821	3%	271,076	3%
Transfers and grants	17,180	1%	11,500	0%	2,500	0%	2,500	0%
Other expenditure	372,597	16%	381,567	14%	376,529	13%	347,833	13%
Loss on disposal of PPE								
Total Expenditure	2,321,970	100%	2,578,556	100%	2,803,625	100%	2,961,584	100%

The budgeted allocation for employee related costs for the 2016/17 financial year totals R644 million, which equals 27 percent of the total operating expenditure. Salary increases have been factored into this budget at a percentage increase of 6 per cent for the 2016/17 for the MTREF. R38 million has been included in the allocation to cater for the merging of the Municipality with Aganang Municipality.

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

The provision of debt impairment was determined based on an annual collection rate of 88 per cent and the Debt Write-off Policy of the Municipality. For the 2016/17 financial year this amount equates to R50 million. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R180 million for the 2016/17 financial and equates to 7 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

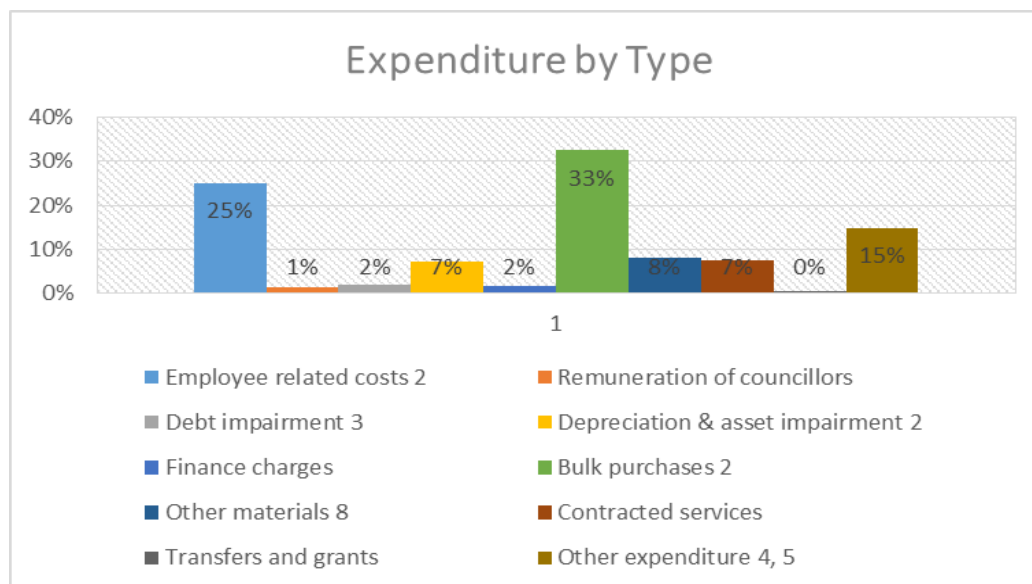
Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 2 percent (R40 million) of operating expenditure.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Lepelle Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. Bulk purchases make up 36 percent (R839 million) of operating expenditure. The expenditures include distribution losses.

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the City's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the City's infrastructure. For 2016/17 the appropriation against this group of expenditure makes up 8 per cent (R203 million) of operating expenditure.

Contracted services such as research and development have been identified as a cost saving area for the Municipality. As part of the compilation of the 2016/17 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2016/17 financial year, this group of expenditure totals R193 million.

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. Printing and stationary, subsistence and travelling, attending of conferences and workshops have significantly been reduced or limited to zero growth. Other expenditure makes up 15 percent (R381.5 million) of operating expenditure



1.4.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2016/17 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. As part of the asset renewal strategy R 67 million has been redirected to asset renewal vote in the capital programme. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 12 Operational repairs and maintenance

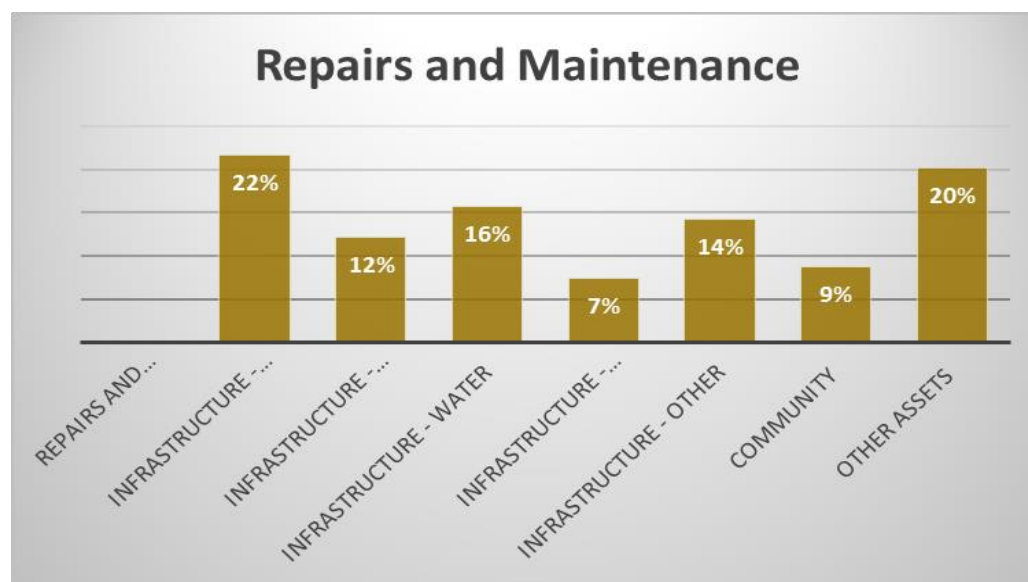
Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Repairs and Maintenance by Asset Class	144,648	142,278	163,393	177,520	201,979	182,980	203,209	193,116	204,537
Infrastructure - Road transport	23,160	10,965	25,543	24,509	37,299	37,299	44,010	46,581	49,376
Infrastructure - Electricity	27,807	18,005	26,669	24,142	25,142	25,142	24,746	26,230	27,804
Infrastructure - Water	23,282	22,948	32,344	28,106	32,127	32,127	31,873	33,328	35,327
Infrastructure - Sanitation	6,810	4,996	7,527	39,383	42,828	42,828	14,987	14,433	15,299
Infrastructure - Other	10,332	11,987	23,400	-	-	-	28,863	14,693	15,574
Infrastructure	91,390	68,900	115,483	116,141	137,396	137,396	144,479	135,265	143,380
Community	53,257	73,378	47,910	61,380	64,583	45,584	17,824	15,539	16,462
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	40,906	42,313	44,695
TOTAL EXPENDITURE OTHER ITEMS	409,748	591,895	706,293	382,520	406,979	387,980	383,209	396,468	409,889
<i>Renewal of Existing Assets as % of total capex</i>	20.2%	24.0%	5.9%	26.5%	21.7%	21.7%	38.0%	33.8%	25.5%
<i>Renewal of Existing Assets as % of deprechn"</i>	25.8%	25.0%	6.6%	75.1%	66.3%	66.3%	231.2%	153.4%	119.3%
<i>R&M as a % of PPE</i>	2.6%	2.0%	1.9%	2.3%	2.6%	2.4%	2.2%	1.9%	1.8%
<i>Renewal and R&M as a % of PPE</i>	4.0%	3.0%	2.0%	4.0%	4.0%	4.0%	6.0%	5.0%	4.0%

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

Table 13 Repairs and maintenance per asset class

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	91,390	68,900	115,483	116,141	137,396	137,396	144,479	135,265	143,380
Infrastructure - Road transport	23,160	10,965	25,543	24,509	37,299	37,299	44,010	46,581	49,376
<i>Roads, Pavements & Bridges</i>	21,443	8,845	23,211	22,130	34,920	34,920	19,672	20,853	22,104
<i>Storm water</i>	1,717	2,120	2,332	2,379	2,379	2,379	24,337	25,729	27,272
Infrastructure - Electricity	27,807	18,005	26,669	24,142	25,142	25,142	24,746	26,230	27,804
<i>Generation</i>	-	-	-	-	-	-	-	-	-
<i>Transmission & Reticulation</i>	26,368	15,505	24,044	24,142	25,142	25,142	24,746	26,230	27,804
<i>Street Lighting</i>	1,439	2,500	2,625	-	-	-	-	-	-
Infrastructure - Water	23,282	22,948	32,344	28,106	32,127	32,127	31,873	33,328	35,327
<i>Dams & Reservoirs</i>	4,396	4,203	6,807	-	-	-	-	-	-
<i>Water purification</i>	2,601	3,000	3,533	-	-	-	-	-	-
<i>Reticulation</i>	16,285	15,746	22,004	28,106	32,127	32,127	31,873	33,328	35,327
Infrastructure - Sanitation	6,810	4,996	7,527	39,383	42,828	42,828	14,987	14,433	15,299
<i>Reticulation</i>	4,356	3,574	6,005	39,383	42,828	42,828	14,987	14,433	15,299
<i>Sewerage purification</i>	2,453	1,422	1,522	-	-	-	-	-	-
Infrastructure - Other	10,332	11,987	23,400	-	-	-	28,863	14,693	15,574
<i>Waste Management</i>	10,332	11,987	23,400	-	-	-	28,863	14,693	15,574
<i>Transportation</i>	-	-	-	-	-	-	-	-	-
Community	53,257	73,378	47,910	61,380	64,583	45,584	17,824	15,539	16,462
Parks & gardens	10,985	9,281	12,249	11,557	11,557	11,557	6,511	6,901	7,315
Sportsfields & stadia	8,048	4,789	5,336	5,196	5,196	5,196	2,927	3,103	3,289
Swimming pools	198	222	230	243	243	243	137	145	154
Community halls	0	193	197	208	208	208	117	124	132
Libraries	79	156	149	158	158	158	89	94	100
Recreational facilities	-	-	-	450	450	450	254	269	285
Fire, safety & emergency	1,417	1,504	1,491	1,577	1,577	1,577	889	942	999
Security and policing	1,164	545	1,186	22	22	22	13	13	14
Buses	-	-	-	-	-	-	-	-	-
Clinics	1	7	6	-	-	-	-	-	-
Museums & Art Galleries	24	60	62	30	30	30	17	18	19
Cemeteries	953	1,290	1,355	1,428	1,428	1,428	805	853	904
Social rental housing	-	-	-	-	-	-	-	-	-
Other	30,388	55,330	25,650	40,509	43,713	24,714	6,066	3,076	3,251
Other assets	-	-	-	-	-	-	40,906	42,313	44,695
Other	-	-	-	-	-	-	40,906	42,313	44,695
Total Repairs and Maintenance Expenditure	144,648	142,278	163,393	177,520	201,979	182,980	203,209	193,116	204,537

For the 2016/17 financial year, R144 millions of total repairs and maintenance will be spent on infrastructure assets. Community assets have been allocated R17 millions of total repairs and maintenance.



1.5 Capital expenditure

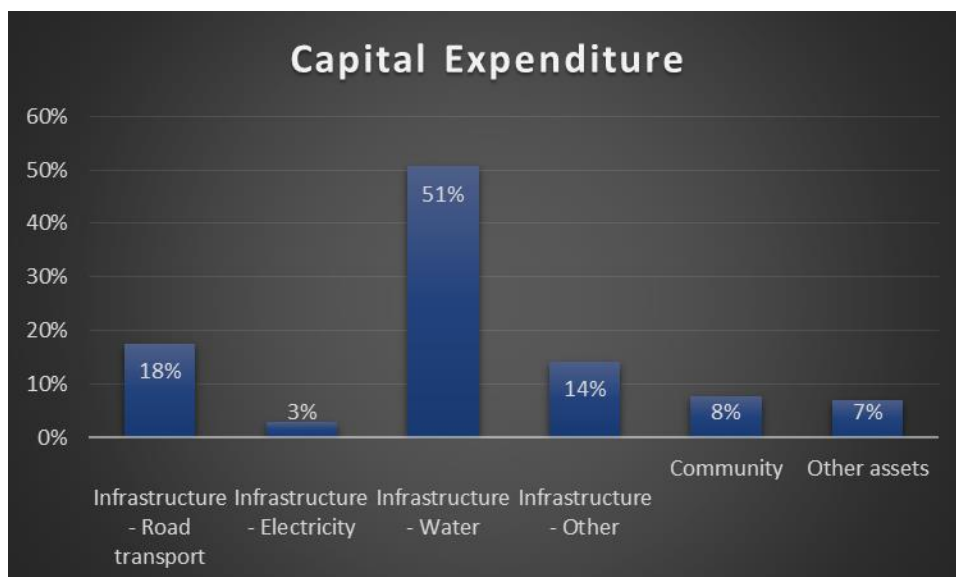
The following table provides a breakdown of budgeted capital expenditure by vote:

Table 14 2016/17 Medium-term capital budget per vote

Vote Description	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework							
	R thousand		Adjusted Budget		Budget Year 2016/17		Budget Year +1 2017/18		Budget Year +2 2018/19	
Single-year expenditure to be appropriated										
Vote 1 - COUNCIL	5,906	1%	3,000	0%	750	0.001	750	0.08%		
Vote 2 - Office of the Municipal Manger	-		-		-		-			
Vote 3 - Strategic Planning Monitoring and Evaluation	-		-		-		-			
Vote 4 - Engineering Services	327,256	52%	779,015	71%	693,815	75%	761,856	79%		
Vote 5 - Community Services	14,108	2%	19,766	2%	15,646	2%	14,260	1%		
Vote 6 - Community Development	75,386	12%	100,075	9%	104,452	11%	83,935	9%		
Vote 7 - Corporate and Shared Services	4,272	1%	12,100	1%	7,450	1%	3,950	0%		
Vote 8 - Planning and Economic Development	3,000	0%	27,500	3%	2,800	0%	2,750	0%		
Vote 9 - Budget and Treasury	-	0%	8,350	1%	6,149	1%	4,930	1%		
Vote 10 - Transport Operations	196,357	31%	146,661	13%	92,890	10%	89,839	9%		
Total Capital Expenditure - Vote	626,285	100%	1,096,467	100%	923,952	100%	962,270	100%		

For 2016/17 an amount of R1 096.4 billion has been appropriated for the development of infrastructure. In the outer years this amount totals R923.9 million and R962.2 million respectively for each of the financial years.

Further detail relating to asset classes and proposed capital expenditure is contained in Table 24 MBRR A9 (Asset Management).



1.6 Annual budget Tables - Parent Municipality

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

Table 15 MBRR Table A1 - Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousands									
Financial Performance									
Property rates	254 721	285 392	255 730	332 477	314 000	314 000	357 780	379 247	402 001
Service charges	924 299	931 967	927 229	1 171 106	1 171 106	1 171 106	1 332 604	1 460 361	1 600 376
Investment revenue	23 017	30 547	35 721	31 000	37 000	37 000	40 000	37 300	8 600
Transfers recognised - operational	397 176	478 178	547 555	586 860	678 860	678 860	864 900	965 719	1 076 279
Other own revenue	69 747	141 608	216 038	191 020	277 649	277 649	223 041	160 010	169 382
Total Revenue (excluding capital transfers and contributions)	1 668 960	1 867 692	1 982 273	2 312 463	2 478 616	2 478 616	2 818 325	3 002 636	3 256 638
Employee costs	392 060	440 943	525 233	571 536	571 431	571 431	644 064	678 714	729 403
Remuneration of councillors	18 937	21 668	25 406	25 780	25 780	25 780	35 326	37 445	39 692
Depreciation & asset impairment	265 100	449 617	552 487	205 000	205 000	205 000	180 000	203 352	205 352
Finance charges	29 594	37 154	40 503	37 000	37 000	37 000	40 000	88 000	88 000
Materials and bulk purchases	725 949	761 431	838 565	944 520	956 853	956 853	1 042 844	1 112 264	1 210 728
Transfers and grants	5 540	6 940	6 740	6 480	17 180	17 180	11 500	2 500	2 500
Other expenditure	478 939	580 181	662 532	498 244	508 727	508 727	624 822	681 350	685 909
Total Expenditure	1 916 119	2 297 934	2 651 466	2 288 560	2 321 970	2 321 970	2 578 556	2 803 625	2 961 584
Surplus/(Deficit)	(247 159)	(430 242)	(669 193)	23 903	156 646	156 646	239 769	199 011	295 054
Transfers recognised - capital	291 175	393 793	555 235	558 288	470 854	470 854	622 026	599 451	686 371
Contributions recognised - capital & contributed as	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	44 016	(36 449)	(113 958)	582 191	627 500	627 500	861 795	798 462	981 425
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	44 016	(36 449)	(113 958)	582 191	627 500	627 500	861 795	798 462	981 425
Capital expenditure & funds sources									
Capital expenditure	337 434	469 802	609 048	580 121	626 285	626 285	1 096 467	923 952	962 270
Transfers recognised - capital	225 076	353 771	555 235	447 545	464 921	464 921	622 026	599 451	686 371
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	235 000	134 000	71 000
Internally generated funds	112 357	116 030	53 814	132 576	161 364	161 364	239 441	190 501	204 899
Total sources of capital funds	337 434	469 802	609 048	580 121	626 285	626 285	1 096 467	923 952	962 270
Financial position									
Total current assets	758 852	904 508	769 858	887 577	396 549	396 549	499 157	564 227	771 046
Total non current assets	6 017 353	7 946 098	9 287 462	8 290 495	8 336 660	8 336 660	10 109 171	10 953 281	11 836 624
Total current liabilities	585 694	726 202	688 271	857 080	654 389	654 389	574 934	638 309	642 696
Total non current liabilities	477 859	513 877	487 756	442 135	442 135	442 135	597 233	643 298	766 049
Community wealth/Equity	5 712 652	7 610 526	8 881 293	7 878 857	7 636 685	7 636 685	9 377 606	10 210 623	11 240 325

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousands									
Cash flows									
Net cash from (used) operating	376 128	581 264	455 248	692 942	477 270	477 270	823 944	882 427	1 090 292
Net cash from (used) investing	(322 418)	(359 473)	(496 245)	(558 581)	(601 258)	(601 258)	(1 003 244)	(875 454)	(911 857)
Net cash from (used) financing	(12 921)	38 706	(56 636)	(56 100)	(56 100)	(56 100)	164 000	18 000	(20 000)
Cash/cash equivalents at the year end	52 062	312 558	324 925	315 252	142 875	142 875	34 700	59 673	218 109
Cash backing/surplus reconciliation									
Cash and investments available	331 061	481 558	381 964	474 000	224 000	224 000	108 701	138 674	302 109
Application of cash and investments	1 604	197 740	210 321	360 704	382 961	382 961	97 796	94 429	148 671
Balance - surplus (shortfall)	329 457	283 818	171 643	113 296	(158 961)	(158 961)	10 905	44 245	153 438
Asset management									
Asset register summary (WDV)	5 931 182	7 867 057	9 223 497	8 214 013	8 260 178	8 260 178	10 030 206	10 869 317	11 747 659
Depreciation & asset impairment	265 100	449 617	552 487	205 000	205 000	205 000	180 000	203 352	205 352
Renewal of Existing Assets	68 304	112 571	35 713	153 993	135 874	135 874	416 213	311 989	244 939
Repairs and Maintenance	144 648	142 278	163 393	177 520	201 979	182 980	203 209	193 116	204 537
Free services									
Cost of Free Basic Services provided	17 925	20 760	19 559	23 400	23 400	26 083	23 400	22 578	23 789
Revenue cost of free services provided	10 300	13 482	11 920	15 000	78 351	78 351	76 217	81 598	87 377
Households below minimum service level									
Water:	8	21	7	6	6	6	6	6	6
Sanitation/sewerage:	130	157	178	178	178	178	178	178	178
Energy:	80	36	30	29	29	29	29	29	29
Refuse:	82	65	86	86	86	86	86	86	86

Explanatory notes to MBRR Table A1 - Budget Summary

- 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).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- 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:
 - The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - Capital expenditure is balanced by capital funding sources, of which
 - Transfers recognised is reflected on the Financial Performance Budget;
 - Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.

4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved during the 2014/15 financial year, when a surplus will be reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

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

Standard Classification Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue - Standard									
Governance and administration	983 173	1 265 463	1 539 841	1 587 118	1 665 835	1 665 835	1 914 246	2 012 678	2 208 470
Executive and council		12		-	(0)	(0)	-	-	-
Budget and treasury office	291 519	392 505	429 642	397 887	397 410	397 410	459 948	482 443	480 452
Corporate services	691 654	872 946	1 110 198	1 189 231	1 268 426	1 268 426	1 454 298	1 530 234	1 728 018
Community and public safety	15 171	19 224	16 959	37 582	37 582	37 582	77 149	73 626	75 526
Community and social services	1 736	1 640	2 041	2 552	2 552	2 552	2 332	2 452	2 585
Sport and recreation	10 110	4 009	4 639	15 692	15 692	15 692	8 879	9 345	9 837
Public safety	3 313	13 563	10 268	17 175	17 175	17 175	63 663	59 417	60 548
Housing	12	11	11	44	44	44	28	30	31
Health				2 120	2 120	2 120	2 247	2 382	2 525
Economic and environmental services	36 066	43 855	52 150	72 906	72 907	72 907	114 194	53 181	56 262
Planning and development	29 364	38 379	41 398	61 145	61 145	61 145	71 885	37 265	38 765
Road transport	3 816	3 687	8 841	9 506	9 507	9 507	12 037	13 521	15 072
Environmental protection	2 885	1 788	1 910	2 255	2 255	2 255	30 272	2 395	2 424
Trading services	925 725	932 944	928 559	1 173 145	1 173 145	1 173 145	1 334 762	1 462 603	1 602 751
Electricity	605 543	616 982	597 557	793 681	793 681	793 681	917 430	1 003 662	1 098 000
Water	221 060	211 680	223 249	259 055	259 055	259 055	284 956	313 404	344 742
Waste water management	46 449	48 588	49 065	55 326	55 326	55 326	60 858	66 944	73 638
Waste management	52 674	55 694	58 687	65 083	65 083	65 083	71 518	78 593	86 371
Other				-	-	-	-	-	-
Total Revenue - Standard	1 960 135	2 261 485	2 537 508	2 870 751	2 949 469	2 949 469	3 440 351	3 602 087	3 943 009
Expenditure - Standard									
Governance and administration	473 990	632 457	747 733	508 590	526 212	526 212	706 233	777 320	763 092
Executive and council	114 196	235 775	187 647	107 555	118 255	118 255	161 814	172 617	180 734
Budget and treasury office	170 237	151 610	178 559	135 458	136 886	136 886	265 700	315 368	275 065
Corporate services	189 557	245 072	381 527	265 577	271 071	271 071	278 719	289 335	307 292
Community and public safety	316 095	397 351	348 973	349 756	354 045	354 045	376 137	382 979	408 818
Community and social services	66 957	84 890	79 755	80 961	81 169	81 169	85 911	85 742	91 287
Sport and recreation	121 615	135 623	123 353	101 123	105 517	105 517	100 956	101 760	109 275
Public safety	116 962	164 956	134 147	154 094	153 834	153 834	175 978	181 371	193 143
Housing	5 231	6 503	7 581	9 261	9 232	9 232	8 747	9 326	9 998
Health	5 330	5 379	4 136	4 317	4 292	4 292	4 545	4 780	5 115
Economic and environmental services	165 669	242 697	356 484	191 358	203 972	203 972	240 663	303 671	339 796
Planning and development	67 136	52 518	60 198	90 994	91 183	91 183	81 469	88 039	92 062
Road transport	91 489	180 522	288 109	90 274	102 870	102 870	149 199	206 115	237 536
Environmental protection	7 044	9 656	8 177	10 090	9 919	9 919	9 995	9 517	10 198
Trading services	960 366	1 025 430	1 198 277	1 238 856	1 237 741	1 237 741	1 255 523	1 339 656	1 449 877
Electricity	560 506	622 840	682 887	792 180	789 940	789 940	778 997	848 639	923 984
Water	267 874	257 030	315 983	295 409	292 929	292 929	304 709	330 689	355 290
Waste water management	79 514	85 950	133 399	86 368	89 550	89 550	102 559	103 549	110 030
Waste management	52 472	59 609	66 007	64 900	65 322	65 322	69 258	56 780	60 573
Other				-	-	-	-	-	-
Total Expenditure - Standard	1 916 119	2 297 934	2 651 466	2 288 560	2 321 970	2 321 970	2 578 556	2 803 625	2 961 584
Surplus/(Deficit) for the year	44 016	(36 449)	(113 958)	582 191	627 500	627 500	861 795	798 462	981 425

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 9 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for the Electricity, Water and Sanitation functions, but not the Waste Management function.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under Executive & Council.

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

Vote Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Revenue by Vote									
Vote 1 - Council	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Strategic Planning Monitoring and Evaluation	-	-	-	-	-	-	-	-	-
Vote 4 - Engineering Services	873 099	877 342	930 756	1 108 274	1 108 274	1 141 955	1 308 469	1 424 248	1 556 633
Vote 5- Community Services	82 009	96 289	96 057	113 590	113 591	90 930	154 430	136 752	148 040
Vote 6- Community Development	11 038	4 879	5 512	17 188	15 188	8 109	10 108	10 630	11 186
Vote 7- Corporate and Shared Services	3 279	811	318	4 479	4 479	1 157	4 748	5 033	5 335
Vote 8- Planning and Economic Development	10 841	17 575	15 147	44 608	44 608	42 171	53 126	17 809	18 712
Vote 9- Budget and Treasury	979 871	1 264 590	1 489 718	1 582 612	1 656 374	1 513 156	1 909 470	2 007 615	2 203 103
Vote 10 -Transport Operations	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	1 960 135	2 261 485	2 537 508	2 870 751	2 942 514	2 797 478	3 440 350	3 602 086	3 943 008
Expenditure by Vote to be appropriated									
Vote 1 - Council	117 129	240 068	208 006	125 565	136 265	123 693	180 814	192 356	201 648
Vote 2 - Office of the Municipal Manager	20 395	24 850	19 493	24 190	27 697	18 662	29 233	30 483	31 998
Vote 3 - Strategic Planning Monitoring and Evaluation	12 296	12 007	19 665	23 467	23 641	24 461	25 074	26 890	28 427
Vote 4 - Engineering Services	997 303	1 136 889	1 358 336	1 242 835	1 187 680	1 080 672	1 282 037	1 386 846	1 497 515
Vote 5- Community Services	229 237	289 722	268 177	287 774	288 220	263 379	313 833	304 918	325 037
Vote 6- Community Development	169 366	231 350	191 654	178 040	182 812	145 397	178 291	181 546	194 342
Vote 7- Corporate and Shared Services	137 574	151 547	181 924	151 665	154 646	190 778	162 738	167 596	178 061
Vote 8- Planning and Economic Development	60 846	49 362	58 171	83 301	83 121	56 071	74 714	80 760	84 507
Vote 9- Budget and Treasury	170 237	151 610	284 283	154 398	155 817	198 846	274 928	325 484	286 497
Vote 10 -Transport Operations	1 736	10 529	61 756	18 325	18 217	11 696	56 895	106 745	133 553
Total Expenditure by Vote	1 916 119	2 297 934	2 651 466	2 289 560	2 258 116	2 113 655	2 578 556	2 803 625	2 961 584
Surplus/(Deficit) for the year	44 016	(36 449)	(113 958)	581 191	684 398	683 823	861 794	798 461	981 424

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

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

Table 18 Surplus/ (Deficit) calculations for the electricity trading service

Standard Classification Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue - Standard									
Electricity	605 543	616 982	597 557	793 681	793 681	793 681	917 430	1 003 662	1 098 000
Expenditure - Standard									
Electricity	560 506	622 840	682 887	792 180	789 940	789 940	778 997	848 639	923 984
Surplus/(Deficit) for the year	45 037	(5 858)	(85 330)	1 502	3 741	3 741	138 433	155 023	174 016

Table 19 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Revenue By Source										
Property rates	254 721	285 392	255 730	332 477	314 000	314 000	314 000	357 780	379 247	402 001
Service charges - electricity revenue	605 486	616 926	597 527	793 523	793 523	793 523	793 523	917 263	1 003 486	1 097 814
Service charges - water revenue	221 060	211 680	223 249	258 995	258 995	258 995	258 995	284 895	313 384	344 722
Service charges - sanitation revenue	46 449	48 588	49 065	55 326	55 326	55 326	55 326	60 858	66 944	73 638
Service charges - refuse revenue	51 305	54 773	57 388	63 262	63 262	63 262	63 262	69 588	76 547	84 202
Rental of facilities and equipment	12 154	16 231	23 577	21 221	19 221	19 221	19 221	13 500	14 000	14 600
Interest earned - external investments	23 017	30 547	35 721	31 000	37 000	37 000	37 000	40 000	37 300	8 600
Interest earned - outstanding debtors	7 377	51 302	45 798	31 800	25 800	25 800	25 800	59 400	62 964	66 742
Fines	2 627	12 347	9 846	13 726	13 726	13 726	13 726	12 000	12 300	13 000
Licences and permits	8 816	8 909	9 196	9 569	9 570	9 570	9 570	12 501	14 006	15 586
Agency services	13 892	16 040	15 608	16 596	16 596	16 596	16 596	18 800	19 500	20 100
Transfers recognised - operational	397 176	478 178	547 555	586 860	678 860	678 860	678 860	864 900	965 719	1 076 279
Other revenue	23 430	36 474	89 817	67 909	162 537	162 537	162 537	68 840	35 240	37 354
Gains on disposal of PPE	1 451	305	22 196	30 200	30 200	30 200	30 200	38 000	2 000	2 000
Total Revenue (excluding capital transfers and contributions)	1 668 960	1 867 692	1 982 273	2 312 463	2 478 616	2 478 616	2 478 616	2 818 325	3 002 636	3 256 638
Expenditure By Type										
Employee related costs	392 060	440 943	525 233	571 536	571 431	571 431	571 431	644 064	678 714	729 403
Remuneration of councillors	18 937	21 668	25 406	25 780	25 780	25 780	25 780	35 326	37 445	39 692
Debt impairment	53 486	197 819	130 414	50 000	50 000	50 000	50 000	50 000	65 000	67 000
Depreciation & asset impairment	265 100	449 617	552 487	205 000	205 000	205 000	205 000	180 000	203 352	205 352
Finance charges	29 594	37 154	40 503	37 000	37 000	37 000	37 000	40 000	88 000	88 000
Bulk purchases	581 301	619 153	674 895	767 000	755 500	755 500	755 500	839 635	919 148	1 006 191
Other materials	144 648	142 278	163 670	177 520	201 353	201 353	201 353	203 209	193 116	204 537
Contracted services	56 380	66 780	68 511	77 745	86 130	86 130	86 130	193 255	239 821	271 076
Transfers and grants	5 540	6 940	240	6 480	17 180	17 180	17 180	11 500	2 500	2 500
Other expenditure	369 073	315 582	430 639	370 499	372 597	372 597	372 597	381 567	376 529	347 833
Total Expenditure	1 916 119	2 297 934	2 651 466	2 288 560	2 321 970	2 321 970	2 321 970	2 578 556	2 803 625	2 961 584
Surplus/(Deficit)	(247 159)	(430 242)	(669 193)	23 903	156 646	156 646	156 646	239 769	199 011	295 054
Transfers recognised - capital	291 175	393 793	555 235	558 288	470 854	470 854	470 854	622 026	599 451	686 371
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	44 016	(36 449)	(113 958)	582 191	627 500	627 500	627 500	861 795	798 462	981 425
Taxation	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	44 016	(36 449)	(113 958)	582 191	627 500	627 500	627 500	861 795	798 462	981 425
Attributable to minorities	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	44 016	(36 449)	(113 958)	582 191	627 500	627 500	627 500	861 795	798 462	981 425
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	44 016	(36 449)	(113 958)	582 191	627 500	627 500	627 500	861 795	798 462	981 425

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

1. Total revenue is R3.4 billion in 2016/17 and escalates to R3.6 billion by 2018/19. This represents a year-on-year increase of 6 percent for the 2016/17 and 2018/19 financial year.
2. Revenue to be generated from property rates is R357 million in the 2016/17 financial year and increases to R402 million by 2018/19 which represents 13 percent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 6 per cent for each of the outer financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R1.7 billion for the 2016/17 financial year and increasing to R2 billion by 2018/19. For the 2016/17 financial year services charges amount to 60 per cent of the total revenue base and remains constant per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.
4. Rental of Facilities – there is a significant decrease in the budget from R19 million 2015/16 to R13.5 million 2016/17 budget. The Municipality has realised less bookings for major commercial facilities such as Peter Mokaba Stadium in a year under review, hence consecutive approach was applied. Municipality however will monitor performance trends in 2016/2017 before full or exponential projection could be forecasted since this is a direct cash line item.
5. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are remaining constant over the MTREF by 31 per cent and 33 per cent for the two outer years.
6. Bulk purchases have significantly increased over the 2016/17 to 2018/19 period escalating from R839 million to R1 006 billion. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from Lepelle Water.
7. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.
8. Depreciation asset impairment- Provision for depreciation and asset impairment has been informed by the municipality's Asset Management Policy. Budget appropriations in this regard total R180 million for the 2016/17 financial year and equates to 8%

Table 20 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Vote										
Single-year expenditure to be appropriated										
Vote 1 - COUNCIL	-	-	-	6 200	5 906	5 906	5 906	3 000	750	750
Vote 2 - Office of the Municipal Manger	-	-	-	-	-	-	-	-	-	-
Vote 3 - Strategic Planning Monitoring and Evaluation	-	-	-	-	-	-	-	6 850	3 000	2 000
Vote 4 - Engineering Services	267 350	225 533	266 278	309 249	327 256	327 256	327 256	779 015	693 815	761 856
Vote 5 - Community Services	1 133	183	9 163	18 683	14 108	14 108	14 108	27 716	33 846	28 160
Vote 6 - Community Development	119	8 216	49 934	68 300	75 386	75 386	75 386	85 275	83 252	68 035
Vote 7 - Corporate and Shared Services	25 345	106 421	5 013	5 000	4 272	4 272	4 272	12 100	7 450	3 950
Vote 8 - Planning and Economic Development	4 123	-	109	3 000	3 000	3 000	3 000	27 500	2 800	2 750
Vote 9 - Budget and Treasury	44	51	896	-	-	-	-	8 350	6 149	4 930
Vote 10 - Transport Operations	39 320	129 397	277 656	169 689	196 357	196 357	196 357	146 661	92 890	89 839
Capital single-year expenditure sub-total	337 434	469 802	609 048	580 121	626 285	626 285	626 285	1 096 467	923 952	962 270
Total Capital Expenditure - Vote	337 434	469 802	609 048	580 121	626 285	626 285	626 285	1 096 467	923 952	962 270
Capital Expenditure - Standard										
Governance and administration	64 709	106 503	20 662	30 700	30 679	30 679	30 679	61 525	58 251	43 300
Executive and council	-	31	-	1 200	906	906	906	3 000	750	750
Budget and treasury office	44	51	896	5 000	5 000	5 000	5 000	8 350	6 149	4 930
Corporate services	64 665	106 421	19 766	24 500	24 772	24 772	24 772	50 175	51 352	37 620
Community and public safety	1 252	8 400	35 402	59 183	62 299	62 299	62 299	72 516	60 696	48 175
Community and social services	1 133	183	493	6 100	5 600	5 600	5 600	20 750	13 000	8 850
Sport and recreation	119	8 216	34 687	46 500	53 086	53 086	53 086	45 900	38 150	32 765
Public safety	-	-	221	6 000	3 030	3 030	3 030	5 866	9 546	6 560
Housing	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	583	583	583	583	-	-	-
Economic and environmental services	117 313	205 492	402 432	299 938	323 357	323 357	323 357	366 999	310 178	358 292
Planning and development	-	-	109	3 000	3 000	3 000	3 000	27 500	2 800	2 750
Road transport	117 313	205 274	397 956	296 938	320 357	320 357	320 357	339 499	307 378	355 542
Environmental protection	-	217	4 367	-	-	-	-	-	-	-
Trading services	154 160	149 407	150 553	190 300	209 950	209 950	209 950	595 427	494 827	512 503
Electricity	21 965	1 382	13 159	14 800	11 750	11 750	11 750	31 000	18 226	27 671
Water	128 422	147 021	130 295	171 000	195 056	195 056	195 056	375 018	288 837	219 432
Waste water management	3 773	166	2 524	500	-	-	-	-	-	-
Waste management	-	837	4 575	4 000	3 145	3 145	3 145	189 409	187 764	265 400
Other	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	337 434	469 802	609 048	580 121	626 285	626 285	626 285	1 096 467	923 952	962 270
Funded by:										
National Government	225 076	353 771	558 032	447 545	464 921	464 921	464 921	622 026	599 451	686 371
Transfers recognised - capital	225 076	353 771	558 032	447 545	464 921	464 921	464 921	622 026	599 451	686 371
Public contributions & donations										
Borrowing	-	-	-	-	-	-	-	235 000	134 000	71 000
Internally generated funds	112 357	116 030	51 016	132 576	161 364	161 364	161 364	239 441	190 501	204 899
Total Capital Funding	337 434	469 802	609 048	580 121	626 285	626 285	626 285	1 096 467	923 952	962 270

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

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at R1.096 billion for the 2016/17 financial year and decreases in 2017/18 at the level of R923 million and increases to R962 million in 2018/19.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital grants and contributions from the capital replacement reserve. For 2016/17, capital transfers totals R622 million and increases to R686.3 million by 2018/19. Internally generated funding totaling R239.4 million in 2016/17 and decreases to R204.9 million in 2018/19. The decrease is due to the completion of Borrowings funding totaling R235 million in 2016/17 and decreases to R71million in 2018/19. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).
6. The increase in Community, Social Services, Executive and Council is attributed to the fact that Council has taken a decision to refurbish community centres such as libraries, parks, recreational facilities and Aids Centre as part of long-term maintenance strategy.
7. A significant increase in Corporate Services is as a result of a decision to renew and refurbish existing municipal offices in order to meet a regulatory standard.
8. The increase in planning and economic development is due to the acquisition of strategic land for future development of the city
9. A significant increase in Waste Water Management is as a result of new allocation which is Regional Bulk Infrastructure Grant, the allocation is earmarked for the construction of new Regional Waste Water Treatment Plant (PPP) in order to meet the development objectives of the city.

Table 21 MBRR Table A6 - Budgeted Financial Position

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
ASSETS									
Current assets									
Cash	52 061	312 558	322 963	85 000	85 000	85 000	34 700	59 673	218 109
Call investment deposits	220 000	110 000	-	330 000	80 000	80 000	-	-	-
Consumer debtors	383 445	354 198	372 359	364 198	123 170	123 170	364 198	402 296	442 679
Other debtors	40 859	49 949	14 278	47 000	47 000	47 000	40 000	42 000	50 000
Current portion of long-term receivables	8 595	23 513	24 044	6 379	6 379	6 379	24 044	24 044	24 044
Inventory	53 891	54 289	36 214	55 000	55 000	55 000	36 215	36 214	36 214
Total current assets	758 852	904 508	769 858	887 577	396 549	396 549	499 157	564 227	771 046
Non current assets									
Long-term receivables	7 809	8 152	376	5 593	5 593	5 593	376	376	376
Investments	59 000	59 000	59 001	59 000	59 000	59 000	74 001	79 001	84 001
Investment property	234 602	544 972	617 158	544 472	544 472	544 472	617 158	617 158	617 158
Investment in Associate	8 217	8 217		8 217	8 217	8 217			
Property, plant and equipment	5 664 780	7 292 652	8 589 553	7 640 858	7 687 023	7 687 023	9 396 262	10 235 373	11 113 715
Agricultural									
Biological	13 965	16 633	14 278	16 633	16 633	16 633	14 278	14 278	14 278
Intangible	17 834	12 799	2 508	12 049	12 049	12 049	2 508	2 508	2 508
Other non-current assets	11 145	3 672	4 588	3 672	3 672	3 672	4 588	4 588	4 588
Total non current assets	6 017 353	7 946 098	9 287 462	8 290 495	8 336 660	8 336 660	10 109 171	10 953 281	11 836 624
TOTAL ASSETS	6 776 206	8 850 606	10 057 320	9 178 072	8 733 209	8 733 209	10 608 328	11 517 508	12 607 669
LIABILITIES									
Current liabilities									
Bank overdraft									
Borrowing	38 884	71 792	72 843	71 792	71 792	71 792	102 499	124 499	72 499
Consumer deposits	63 788	65 650	67 612	65 288	65 288	65 288	67 612	67 612	67 612
Trade and other payables	483 022	588 760	547 816	720 000	517 309	517 309	404 823	446 198	502 585
Provisions									
Total current liabilities	585 694	726 202	688 271	857 080	654 389	654 389	574 934	638 309	642 696
Non current liabilities									
Borrowing	283 472	309 088	243 043	237 296	237 296	237 296	355 622	345 548	413 299
Provisions	194 387	204 789	244 713	204 839	204 839	204 839	241 611	297 750	352 750
Total non current liabilities	477 859	513 877	487 756	442 135	442 135	442 135	597 233	643 298	766 049
TOTAL LIABILITIES	1 063 553	1 240 079	1 176 027	1 299 215	1 096 524	1 096 524	1 172 167	1 281 607	1 408 745
NET ASSETS	5 712 652	7 610 526	8 881 293	7 878 857	7 636 685	7 636 685	9 436 160	10 235 901	11 198 924
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	4 931 059	5 681 343	5 487 161	6 149 724	5 917 945	5 917 945	5 983 474	6 816 491	7 846 193
Reserves	781 594	1 929 184	3 394 132	1 729 134	1 718 740	1 718 740	3 394 132	3 394 132	3 394 132
TOTAL COMMUNITY WEALTH/EQUITY	5 712 652	7 610 526	8 881 293	7 878 857	7 636 685	7 636 685	9 377 606	10 210 623	11 240 325

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 64 is supported by an extensive table of notes (Table SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 22 MBRR Table A7 - Budgeted Cash Flow Statement

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates, penalties & collection charges			256 187	299 230	223 869	223 869	223 869	314 846	341 322	373 861
Service charges			927 229	1 018 862	983 729	983 729	983 729	1 172 692	1 344 429	1 488 350
Other revenue	1 389 637	1 288 539	117 388	116 710	116 711	116 711	116 711	110 564	85 541	93 595
Government - operating	501 275	516 199	547 555	679 560	522 860	522 860	522 860	864 900	965 719	1 076 279
Government - capital	187 077	350 188	555 235	465 588	432 711	432 711	432 711	622 026	599 451	686 371
Interest	23 017	30 547	81 518	58 404	58 404	58 404	58 404	87 472	90 238	70 068
Payments										
Suppliers and employees	(1 695 283)	(1 560 296)	(2 001 968)	(1 901 932)	(1 806 835)	(1 806 835)	(1 806 835)	(2 297 056)	(2 444 773)	(2 598 732)
Finance charges	(29 594)	(37 154)		(37 000)	(37 000)	(37 000)	(37 000)	(40 000)	(88 000)	(88 000)
Transfers and Grants		(6 760)	(6 740)	(6 480)	(17 180)	(17 180)	(17 180)	(11 500)	(11 500)	(11 500)
NET CASH FROM/(USED) OPERATING ACTIVITIES	376 128	581 264	476 404	692 942	477 270	477 270	477 270	823 944	882 427	1 090 292
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE	11 442	(76)		21 140	21 140	21 140	21 140	38 000	1 900	1 900
Decrease (Increase) in non-current debtors	(235)	405	(18 378)	400	400	400	400	400	400	400
Decrease (increase) other non-current receivables								-	-	-
Decrease (increase) in non-current investments	3 808	110 000	-					-	-	-
Payments										
Capital assets	(337 434)	(469 802)	(506 202)	(580 121)	(622 798)	(622 798)	(622 798)	(1 041 644)	(877 754)	(914 157)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(322 418)	(359 473)	(496 245)	(558 581)	(601 258)	(601 258)	(601 258)	(1 003 244)	(875 454)	(911 857)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								-	-	-
Borrowing long term/refinancing	21 171	73 237	(60 103)					235 000	134 000	71 000
Increase (decrease) in consumer deposits	1 716	1 862	8 893	2 000	2 000	2 000	2 000	4 000	6 000	9 000
Payments										
Repayment of borrowing	(35 808)	(36 394)		(58 100)	(58 100)	(58 100)	(58 100)	(75 000)	(122 000)	(100 000)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(12 921)	38 706	(51 210)	(56 100)	(56 100)	(56 100)	(56 100)	164 000	18 000	(20 000)
NET INCREASE/ (DECREASE) IN CASH HELD	40 788	260 497	(99 427)	78 261	(180 088)	(180 088)	(180 088)	(15 300)	24 973	158 435
Cash/cash equivalents at the year begin:	11 274	52 062	423 820	236 990	322 963	322 963	322 963	50 000	34 700	59 673
Cash/cash equivalents at the year end:	52 062	312 558	324 393	315 252	142 875	142 875	142 875	34 700	59 673	218 109

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. The 2016/17 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term as well as long term financial development strategy.
4. Cash and cash equivalents totals R34.7 million positive as at the end of the 2016/17 financial year and increases to R218 million by 2018/19.

Table 23 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Cash and investments available									
Cash/cash equivalents at the year end	52 062	312 558	324 925	315 252	142 875	142 875	34 700	59 673	218 109
Other current investments > 90 days	220 000	110 000	(1 962)	99 748	22 125	22 125	-	-	-
Non current assets - Investments	59 000	59 000	59 001	59 000	59 000	59 000	74 001	79 001	84 001
Cash and investments available:	331 061	481 558	381 964	474 000	224 000	224 000	108 701	138 674	302 109
Application of cash and investments									
Unspent conditional transfers	194 553	274 579	195 135	330 000	17 500	17 500	54 823	46 198	52 585
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements									
Other working capital requirements	(192 949)	(77 608)	11 941	30 704	365 461	365 461	5 251	5 709	5 564
Other provisions							37 722	42 522	90 522
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments									
Total Application of cash and investments:	1 604	196 971	207 076	360 704	382 961	382 961	97 796	94 429	148 671
Surplus(shortfall)	329 457	284 587	174 888	113 296	(158 961)	(158 961)	10 905	44 245	153 438

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. As part of the budgeting and planning guidelines that informed the compilation of the 2016/17 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
6. As can be seen the budget has been modelled to progressively move from a deficit of R158million in 2015/16 to a surplus of R153.4 million by 2018/19.

Table 24 MBRR Table A9 - Asset Management

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 medium term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CAPITAL EXPENDITURE									
Total New Assets	269,130	357,232	573,336	426,128	490,411	490,411	680,254	611,963	717,331
Infrastructure - Road transport	69,147	8,250	98,700	24,206	37,273	37,273	89,300	120,000	147,500
Infrastructure - Electricity	1,793	51,500	20,023	169,300	164,793	164,793	29,000	12,426	20,000
Infrastructure - Water	107,771	130,000	168,178	-	-	-	139,418	148,337	146,932
Infrastructure - Sanitation	1,378	1,500	667	-	672	672	180,159	172,264	249,050
Infrastructure - Other	39,320	120,438	178,229	-	-	-	153,411	106,790	103,189
Infrastructure	219,409	311,688	465,798	193,506	202,738	202,738	591,288	559,817	666,671
Community	445	18,500	36,305	42,100	50,386	50,386	57,666	41,996	38,840
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	49,275	27,044	71,233	190,522	237,286	237,286	31,300	10,150	11,820
Intangibles	-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	68,304	112,571	35,713	153,993	135,874	135,874	416,213	311,989	244,939
Infrastructure - Road transport	48,166	54,000	5,500	97,493	79,824	79,824	103,538	94,488	118,203
Infrastructure - Electricity	-	-	1,000	16,500	20,500	20,500	2,000	5,800	7,671
Infrastructure - Water	-	16,849	18,731	-	-	-	235,600	140,500	72,500
Infrastructure - Sanitation	1,568	40,000	4,412	1,000	400	400	-	-	-
Infrastructure - Other	1,721	1,721	-	-	-	-	2,500	1,600	3,000
Infrastructure	51,455	112,571	29,644	114,993	100,724	100,724	343,638	242,388	201,374
Community	-	-	-	11,200	8,000	8,000	26,750	24,750	13,835
Heritage assets	-	-	-	-	-	-	-	-	-
Other assets	16,849	-	6,069	27,800	27,150	27,150	45,825	44,851	29,730
Intangibles	-	-	-	-	-	-	-	-	-
Total Capital Expenditure									
Infrastructure - Road transport	117,313	62,250	104,200	121,699	117,097	117,097	192,838	214,488	265,703
Infrastructure - Electricity	1,793	51,500	21,023	185,800	185,293	185,293	31,000	18,226	27,671
Infrastructure - Water	107,771	146,849	186,909	-	-	-	375,018	288,837	219,432
Infrastructure - Sanitation	2,946	41,500	5,080	1,000	1,072	1,072	180,159	172,264	249,050
Infrastructure - Other	41,042	122,159	178,229	-	-	-	155,911	108,390	106,189
Infrastructure	270,864	424,259	495,441	308,499	303,463	303,463	934,926	802,205	868,045
Community	445	18,500	36,305	53,300	58,386	58,386	84,416	66,746	52,675
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	66,125	27,044	77,302	218,322	264,436	264,436	77,125	55,001	41,550
Intangibles	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Assets	337,434	469,802	609,048	580,121	626,285	626,285	1,096,467	923,952	962,270

ASSET REGISTER SUMMARY - PPE (WDV)									
<i>Infrastructure - Road transport</i>	1,407,803	1,470,053	1,675,189	1,675,803	1,690,433	1,690,433	1,883,271	2,097,759	2,363,462
<i>Infrastructure - Electricity</i>	710,674	762,174	726,968	797,997	794,947	794,947	825,947	844,173	871,844
<i>Infrastructure - Water</i>	687,148	833,997	1,113,511	1,173,906	1,209,710	1,209,710	1,584,728	1,873,565	2,092,997
<i>Infrastructure - Sanitation</i>	236,817	278,317	240,775	283,896	282,541	282,541	462,700	634,964	884,014
<i>Infrastructure - Other</i>	2,556,214	3,921,068	4,734,171	3,437,634	3,386,570	3,386,570	4,155,253	4,178,801	4,201,063
Infrastructure	5,598,655	7,265,609	8,490,614	7,369,236	7,364,200	7,364,200	8,911,899	9,629,262	10,413,379
Community	-	-	-	53,300	58,386	58,386	142,802	209,548	262,223
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	234,602	544,972	617,158	544,472	544,472	544,472	617,158	617,158	617,158
Other assets	66,125	27,044	98,939	218,322	264,436	264,436	341,561	396,563	438,113
Agricultural Assets									
Biological assets	13,965	16,633	14,278	16,633	16,633	16,633	14,278	14,278	14,278
Intangibles	17,834	12,799	2,508	12,049	12,049	12,049	2,508	2,508	2,508
TOTAL ASSET REGISTER SUMMARY -	5,931,182	7,867,057	9,223,497	8,214,013	8,260,178	8,260,178	10,030,206	10,869,317	11,747,659
EXPENDITURE OTHER ITEMS									
Depreciation & asset impairment	265,100	449,617	542,900	205,000	205,000	205,000	180,000	203,352	205,352
Repairs and Maintenance by Asset Class	144,648	142,278	163,393	177,520	201,979	182,980	203,209	193,116	204,537
<i>Infrastructure - Road transport</i>	23,160	10,965	25,543	24,509	37,299	37,299	44,010	46,581	49,376
<i>Infrastructure - Electricity</i>	27,807	18,005	26,669	24,142	25,142	25,142	24,746	26,230	27,804
<i>Infrastructure - Water</i>	23,282	22,948	32,344	28,106	32,127	32,127	31,873	33,328	35,327
<i>Infrastructure - Sanitation</i>	6,810	4,996	7,527	39,383	42,828	42,828	14,987	14,433	15,299
<i>Infrastructure - Other</i>	10,332	11,987	23,400	-	-	-	28,863	14,693	15,574
Infrastructure	91,390	68,900	115,483	116,141	137,396	137,396	144,479	135,265	143,380
Community	53,257	73,378	47,910	61,380	64,583	45,584	17,824	15,539	16,462
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	40,906	42,313	44,695
TOTAL EXPENDITURE OTHER ITEMS	409,748	591,895	706,293	382,520	406,979	387,980	383,209	396,468	409,889
Renewal of Existing Assets as % of total PPE	20.2%	24.0%	5.9%	26.5%	21.7%	21.7%	38.0%	33.8%	25.5%
Renewal of Existing Assets as % of depreciation	25.8%	25.0%	6.6%	75.1%	66.3%	66.3%	231.2%	153.4%	119.3%
R&M as a % of PPE	2.6%	2.0%	1.9%	2.3%	2.6%	2.4%	2.2%	1.9%	1.8%
Renewal and R&M as a % of PPE	4.0%	3.0%	2.0%	4.0%	4.0%	4.0%	6.0%	5.0%	4.0%

Explanatory notes to Table A9 – Asset Management

1. Table A9 an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. This requirement was met as the municipality renewal of existing assets is 40.4%. This is attributable to strategic decision to invest more resources into income generating asset with an intention of protecting future revenue flows to the municipality since most of income generating asset are

sitting beyond both normal and economic useful life. The renewal of asset with cater for the rapid expansion and population growth of the city.

The recommendation on repairs and maintenance is not met as the repairs and maintenance spend as a percentage of written down value of assets is 2.2%. as part of preparation of budget a detailed review was performed on each and every asset category to analyse for the need on the allocation of repairs and maintenance per each class, while it is critical to conform with MFMA circular 71 requirement on the repairs and maintenance, it is imperative to indicate that total allocation which could be 8% as part of the norm without detail analysis will render council inadequate in providing full provision as per the circular. Municipality will however implement a detail asset management plan which caters for risk matrix tariff associated with asset replacement interval and direct impact on the total revenue of the municipality. It be noted that under PPE more than one third of the asset are classified as non-cash generating asset.

Table 25 MBRR Table A10 - Basic Service Delivery Measurement

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Household service targets									
Water:									
Piped water inside dwelling	40 673	41 484	43 559	43 800	43 800	43 800	43 800	43 850	44 000
Piped water inside yard (but not in dwelling)	31 547	35 923	40 962	43 300	43 300	43 300	43 300	43 400	43 500
Using public tap (at least min.service level)	50 450	58 281	52 371	51 000	51 000	51 000	51 000	49 800	49 700
Other water supply (at least min.service level)			34 162	33 601	33 601	33 601	33 601	34 751	34 701
<i>Minimum Service Level and Above sub-total</i>	122 670	135 688	171 054	171 701	171 701	171 701	171 701	171 801	171 901
Using public tap (< min.service level)				-	-	-	-	-	-
Other water supply (< min.service level)	7 691	20 878	6 947	6 300	6 300	6 300	6 300	6 200	6 100
No water supply				-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	7 691	20 878	6 947	6 300	6 300	6 300	6 300	6 200	6 100
Total number of households	130 361	156 566	178 001	178 001	178 001	178 001	178 001	178 001	178 001
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	31 546	37 581	38 656	40 500	40 500	40 500	40 500	40 600	40 700
Flush toilet (with septic tank)	700	3 903	4 032	4 100	4 100	4 100	4 100	4 200	4 300
Chemical toilet	14 816	1 481	1 493	1 520	1 520	1 520	1 520	1 520	1 520
Pit toilet (ventilated)	72 480	61 403	33 688	34 000	34 000	34 000	34 000	34 100	34 100
Other toilet provisions (> min.service level)				-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	119 542	104 368	77 869	80 120	80 120	80 120	80 120	80 420	80 620
Bucket toilet	119 542	104 368	77 869	80 120	80 120	80 120	80 120	80 420	80 620
Other toilet provisions (< min.service level)				-	-	-	-	-	-
No toilet provisions	10 819	52 198	100 132	98 000	98 000	98 000	98 000	97 581	97 381
<i>Below Minimum Service Level sub-total</i>	130 361	156 566	178 001	178 120	178 120	178 120	178 120	178 001	178 001
Total number of households	249 903	260 934	255 870	258 240	258 240	258 240	258 240	258 421	258 621
Energy:									
Electricity (at least min.service level)	24 300	53 140	80 094	79 802	79 802	79 802	79 802	79 802	79 802
Electricity - prepaid (min.service level)	26 300	66 946	67 616	69 000	69 000	69 000	69 000	69 100	69 200
<i>Minimum Service Level and Above sub-total</i>	50 600	120 086	147 710	148 802	148 802	148 802	148 802	148 902	149 002
Electricity (< min.service level)	18 162	21 000	14 780	13 216	13 216	13 216	13 216	13 116	13 016
Electricity - prepaid (< min. service level)	34 223	12 925	13 925	14 514	14 514	14 514	14 514	14 514	14 514
Other energy sources	27 376	2 555	1 586	1 469	1 469	1 469	1 469	1 469	1 469
<i>Below Minimum Service Level sub-total</i>	79 761	36 480	30 291	29 199	29 199	29 199	29 199	29 099	28 999
Total number of households	130 361	156 566	178 001	178 001	178 001	178 001	178 001	178 001	178 001
Refuse:									
Removed at least once a week	48 364	91 338	92 000	92 000	92 000	92 000	92 000	92 000	92 000
<i>Minimum Service Level and Above sub-total</i>	48 364	91 338	92 000	92 000	92 000	92 000	92 000	92 000	92 000
Removed less frequently than once a week		97	97	97	97	97	97	97	97
Using communal refuse dump		4 566	4 566	4 566	4 566	4 566	4 566	4 566	4 566
Using own refuse dump	81 997	60 565	81 338	81 338	81 338	81 338	81 338	81 338	81 338
<i>Below Minimum Service Level sub-total</i>	81 997	65 228	86 001	86 001	86 001	86 001	86 001	86 001	86 001
Total number of households	130 361	156 566	178 001	178 001	178 001	178 001	178 001	178 001	178 001
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	9 100	9 400	11 400	13 057	13 057	13 057	14 000	14 500	15 000
Sanitation (free minimum level service)	9 100	9 400	11 400	13 057	13 057	13 057	14 000	14 500	15 000
Electricity/other energy (50kwh per household per month)	9 100	9 400	11 400	13 057	13 057	13 057	14 000	14 500	15 000
Refuse (removed at least once a week)	9 100	9 400	11 400	13 057	13 057	13 057	14 000	14 500	15 000
Cost of Free Basic Services provided - Formal Settlements (R'000)									
Water (6 kilolitres per indigent household per month)	3 224	4 353	3 585	4 500	4 500	5 100	4 500	4 342	4 540
Sanitation (free sanitation service to indigent households)	4 194	4 003	4 202	4 620	4 620	7 020	4 620	4 458	4 705
Electricity/other energy (50kwh per indigent household per month)	7 076	9 129	8 335	10 500	10 500	8 219	10 500	10 131	10 694
Refuse (removed once a week for indigent households)	3 431	3 275	3 438	3 780	3 780	5 744	3 780	3 647	3 850
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)									
Total cost of FBS provided	17 925	20 760	19 559	23 400	23 400	26 083	23 400	22 578	23 789
Highest level of free service provided per household									
Property rates (R value threshold)	50 000	50 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)									
Sanitation (Rand per household per month)	33	36	38	48	48	48	48	51	54
Electricity (kwh per household per month)	50	50	50	100	100	100	100	100	100
Refuse (average litres per week)	27	30	32	34	34	34	34	36	38
Revenue cost of subsidised services provided (R'000)									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)									
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA				-	48 000	48 000	43 248	45 843	48 593
Water (in excess of 6 kilolitres per indigent household per month)	3 224	4 353	3 585	4 500	7 143	7 143	7 572	8 026	8 507
Sanitation (in excess of free sanitation service to indigent households)				-	9 417	9 417	10 359	11 395	12 534
Electricity/other energy (in excess of 50 kwh per indigent household per month)	7 076	9 129	8 335	10 500	10 500	10 500	11 550	12 636	13 823
Refuse (in excess of one removal a week for indigent households)				-	3 291	3 291	3 488	3 698	3 920
Total revenue cost of subsidised services provided	10 300	13 482	11 920	15 000	78 351	78 351	76 217	81 598	87 377

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 IDP/Budget/PMS Steering Committee consists of the all Members of Mayoral Committee; Municipal Manager, all Directors and selected Managers with the Executive Mayor chairing the Meeting.

The role of IDP/Budget/PMS Steering Committee is to:

- Provide political oversight in the development of IDP/Budget/PMS.
- Supervise the implementation of the IDP/Budget/PMS.
- Lead the IDP /Budget Public Participation process.
- Responsible for the submission of the IDP/Budget/PMS to Mayoral Committee for recommendation to council

IDP and Service Delivery and Budget Implementation Plan

Integrated development planning is a **process** through which municipalities prepare a strategic development plan which extends over a five-year period. The Integrated Development Plan (IDP) is a **product** of the IDP process. The IDP is the principal strategic planning instrument which guides and informs all planning, budgeting, management and decision-making processes in a municipality. Through Integrated development planning, which necessitates the involvement of all relevant stakeholders, a municipality can:

- Identify its key development priorities;
- Formulate a clear vision, mission and values;
- Formulate appropriate strategies;
- Develop the appropriate organisational structure and systems to realise the vision and mission; and
- Align resources with the development priorities.

The SDBIP therefore serves as a “contract” between the administration, council and community expressing the goals and objectives set by the council as quantifiable outcomes that can be implemented by the administration over the next twelve months. This provides the basis for measuring performance in service delivery against end of-year targets and implementing the budget.

The SDBIP provides the vital link between the mayor, council (executive) and the administration, and facilitates the process for holding management accountable for its performance. The SDBIP is a management, implementation and monitoring tool that will assist the mayor, councillors,

municipal manager, senior managers and community. A properly formulated SDBIP will ensure that appropriate information is circulated internally and externally for purposes of monitoring the execution of the budget, performance of senior management and achievement of the strategic objectives set by council. It enables the municipal manager to monitor the performance of senior managers, the mayor to monitor the performance of the municipal manager, and for the community to monitor the performance of the municipality.

The SDBIP should therefore determine (and be consistent with) the performance agreements between the mayor and the municipal manager and the municipal manager and senior managers determined at the start of every financial year and approved by the mayor.

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:

- NSDP
- Green Paper on National Strategic Planning of 2009;

- MTSF
- Government Programme of Action;
- New Growth Path
- Development Facilitation Act of 1995;
- Limpopo Employment , Growth and Development Plan
- Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

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

VISION 2030 - SMART CITY

City of Polokwane has charted its post-election strategy for the next term and beyond through VISION 2030. This strategy is pegged against a long-term growth path to transform the municipality into a bustling and sustainable entity that distinguishes the Municipality as a nodal point that offers quality living experience through the **SMART CITY** concept.

Embedded in this strategic positioning is the need to craft an operating model that best fits the municipal ability to deliver on its strategy and mandate. It is precisely this process of envisioning operating model, which encouraged the leadership of the municipality to initiate a strategic planning session for the municipality.

A Strategic Planning Workshops was held with Departments which was then followed by Municipal Strategic Planning session to assess progress to date to deliver Vision 2030: unlike the previous year's Strategic Planning Session the main objective was to

- Assess Progress to date to deliver Vision 2030
- Review and refine the Logic Models (inputs)
- Review and refine the Scorecards
- Review and refine the Operating Model
- Develop Value Chain/Service Standards
- Roadmap for Vision 2030

The Smart City Concept

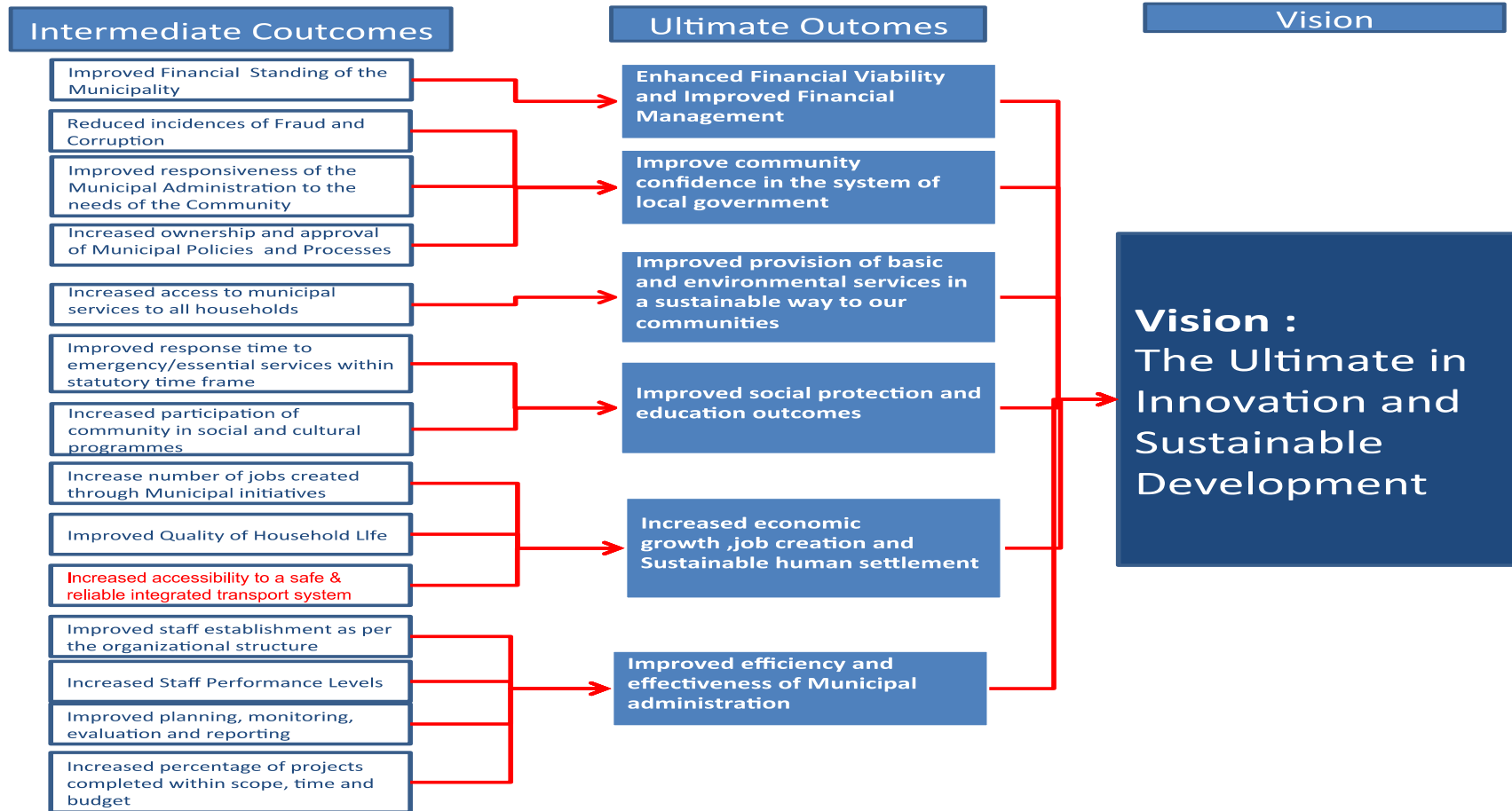


Smart Economy	Smart Environment	Smart Governance	Smart Living	Smart Mobility	Smart People
<ul style="list-style-type: none"> Innovative spirit Entrepreneurship Economic image & trademarks Productivity Flexibility of labour market Ability to transform 	<ul style="list-style-type: none"> Attractively of natural conditions Pollution Environmental protection Sustainable resource management 	<ul style="list-style-type: none"> Participation in decision-making Public and social services Transparent governance Political strategies & perspectives 	<ul style="list-style-type: none"> Cultural facilities Health conditions Individual safety Housing quality Education facilities Social cohesion 	<ul style="list-style-type: none"> Local accessibility (Inter-)national accessibility Availability of ICT-infrastructure Sustainable, innovative and safe transport systems 	<ul style="list-style-type: none"> Participation in decision-making Public and social services Transparent governance Political strategies & perspectives

Forward looking in Economy, People, Governance, Mobility, Environment and Spaces. Comprehensive integration of critical infrastructure in its totality. Build collective intelligence of the City through connecting the physical, the IT, the social, and the business infrastructure.

Using the 'Smart City' as a compass to reposition the City of Polokwane as the trailblazer in the knowledge economy of not only Limpopo Province, but in the country. Using it as a platform to transform the productive patterns of the City's groups of communities, i.e. citizens, business, NGOs, government departments, etc.

GOALS AND OBJECTIVES MAP



Alignment of the Ultimate Outcomes/Goals for City of Polokwane to the KPA

Key Performance Area	Ultimate Outcomes/Goals
KPA 1: Municipal Transformation and Institutional Development	1. Improved efficiency and effectiveness of Municipal administration
KPA 2: Basic Services Delivery and Infrastructure	2. Improved provision of basic and environmental services in a sustainable way to our
KPA 2: Basic Services Delivery and Infrastructure	3. Improved social protection and education outcomes
KPA3 & 6 : Local Economic Development & Spatial Rationale	4. Increased economic growth ,job creation and Sustainable human settlement, Integrated sustainable human settlement
KPA 4: Municipal Financial Viability and Financial Management	5. Enhanced Financial Viability and Improved Financial Management
KPA 5. Good Governance and Public Participation	6. Improve community confidence in the system of local government

Table 27 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
Develop and refurbish infrastructural services	Improved provision of basic and environmental services in a sustainable way to our communities	A	446 067	877 332	930 758	1 108 274	1 108 274	1 141 955	1 308 469	1 424 248	1 556 633
Create a conducive economic environment	Increased economic growth, job creation and sustainable human settlement	B	15 704	15 795	14 067	53 789	51 789	44 494	54 736	19 452	20 383
Enhance revenue and asset base	Enhanced Financial Viability and Improved Financial Management	C	291 525	419 341	346 737	399 464	380 987	393 313	459 949	482 445	480 453
Plan sustainable integrated settlements	Increased economic growth, job creation and sustainable human settlement	D	5 269	5 814	5 441	6 650	6 650	5 050	7 424	7 864	8 335
Preserve natural resources	Improved provision of basic and environmental services in a sustainable way to our communities	E	56 370	58 256	61 423	70 514	70 514	68 520	105 141	84 538	92 557
Facilitate, care and support communities	Improve community confidence in the system of local government	F	26 573	38 885	35 800	44 433	44 434	23 146	50 364	53 337	56 663
Invest in human capital and retain skills	Improve efficiency and effectiveness of Municipal administration	G	3 288	1 947	318	4 478	4 478	1 157	4 747	5 031	5 333
Practice good governance	Improve efficiency and effectiveness of Municipal administration	H	1 115 340	841 448	1 110 622	1 183 149	1 282 344	1 271 834	1 449 523	1 525 172	1 722 653
			1 960 135	2 258 818	2 505 166	2 870 751	2 949 469	2 949 469	3 440 351	3 602 087	3 943 009

Table 28 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	2012/13	2013/14	2014/15	Current Year 2015/16		Full Year Forecast	2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget		Medium Term		
R thousand											
Develop and refurbish infrastructural services	Improved provision of basic and environmental services in a sustainable way to our communities	A	508 053	1 114 646	1 353 869	1 236 600	1 244 299	1 117 745	1 273 308	1 378 118	1 488 787
Create a conducive economic environment	Increased economic growth, job creation and sustainable human settlement	B	144 397	164 419	182 633	197 422	201 509	132 603	228 072	284 046	321 596
Enhance revenue and asset base	Enhanced Financial Viability and Improved Financial Management	C	108 567	112 180	233 427	160 631	164 050	203 242	283 655	334 211	295 224
Plan sustainable integrated settlements	Increased economic growth, job creation and sustainable human settlement	D	9 524	28 131	11 478	14 200	14 146	13 873	14 119	14 955	16 000
Preserve natural resources	Improved provision of basic and environmental services in a sustainable way to our communities	E	106 333	119 088	123 493	121 621	122 375	112 451	128 971	114 247	121 793
Facilitate, care and support communities	Improve community confidence in the system of local government	F	168 470	226 702	213 813	238 218	238 244	223 156	257 533	265 438	282 939
Invest in human capital and retain skills	Improve efficiency and effectiveness of Municipal administration	G	53 811	51 532	61 644	50 200	49 450	51 201	53 354	53 919	57 098
Practice good governance	Improve efficiency and effectiveness of Municipal administration	H	816 963	417 000	428 329	269 668	287 895	467 699	339 545	358 692	378 148
Total Expenditure			1 916 119	2 233 697	2 608 685	2 288 560	2 321 970	2 321 970	2 578 556	2 803 625	2 961 584

Table 29 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Develop and refurbish infrastructural services	Improved provision of basic and environmental services in a sustainable way to our communities	A	267 350	224 900	201 945	309 249	355 413	355 413	779 015	693 815	761 856
Create a conducive economic environment	Increased economic growth, job creation and sustainable human settlement	B	43 561	137 398	363 698	219 189	219 189	219 189	220 061	133 840	125 354
Enhance revenue and asset base	Enhanced Financial Viability and Improved Financial Management	C	44	51	1 000	5 000	5 000	5 000	8 350	6 149	4 930
Plan sustainable integrated settlements	Increased economic growth, job creation and sustainable human settlement	D	2		109						
Preserve natural resources	Improved provision of basic and environmental services in a sustainable way to our communities	E	388	787	16 317	7 683	7 683	7 683	21 850	24 300	21 600
Facilitate, care and support communities	Improve community confidence in the system of local government	F	745	1 343	21 079	32 800	32 800	32 800	55 091	58 398	44 580
Invest in human capital and retain skills	Improve efficiency and effectiveness of Municipal administration	G									
Practice good governance	Improve efficiency and effectiveness of Municipal administration	H	25 345	105 322	4 900	6 200	6 200	6 200	12 100	7 450	3 950
Total Capital Expenditure			337 434	469 802	609 048	580 121	626 285	626 285	1 096 467	923 952	962 270

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:

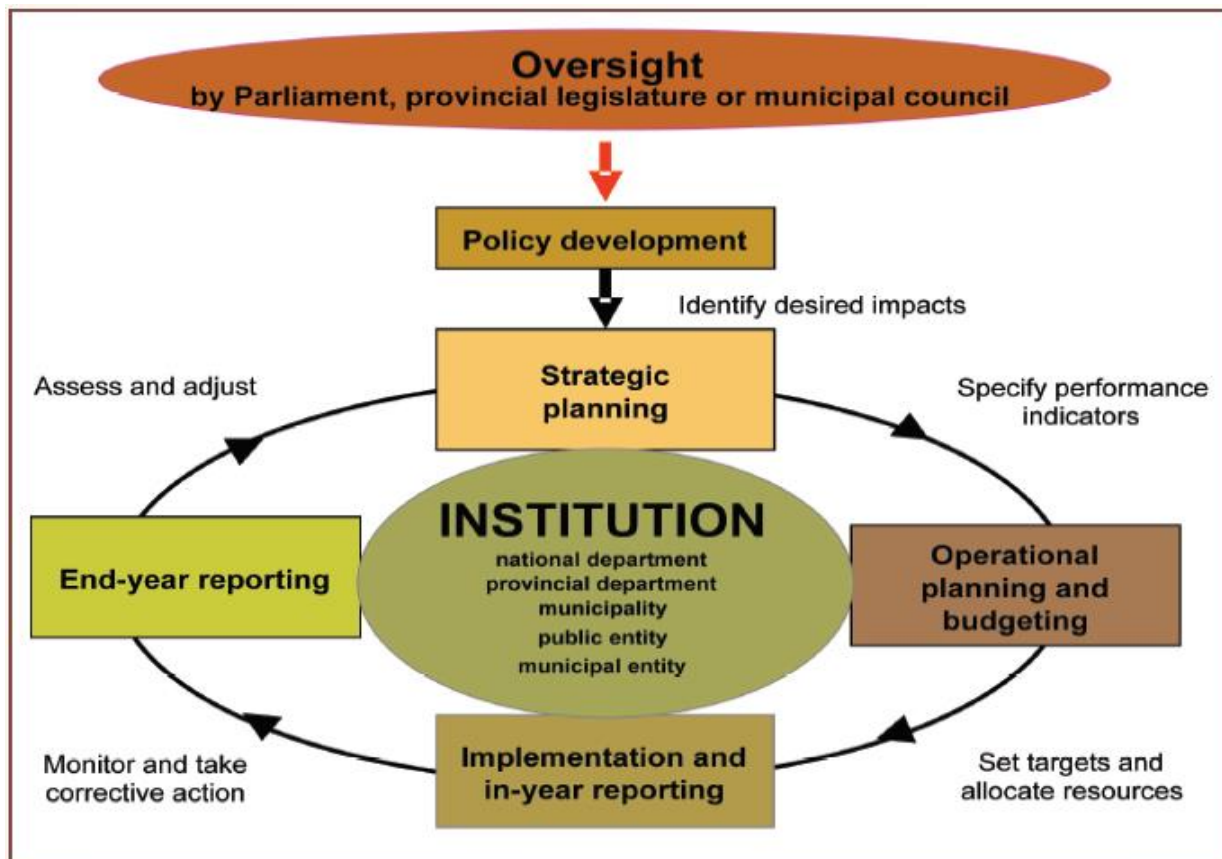


Figure 1 Planning, budgeting and reporting cycle

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:

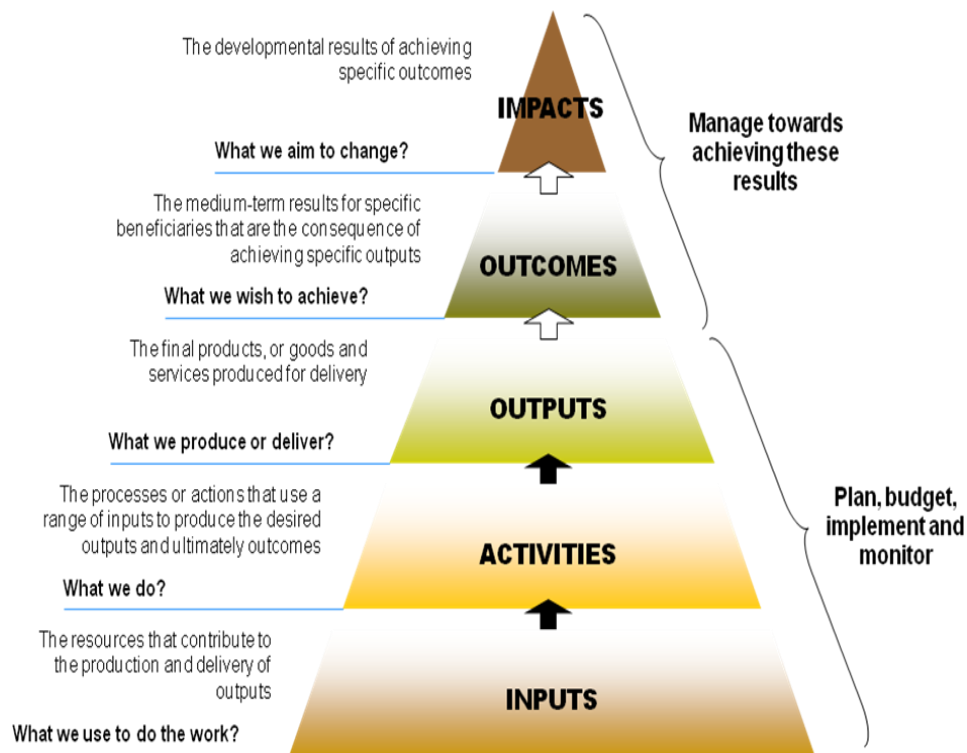


Figure 2 Definition of performance information concepts

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

The following table sets out the municipalities main performance objectives and benchmarks for the 2016/17 MTREF.

Table 31 MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	3,4%	3,3%	3,7%	4,2%	4,1%	4,1%	4,1%	4,5%	7,5%	6,3%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	5,1%	5,3%	6,9%	5,5%	5,3%	5,3%	5,3%	5,9%	10,3%	8,6%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	18,8%	63,1%	0,0%	0,0%	0,0%	0,0%	0,0%	49,5%	41,3%	25,7%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	36,3%	16,0%	7,2%	13,7%	13,8%	13,8%	13,8%	10,5%	10,2%	12,2%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	1,3	1,2	1,1	1,0	0,6	0,6	0,6	0,9	0,9	1,2
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1,3	1,2	0,8	1,0	0,6	0,6	0,6	0,9	0,9	1,2
Liquidity Ratio	Monetary Assets/Current Liabilities	0,5	0,6	0,5	0,5	0,3	0,3	0,3	0,1	0,1	0,3
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0,0%	0,0%	0,0%	87,7%	81,3%	81,3%	81,3%	88,0%	91,7%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0,0%	0,0%	0,0%	87,7%	81,3%	81,3%	81,3%	88,0%	91,6%	93,0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	26,4%	23,4%	21,3%	18,3%	7,3%	7,3%	7,3%	15,2%	15,6%	15,9%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old		96,0%	97,0%							
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Creditors to Cash and Investments		554,1%	100,5%	108,5%	123,7%	349,8%	349,8%	349,8%	1008,6%	670,3%	206,3%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)	73822461	56190111	105726349,2	68280518,66	68280518,66	68280518,66	68280518,66	100726349,2	100726349,2	100726349,2
	Total Cost of Losses (Rand '000)	51 902	35 162	71 889	40 355	40 355	40 355	40 355	148 068	148 068	148 068
	% Volume (units purchased and generated less units sold)/units purchased and generated		0	0	0	0	0	0	0	0	0
Water Distribution Losses (2)	Total Volume Losses (kℓ)	7 982	13 768	8 993	3 124	3 124	3 124	3 124	7 000	7 000	7 000
	Total Cost of Losses (Rand '000)	33844650	62193829	49075131	21706957,88	21706957,88	21706957,88	21706957,88	1260029,34	1260029,34	1260029,34
	% Volume (units purchased and generated less units sold)/units purchased and generated		0	0	0	0,33	0	0	0	0	0

Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Employee costs	Employee costs/(Total Revenue - capital revenue)	23,5%	23,6%	25,6%	24,7%	23,1%	23,1%	23,1%	22,9%	22,6%	22,4%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	24,6%	24,8%	26,9%	25,8%	24,1%	24,1%		24,4%	24,3%	24,0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	8,7%	7,6%	8,5%	7,7%	8,1%	7,4%		8,7%	7,8%	7,7%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	17,7%	26,1%	30,2%	10,5%	9,8%	9,8%	9,8%	7,8%	9,7%	9,0%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	19,0	14,7	12,0	14,8	14,8	14,8	11,1	9,2	12,0	12,8
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	36,3%	34,7%	32,7%	27,4%	11,7%	11,7%	11,7%	25,1%	25,3%	25,6%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0,5	2,5	2,4	2,2	1,0	1,0	1,0	0,2	0,3	1,1

2.4 Overview of budget related-policies

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

The following budget-related policies have been approved by Council, or have been reviewed or amended and/or are currently being reviewed/amended in line with National Guidelines and other legislation.

- 2.4.1 Budget Policy
- 2.4.2 Supply Chain Management Policy
- 2.4.3. Rates Policy
- 2.4.4 Tariff Policy
- 2.4.5 Credit Control & Debt Collection Policy
- 2.4.6 Virement Policy
- 2.4.7 Funding and Reserves Policy
- 2.4.8 Cash Management and Investment Policy
- 2.4.9 Asset Management Policy
- 2.4.10 Borrowing Policy
- 2.4.11 Indigent Policy
- 2.4.12 Petty Cash Policy
- 2.4.13 Customer Care Policy
- 2.4.14 Claims and Loss Control Policy

The promulgation of the Municipal Budget and Reporting Regulations in Government Gazette No. 32141 dated 17 April 2009 is to secure sound and sustainable management of the budgeting and reporting practices of municipalities by establishing uniform norms and standards and other requirement for insuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting processes of those institutions and other relevant matters as required by the MFMA.

These regulations are effective for all Municipalities from 1 July 2010 and the budget has been compiled accordingly to be in full compliance from 1 July 2010.

In terms of section 7 of these regulations the Municipal Manager must prepare, or take all reasonable steps to ensure the preparation of the budget-related policies of the municipality, or any amendments to such policies, in accordance with the legislation applicable to those policies for tabling in the municipal council by the applicable deadline specified by the mayor in terms of section 21(1) (b) of the Act.

2.4.1 BUDGET POLICY

The budget policy is there to assist Mayors, Councillors, Accounting Officers and Senior Managers in dealing with the changes brought about by the Municipal Finance Management Act No 56 of 2003. This policy provides a framework within which Senior Management can compile, control and review budgets of their respective departments to ensure effective financial management

2.4.2 SUPPLY CHAIN MANAGEMENT POLICY

Municipalities are required in terms of section 111 of the MFMA to have a supply chain management policy.

This policy is within the framework of the relevant legislation and regulations. The policy ascribes to the following principles:

A procurement system which is fair, equitable, transparent, competitive and cost-effective in terms of section 217 of the Constitution of South Africa No. 108 of 1996

As enshrined in Chapter 11 of the Municipal Finance Management Act and its regulations
Best practices in supply chain management

Uniformity in supply chain management systems between organs of state in all spheres

Broad Based Black Economic Empowerment

2.4.3 RATES POLICY

Section 5(1) of the Municipal Property Rates Act, No. 6 of 2004 states that a municipal council must annually review, and if necessary, amend its rates policy. Any amendments must accompany the municipality's annual budget when it is tabled in the Council. The policy is designed to ensure equitable treatment by Council in the levying of rates on property owners, including owners under sectional title, as well as other persons who may become liable for the payment of rates.

2.4.4 TARIFF POLICY

The Municipal Systems Act, No 32 of 2000, requires a municipality to have a tariff determination policy. The challenge in setting tariffs lies in striking a balance between maintaining financial sustainability of the relevant departments (and so the sustainability of service provision) and ensuring affordability of those services by consumers. The municipality's tariff policy provides a broad framework where the Council can determine fair, transparent and affordable service charges that also promote sustainability of service provision. The policy is based on principles

that address the social, economic and financial imperatives that the process of tariff setting should take account of.

2.4.5 CREDIT CONTROL & DEBT COLLECTION POLICY

The municipality's credit control and debt collection policy provides the procedures and mechanisms for credit control and for the collection of debts. The primary objective of this policy is to ensure that all monies due and payable to the municipality in respect of rates, fees for services, surcharges on such fees, charges, tariffs, interest which has accrued on any amounts due and payable in respect of the foregoing and any collection charges are collected efficiently and promptly.

2.4.6 VIREMENT POLICY

This policy's objective is to allow flexibility in the use of budgeted funds to enable management to act on occasions such as disasters, unforeseen expenditure or savings, etc. as they arise to accelerate service delivery in a financially responsible manner.

2.4.7 FUNDING AND RESERVES POLICY

The funding and reserves policy is aimed at ensuring that the municipality procures sufficient and cost effective funding in order to achieve its capital expenditure objectives in a optimum manner. The policy is adhered to in the procurement of funding for the municipality having due regard to the assets and liability maturity profile of the municipality

2.4.8 CASH MANAGEMENT AND INVESTMENT POLICY

Section 13(2) of the MFMA requires that a municipality have a policy dealing with cash management and investment. The municipality's cash management and investment policy is developed within the framework of the MFMA.

2.4.9 ASSET MANAGEMENT POLICY

To ensure the effective and efficient control of the municipality's assets through

- (a) proper recording of assets from authorisation to acquisition and to subsequent disposal;
- (b) providing for safeguarding procedures, and
- (c) setting proper guidelines as to authorised utilization
- (d) and prescribing for proper maintenance.

To assist officials in understanding their legal and managerial responsibilities with regard to assets.

2.4.10 BORROWING POLICY

The objectives of this Policy are to:-

manage interest rate and credit risk exposure;
maintain debt within specified limits and ensure adequate provision for the repayment of debt;
to ensure compliance with all Legislation and Council policy governing borrowing of funds.

2.4.11 INDIGENT POLICY

The objectives of this Policy are to:-

Provide a framework within which the Municipality can exercise its executive and legislative authority with regard to the implementation of financial aid to indigent and poor households in respect of their municipal account;
Determine the criteria for qualification of Indigent and poor households;
Ensure that the criteria is applied correctly and fairly to all applicants;
Allow the municipality to conduct in loco visits to the premises of applicants to verify the actual status of the household;
Allow the Municipality to maintain and publish the register of names and addresses of account holders receiving subsidies.

2.4.12 PETTY CASH POLICY

Compliance with the regulatory framework in terms of the relevant legislation is required.

2.4.13 Customer Care Policy

Municipality is committed to ensuring that the human rights principles set out in the National Constitution of the Republic of South Africa, 1996, as well as the Batho Pele Principles, aimed at transformation of public service delivery, and “getting it right the first time”, forms the basis on which Polokwane Municipality’s service delivery rests.

2.4.14 Claims and Loss Control Policy

To provide an overview of the individual procedures which support the Claims & Loss Control Committee and contains guidelines for Good Practice for claims and loss management within Polokwane Municipality.

2.5 Overview of budget assumptions

2.5.1 External factors

In his budget speech, the Honourable Minister of Finance Pravin Gordhan has emphatically addressed the nation about the importance of discipline and prudent fiscal and financial management in all sphere of government since there is limited resources due to slow growing economy in South Africa. Government in general is anticipating to reduce total sovereign debt

over GDP in order to deliver sustainable service delivery in a financially sustainable manner. He has emphasised on the importance of directing financial resources into capital projects which will yield return on investment in a long run while at the same time providing adequate resources for social compact as part of the constitutional imperative.

The South African economic growth has been set at 1.9 per cent growth trajectory due to slow economic growth in the advanced economy such as US and China while at the same time the growth factors in the emerging economy has been said at the marginal growth rate which means South African Economy is also affected as such. It be noted that international rating agencies such as Moody's Fisch as well as standard and poor has projected our economy at 1.5 growth rate as part of sensitivity analysis in our economy. All this macro-economic factors and indicators must be considered in all sphere of government when each sphere considers preparation of their Multi-Year Budget in order to build a robust and sustainable financial and fiscal system.

2.5.2 General inflation outlook and its impact on the municipal activities

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

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers
- Credit rating of the municipality visa vis that of the government
- GDP visa vis GVA (General Value Added)
- General micro-economic indicators such as local investment in the municipal economy

Table 32 Credit rating outlook

Security class	Currency	Rating	Annual rating 2015/16	Rating agency criteria
Short term	Rand	Prime -1	20 September 2005	A2
Long-term	Rand	Prime -1	20 September 2005	A2

2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The Municipality engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2016/17 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2016/17 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

2.5.4 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 currently expressed as a percentage (88 per cent) of annual billings. Cash flow is assumed to be 88 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.5 Growth or decline in tax base of the municipality

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

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

2.5.6 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 per cent is achieved on operating expenditure and 95 per cent on the capital programme for the 2016/17 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:

Table 33 Breakdown of the operating revenue over the medium-term

Description	2016/17 Medium Term Revenue & Expenditure Framework					
	Budget Year 2016/17		Budget Year +1 2017/18		Budget Year +2 2018/19	
R thousand						
Expenditure By Type	R'000	%	R'000	%	R'000	%
Property rates	357 780	13%	379 247	13%	402 001	12%
Property rates - penalties & collection charges	-	0%	-	0%	-	0%
Service charges - electricity revenue	917 263	33%	1 003 486	33%	1 097 814	34%
Service charges - water revenue	284 895	10%	313 384	10%	344 722	11%
Service charges - sanitation revenue	60 858	2%	66 944	2%	73 638	2%
Service charges - refuse revenue	69 588	2%	76 547	3%	84 202	3%
Service charges - other	-	0%	-	0%	-	0%
Rental of facilities and equipment	13 500	0%	14 000	0%	14 600	0%
Interest earned - external investments	40 000	1%	37 300	1%	8 600	0%
Interest earned - outstanding debtors	59 400	2%	62 964	2%	66 742	2%
Dividends received	-	0%	-	0%	-	0%
Fines	12 000	0%	12 300	0%	13 000	0%
Licences and permits	12 501	0%	14 006	0%	15 586	0%
Agency services	18 800	1%	19 500	1%	20 100	1%
Transfers recognised - operational	864 900	31%	965 719	32%	1 076 279	33%
Other revenue	68 840	2%	35 240	1%	37 354	1%
Gains on disposal of PPE	38 000	1%	2 000	0%	2 000	0%
Total Revenue (excluding capital transfers and contributions)	2 818 325	100%	3 002 636	100%	3 256 638	100%
Rates & Service Charges	1 690 384	60%	1 839 608	61%	2 002 377	61%

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, solid waste removal, property rates, operating grants from organs of state and other minor charges (such as building plan fees, licenses, fines 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 95 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Energy 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 2016/17 MTREF on the different revenue categories are:

Table 34 Proposed tariff increases over the medium-term

Description	2016/17	2017/18	2018/19
Property rates	6%	6%	6%
Service charges - electricity revenue	10%	10%	10%
Service charges - water revenue	10%	10%	10%
Service charges - sanitation revenue	10%	10%	10%
Service charges - refuse revenue	10%	10%	10%

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

Table 35 MBRR SA15 – Detail Investment Information

Investment type	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Parent municipality									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank	220 000	110 000	1	330 000	80 000	80 000			
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)	59 000	59 000	59 000	59 000	59 000	59 000	74 001	79 001	84 001
Repurchase Agreements - Banks									
Municipal Bonds									
Municipality sub-total	279 000	169 000	59 001	389 000	139 000	139 000	74 001	79 001	84 001
Consolidated total:	279 000	169 000	59 001	389 000	139 000	139 000	74 001	79 001	84 001

Table 36 MBRR SA16 – Investment particulars by maturity

Investments by Maturity	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	Yrs/Months												
Parent municipality													
Standard Bank		Fixed Deposit						CALL ACCOUNT	59 000	279			59 279
Sinking Fund		Fixed Deposit							15 000				15 000
													-
Municipality sub-total									74 000		-	-	74 279
TOTAL INVESTMENTS AND INTEREST									74 000		-	-	74 279

As part of long term financial development strategy Council, will explore various investment strategies such as Sinking Fund to create for future cash-backed provisions and other strategic liabilities. As implementation model Council will at least invest per cent of its monthly revenue into short- term liquid fund and per cent into medium to long term Sinking fund.

2.6.2 Medium-term outlook: capital revenue

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

Table 37 Sources of capital revenue over the MTREF

Vote Description	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget 2015/16		Budget Year 2016/17		Budget Year +1 2017/18		Budget Year +2 2018/19	
R thousand								
Funded by:								
National Government	464 921	74%	622 026	57%	599 451	65%	686 371	71%
Borrowing	-		235 000	21%	134 000	15%	71 000	7%
Internally generated funds	161 364	26%	239 441	22%	190 501	21%	204 899	21%
Total Capital Funding	626 285	100%	1 096 467	100%	923 952	100%	962 270	100%

Capital grants and receipts equates to 57 per cent of the total funding source which represents R622 million for the 2016/17 financial year and amounts to R686.3 million or 72 per cent by 2018/19.

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

Table 38 MBRR Table SA 17 - Detail of borrowings

Borrowing - Categorized by type	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Parent municipality									
Long-Term Loans (annuity/reducing balance)	283 472	309 088	243 043	237 296	237 296	237 296	355 622	345 548	413 299
Municipality sub-total	283 472	309 088	243 043	237 296	237 296	237 296	355 622	345 548	413 299
Entities sub-total	-	-	-	-	-	-	-	-	-
Total Borrowing	283 472	309 088	243 043	237 296	237 296	237 296	355 622	345 548	413 299

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

Table 39 MBRR Table SA 18 - Transfers and grant receipts

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
RECEIPTS:									
Operating Transfers and Grants									
National Government:	412 805	558 258	547 555	678 860	678 860	678 860	864 900	965 719	1 076 279
Local Government Equitable Share	388 232	415 990	455 799	522 595	522 595	522 595	675 714	757 286	830 052
Finance Management	1 500	1 650	1 800	1 875	1 875	1 875	2 619	2 979	3 234
Department of Water Affairs	3 273								
Municipal Systems Improvement	800	890	930	930	930	930	-	-	-
Public Transport		19 304	6 093	11 000	11 000	11 000	46 365	95 711	121 711
Department Sport & Recreation									
CHAN Host City Operating Grant		33 500	-	-	-	-			
Infrastructure skills development fund	3 000	3 200	3 000	5 000	5 000	5 000	6 000	6 213	6 500
Expanded public works programme incentive grant		4 614	-	-	-	-			
FIFA Local Organizing Committee									
Integrated national electrification programme grant			31 000	40 000	40 000	40 000	45 000	40 000	40 000
Expanded public works programme incentive grant									
Municipal Infrastructure (MIG)		42 735	44 973	42 800	42 800	42 800	46 275	60 486	74 782
Expanded public works programme incentive grant	16 000	36 375	3 960	2 660	2 660	2 660	5 975		
Municipal Demarcation							8 952	3 044	-
Total Operating Transfers and Grants	412 805	558 258	547 555	678 860	678 860	678 860	864 900	965 719	1 076 279
Capital Transfers and Grants									
National Government:	295 517	586 404	574 050	466 288	470 854	470 854	622 026	599 451	686 371
Municipal Infrastructure (MIG)	221 514	337 109	262 336	271 243	236 569	236 569	253 668	291 537	298 747
Public Transport	48 703	221 795	277 656	173 189	201 357	201 357	153 661	105 292	93 339
Sport and Recreation			-						
Water Affairs		10 000	20 000	-					
Integrated national electrification programme grant		-	-	-					
Expanded public works programme incentive grant	5 300		-	1 856	1 856	1 856			
Electricity Demand Side Management	2 000	10 000	4 057	-					
Neighbourhood development partnership grant	18 000	-	10 000	20 000	31 072	31 072	34 538	30 358	45 235
Dept Environmental Affairs		7 500							
Regional Bulk Infrastructure Grant							180 159	172 264	249 050
Other grant providers:	-	-	2 797	-	-	-	-	-	-
NATIONAL LOTTERY			2 797						
Total Capital Transfers and Grants	295 517	586 404	576 847	466 288	470 854	470 854	622 026	599 451	686 371
TOTAL RECEIPTS OF TRANSFERS & GRANTS	708 322	1 144 662	1 124 403	1 145 148	1 149 714	1 149 714	1 486 926	1 565 170	1 762 650

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

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

Table 40 MBRR Table A7 - Budget cash flow statement

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates, penalties & collection charges			256 187	299 230	223 869	223 869	223 869	314 846	341 322	373 861
Service charges			927 229	1 018 862	983 729	983 729	983 729	1 172 692	1 344 429	1 488 350
Other revenue	1 389 637	1 288 539	117 388	116 710	116 711	116 711	116 711	110 564	85 541	93 595
Government - operating	501 275	516 199	547 555	679 560	522 860	522 860	522 860	864 900	965 719	1 076 279
Government - capital	187 077	350 188	555 235	465 588	432 711	432 711	432 711	622 026	599 451	686 371
Interest	23 017	30 547	81 518	58 404	58 404	58 404	58 404	87 472	90 238	70 068
Payments										
Suppliers and employees	(1 695 283)	(1 560 296)	(2 001 968)	(1 901 932)	(1 806 835)	(1 806 835)	(1 806 835)	(2 297 056)	(2 444 773)	(2 598 732)
Finance charges	(29 594)	(37 154)		(37 000)	(37 000)	(37 000)	(37 000)	(40 000)	(88 000)	(88 000)
Transfers and Grants		(6 760)	(6 740)	(6 480)	(17 180)	(17 180)	(17 180)	(11 500)	(11 500)	(11 500)
NET CASH FROM/(USED) OPERATING ACTIVITIES	376 128	581 264	476 404	692 942	477 270	477 270	477 270	823 944	882 427	1 090 292
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE	11 442	(76)		21 140	21 140	21 140	21 140	38 000	1 900	1 900
Decrease (increase) in non-current debtors	(235)	405	(18 378)	400	400	400	400	400	400	400
Decrease (increase) other non-current receivables								-	-	-
Decrease (increase) in non-current investments	3 808	110 000	-					-	-	-
Payments										
Capital assets	(337 434)	(469 802)	(506 202)	(580 121)	(622 798)	(622 798)	(622 798)	(1 041 644)	(877 754)	(914 157)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(322 418)	(359 473)	(496 245)	(558 581)	(601 258)	(601 258)	(601 258)	(1 003 244)	(875 454)	(911 857)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								-	-	-
Borrowing long term/refinancing	21 171	73 237	(60 103)					235 000	134 000	71 000
Increase (decrease) in consumer deposits	1 716	1 862	8 893	2 000	2 000	2 000	2 000	4 000	6 000	9 000
Payments										
Repayment of borrowing	(35 808)	(36 394)		(58 100)	(58 100)	(58 100)	(58 100)	(75 000)	(122 000)	(100 000)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(12 921)	38 706	(51 210)	(56 100)	(56 100)	(56 100)	(56 100)	164 000	18 000	(20 000)
NET INCREASE/ (DECREASE) IN CASH HELD	40 788	260 497	(99 427)	78 261	(180 088)	(180 088)	(180 088)	(15 300)	24 973	158 435
Cash/cash equivalents at the year begin:	11 274	52 062	423 820	236 990	322 963	322 963	322 963	50 000	34 700	59 673
Cash/cash equivalents at the year end:	52 062	312 558	324 393	315 252	142 875	142 875	142 875	34 700	59 673	218 109

For the 2016/17 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to improve to R34.7million positive by 2016/17 and increasing to R218.1 million by 2018/19.

2.6.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

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

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

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

Table 41 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash and investments available									
Cash/cash equivalents at the year end	52 062	312 558	324 925	315 252	142 875	142 875	34 700	59 673	218 109
Other current investments > 90 days	220 000	110 000	(1 962)	99 748	22 125	22 125	-	-	-
Non current assets - Investments	59 000	59 000	59 001	59 000	59 000	59 000	74 001	79 001	84 001
Cash and investments available:	331 061	481 558	381 964	474 000	224 000	224 000	108 701	138 674	302 109
Application of cash and investments									
Unspent conditional transfers	194 553	274 579	195 135	330 000	17 500	17 500	54 823	46 198	52 585
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements									
Other working capital requirements	(192 949)	(77 608)	11 941	30 704	365 461	365 461	5 251	5 709	5 564
Other provisions							37 722	42 522	90 522
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments									
Total Application of cash and investments:	1 604	196 971	207 076	360 704	382 961	382 961	97 796	94 429	148 671
Surplus(shortfall)	329 457	284 587	174 888	113 296	(158 961)	(158 961)	10 905	44 245	153 438

2.6.4 Funding compliance measurement

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

Table 42 MBRR SA10 – Funding compliance measurement

2.6.4.1 Cash/cash equivalent position

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

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2016/17 MTREF shows R34.47 million, R59.67 million and R218 million positive for each respective financial year.

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Funding measures										
Cash/cash equivalents at the year end - R'000	52 062	312 558	324 925	315 252	142 875	142 875	142 875	34 700	59 673	218 109
Cash + investments at the yr end less applications - R'000	329 457	284 587	174 888	113 296	(158 961)	(158 961)	(158 961)	10 905	44 245	153 438
Cash year end/monthly employee/supplier payments	0,5	2,5	2,4	2,2	1,0	1,0	1,0	0,2	0,3	1,1
Surplus/(Deficit) excluding depreciation offsets: R'000	44 016	25 121	(103 519)	582 191	627 500	627 500	627 500	861 795	798 462	981 425
Service charge rev % change - macro CPIX target exclusive	N.A.	(2,7%)	(3,8%)	14,9%	(7,2%)	(6,0%)	(6,0%)	7,8%	2,8%	2,8%
Cash receipts % of Ratepayer & Other revenue	111,4%	95,0%	88,0%	86,2%	76,4%	76,4%	76,4%	85,2%	88,7%	90,1%
Debt impairment expense as a % of total billable revenue	4,5%	16,2%	10,5%	3,3%	3,4%	3,4%	3,4%	3,0%	3,5%	3,3%
Capital payments % of capital expenditure	100,0%	100,0%	83,1%	100,0%	99,4%	99,4%	99,4%	95,0%	95,0%	95,0%
Borrowing receipts % of capital expenditure (excl. transfers)	18,8%	63,1%	0,0%	0,0%	0,0%	0,0%	0,0%	49,5%	41,3%	25,7%
Grants % of Govt. legislated/gazetted allocations								116,3%	112,4%	116,5%
Current consumer debtors % change - incr(decr)	N.A.	(1,2%)	(4,0%)	1,7%	(57,7%)	0,0%	0,0%	142,6%	9,4%	10,3%
Long term receivables % change - incr(decr)	N.A.	4,4%	(95,4%)	1388,8%	0,0%	0,0%	0,0%	(93,3%)	0,0%	0,0%
R&M % of Property Plant & Equipment	2,6%	2,0%	1,9%	2,3%	2,6%	2,4%	1,5%	2,2%	1,9%	1,8%
Asset renewal % of capital budget	20,2%	24,0%	5,9%	26,5%	21,7%	21,7%	0,0%	19,6%	23,0%	18,1%

2.6.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 23. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.4.3 Surplus/deficit excluding depreciation offsets

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

year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2016/17 MTREF the indicative outcome is a surplus of R861.7 million, R798.4million and R981.4million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

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

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 0, 0 and 0 per cent for the respective financial year of the 2016/17 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 6 per cent, with the increase in electricity at 10 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

2.6.4.5 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.6.4.6 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 3.3, 3.1 and 2.9 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.6.4.7 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 0 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

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

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded.

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

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

2.6.4.10 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtor's accounts within 30 days.

2.6.4.11 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 58 MBRR SA34C.

2.6.4.12 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 57 MBRR SA34b.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 43 MBRR SA19 - Expenditure on transfers and grant programmes

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government:	396 805	480 836	547 555	678 860	678 860	678 860	864 900	965 719	1 076 279
Local Government Equitable Share	388 232	415 990	455 799	522 595	522 595	522 595	675 714	757 286	830 052
Finance Management	1 500	1 650	1 800	1 875	1 875	1 875	2 619	2 979	3 234
Department of Water Affairs	3 273								
Municipal Systems Improvement	800	890	930	930	930	930	-	-	-
Public Transport		-	6 093	11 000	11 000	11 000	46 365	95 711	121 711
CHAN Host City Operating Grant		30 000	-						
Infrastructure skills development fund	3 000	3 200	3 000	5 000	5 000	5 000	6 000	6 213	6 500
Expanded public works programme incentive grant		4 614	-						
Integrated national electrification programme grant		5 188	31 000	40 000	40 000	40 000	45 000	40 000	40 000
Expanded public works programme incentive grant									
Municipal Infrastructure (MIG)		19 304	44 973	42 800	42 800	42 800	46 275	60 486	74 782
Expanded public works programme incentive grant			3 960	2 660	2 660	2 660	5 975		
INEP Frontloading				52 000	52 000	52 000			
DBSA							28 000		
Municipal Dermacation							8 952	3 044	-
Total operating expenditure of Transfers and Grants:	396 805	480 836	547 555	678 860	678 860	678 860	864 900	965 719	1 076 279
Capital expenditure of Transfers and Grants									
National Government:	295 517	586 404	574 050	466 288	470 854	470 854	622 026	599 451	686 371
Municipal Infrastructure (MIG)	221 514	337 109	262 336	271 243	236 569	236 569	253 668	291 537	298 747
Public Transport	48 703	221 795	277 656	173 189	201 357	201 357	153 661	105 292	93 339
Sport and Recreation			-						
Water Affairs		10 000	20 000	-					
Integrated national electrification programme grant		-	-	-					
Expanded public works programme incentive grant	5 300		-	1 856	1 856	1 856			
Electricity Demand Side Management	2 000	10 000	4 057	-					
Neighbourhood development partnership grant	18 000	-	10 000	20 000	31 072	31 072	34 538	30 358	45 235
Dept Environmental Affairs		7 500							
Regional Bulk Infrastructure							180 159	172 264	249 050
Other grant providers:	-	-	2 797	-	-	-	-	-	-
NATIONAL LOTTERY			2 797						
Total capital expenditure of Transfers and Grants	295 517	586 404	576 847	466 288	470 854	470 854	622 026	599 451	686 371
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	692 322	1 067 240	1 124 403	1 145 148	1 149 714	1 149 714	1 486 926	1 565 170	1 762 650

Table 44 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Operating transfers and grants:									
National Government:									
Balance unspent at beginning of the year	1 604	1 604	1 604						
Current year receipts	397 176	478 178	526 244	586 860	626 860	626 860	864 900	965 719	1 076 279
Conditions met - transferred to revenue	397 176	478 178	526 244	586 860	626 860	626 860	864 900	965 719	1 076 279
Conditions still to be met - transferred to liabilities	1 604	1 604	1 604						
Provincial Government:									
Balance unspent at beginning of the year	333	721							
Current year receipts	2 016	15							
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities	2 350	736							
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Balance unspent at beginning of the year	25 000	6 153							
Current year receipts	15 000				52 000	52 000			
Conditions met - transferred to revenue	-	-	-	-	52 000	52 000	-	-	-
Conditions still to be met - transferred to liabilities	40 000	6 153							
Total operating transfers and grants revenue	397 176	478 178	526 244	586 860	678 860	678 860	864 900	965 719	1 076 279
Total operating transfers and grants - CTBM	43 953	8 493	1 604	-	-	-	-	-	-
Capital transfers and grants:									
National Government:									
Balance unspent at beginning of the year	-	183 481							
Current year receipts	225 076	353 771	555 235	447 545	464 921	464 921	622 026	599 451	686 371
Conditions met - transferred to revenue	225 076	353 771	555 235	447 545	464 921	464 921	622 026	599 451	686 371
Conditions still to be met - transferred to liabilities	-	183 481							
Provincial Government:									
Balance unspent at beginning of the year	2 950	2 950	2 950						
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities	2 950	2 950	2 950						
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Balance unspent at beginning of the year									
Current year receipts	1 506								
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities	1 506								
Total capital transfers and grants revenue	225 076	353 771	555 235	447 545	464 921	464 921	622 026	599 451	686 371
Total capital transfers and grants - CTBM	4 456	186 431	2 950	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE	622 252	831 950	1 081 479	1 034 405	1 143 781	1 143 781	1 486 926	1 565 170	1 762 650
TOTAL TRANSFERS AND GRANTS - CTBM	48 409	194 924	4 554	-	-	-	-	-	-

2.8 Councillor and employee benefits

Table 45 MBRR SA22 – Consolidated Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	13 057	14 408	17 441	14 959	14 959	14 959	20 716	21 959	23 277
Pension and UIF Contributions	1 969	1 802	1 910	2 244	2 244	2 244	3 073	3 258	3 453
Medical Aid Contributions	1 261	1 181	1 252	444	444	444	638	676	717
Motor Vehicle Allowance	3 264	3 551	3 764	5 882	5 882	5 882	8 413	8 918	9 453
Cellphone Allowance	883	980	1 039	1 607	1 607	1 607	2 111	2 238	2 372
Other benefits and allowances	–	–	–	274	274	274	375	397	421
Sub Total - Councillors	20 435	21 922	25 406	25 410	25 410	25 410	35 326	37 446	39 693
% increase		7,3%	15,9%	0,0%	–	–	39,0%	6,0%	6,0%
Senior Managers of the Municipality									
Basic Salaries and Wages	4 969	5 563	5 897	8 114	8 114	8 114	10 460	11 088	11 864
Pension and UIF Contributions	862	775	822	1 057	1 057	1 057	743	787	842
Medical Aid Contributions	126	147	156	189	189	189	174	185	198
Overtime	–	–	–	17 441	–	–	–	–	–
Motor Vehicle Allowance	1 175	1 034	1 096	1 260	1 260	1 260	780	827	885
Housing Allowances	11	–	–	–	–	–	–	–	–
Other benefits and allowances	–	–	–	390	390	390	271	287	307
Sub Total - Senior Managers of Municipality	7 142	7 519	7 970	28 451	11 011	11 011	12 428	13 173	14 095
% increase		5,3%	6,0%	257,0%	(61,3%)	–	12,9%	6,0%	7,0%
Other Municipal Staff									
Basic Salaries and Wages	223 244	258 376	297 989	343 104	360 037	360 037	412 618	437 375	467 991
Pension and UIF Contributions	45 377	50 045	53 048	75 765	75 765	75 765	82 341	87 282	93 392
Medical Aid Contributions	16 994	18 581	19 696	16 018	16 018	16 018	23 345	24 746	26 478
Overtime	34 238	38 580	40 894	31 582	31 582	31 582	29 561	31 334	33 528
Performance Bonus	–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	28 681	31 732	33 636	34 104	34 104	34 104	38 588	40 904	43 767
Cellphone Allowance	–	–	–	–	–	–	–	–	–
Housing Allowances	3 810	2 503	2 653	3 794	3 794	3 794	6 286	6 663	7 129
Other benefits and allowances	26 606	28 650	30 369	31 553	31 533	31 533	38 898	41 232	44 118
Sub Total - Other Municipal Staff	378 950	428 467	478 285	535 921	552 834	552 834	631 637	669 535	716 402
% increase		13,1%	11,6%	12,1%	3,2%	–	14,3%	6,0%	7,0%
Total Parent Municipality	406 527	457 908	511 661	589 782	589 254	589 254	679 390	720 154	770 190
		12,6%	11,7%	15,3%	(0,1%)	–	15,3%	6,0%	6,9%
Board Members of Entities									
Basic Salaries and Wages	1 026	1 016	1 126	1 189	1 409	1 409	1 596	1 676	1 760
Pension and UIF Contributions	115	81	98	232	305	305	292	307	322
Sub Total - Board Members of Entities	1 141	1 097	1 224	1 422	1 714	1 714	1 888	1 983	2 082
% increase		(3,8%)	11,6%	16,1%	20,6%	–	10,1%	5,0%	5,0%
Senior Managers of Entities									
Basic Salaries and Wages	750	799	914	931	931	931	1 015	1 076	1 140
Sub Total - Senior Managers of Entities	750	799	914	931	931	931	1 015	1 076	1 140
% increase		6,6%	14,4%	1,9%	–	–	9,0%	6,0%	6,0%
Other Staff of Entities									
Basic Salaries and Wages	2 207	2 367	3 572	4 407	4 493	4 493	4 804	6 242	6 616
Pension and UIF Contributions	158	158	186	251	257	257	301	319	338
Medical Aid Contributions	126	191	203	375	402	402	375	397	421
Overtime	–	–	–	40	50	50	40	42	45
Housing Allowances	90	90	90	108	110	110	108	114	121
Sub Total - Other Staff of Entities	2 580	2 806	4 051	5 181	5 311	5 311	5 627	7 115	7 542
% increase		8,7%	44,4%	27,9%	2,5%	–	6,0%	26,4%	6,0%
Total Municipal Entities	4 471	4 702	6 190	7 534	7 957	7 957	8 531	10 173	10 764
TOTAL SALARY, ALLOWANCES & BENEFITS	410 998	462 611	517 851	597 315	597 211	597 211	687 921	730 327	780 954
% increase		12,6%	11,9%	15,3%	(0,0%)	–	15,2%	6,2%	6,9%
TOTAL MANAGERS AND STAFF	389 422	439 591	491 221	570 484	570 087	570 087	650 707	690 899	739 180

Table 46 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
Rand per annum		1.				2.
Councillors						
Speaker	486 660	102 460	222 310			811 430
Chief Whip	467 450	83 290	211 590			762 330
Executive Mayor	640 340	96 050	293 610			1 030 000
Deputy Executive Mayor	-	-	-			-
Executive Committee	3 443 090	685 280	1 601 740			5 730 110
Total for all other councillors	15 678 950	3 472 250	7 840 930			26 992 130
Total Councillors	20 716 490	4 439 330	10 170 180			35 326 000
Senior Managers of the Municipality						
Municipal Manager (MM)	1 898 130	-	1 870			1 900 000
Chief Finance Officer	1 638 848	1 872	120 000			1 760 720
Director Engineering Services	840 227	233 175	310 018			1 383 420
Director Community Services	730 807	222 853	276 900			1 230 560
Director Corporate & Shared Services	1 228 688	1 872				1 230 560
Director Planning & Economic Development	787 394	221 550	221 616			1 230 560
Director Community Development	1 228 688	1 872				1 230 560
Director Strategic Planning Monitoring & Evaluation	878 525	230 824	121 211			1 230 560
Director Transport Operations	1 228 688	1 872				1 230 560
Total Senior Managers of the Municipality	10 459 995	915 890	1 051 615	-		12 427 500
A Heading for Each Entity						
List each member of board by designation						
Director - Board Chairperson	381 125		45 241			426 366
Director	175 939		14 521			190 460
Director	175 939		46 640			222 579
Director	175 939		46 640			222 579
Director	175 939		46 640			222 579
Director	175 939		46 640			222 579
Total for municipal entities	1 260 819	-	246 322	-		1 507 141
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	32 437 304	5 355 220	11 468 117	-		49 260 641

Table 47 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers	2014/15			Current Year 2015/16			Budget Year 2016/17		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	77		77	80		80	80		80
Board Members of municipal entities	6		6						
Municipal employees									
Municipal Manager and Senior Managers	9		9	9		9	9	-	5
Other Managers	117	116	1	87	83	4	123	102	1
Professionals	373	65	10	179	179	-	172	151	-
<i>Finance</i>	2	2	5	16	16		6	4	
<i>Spatial/town planning</i>	18	10		17	17		11	6	
<i>Information Technology</i>	32	21		11	11		21	14	
<i>Roads</i>	25	6		5	5		12	11	
<i>Electricity</i>	12	3		9	9		6	5	
<i>Water</i>	8	5		8	8		3	2	
<i>Sanitation</i>	13	12							
<i>Refuse</i>	7	5		3	3		3	3	
<i>Other</i>	256	1	5	110	110		110	106	
Technicians	674	116	3	461	461	-	464	456	-
<i>Finance</i>	18	8		80	80		80	80	
<i>Spatial/town planning</i>	26	15		3	3		3	2	
<i>Information Technology</i>	19	3		8	8		8	6	
<i>Roads</i>	8	4		25	25		25	23	
<i>Electricity</i>	38	21		50	50		50	50	
<i>Water</i>	40	18		23	23		23	23	
<i>Sanitation</i>	18	12							
<i>Refuse</i>	45	23		29	29		29	29	
<i>Other</i>	462	12	3	243	243		246	243	
Clerks (Clerical and administrative)	560	371	10	7	7		7	7	
Service and sales workers	225	200		39	39		39	39	
Skilled agricultural and fishery workers				1	1		1	1	
Craft and related trades	100	83		15	15		15	15	
Plant and Machine Operators	566	217		66	66		66	64	
Elementary Occupations	1 160	634		457	457	120	457	439	110
TOTAL PERSONNEL NUMBERS	3 867	1 802	116	1 401	1 308	213	1 433	1 274	196
% increase				(63,8%)	(27,4%)	83,6%	2,3%	(2,6%)	(8,0%)
Total municipal employees headcount	3 849	1 802	118	3 019	1 396	120	3 022	1 716	110
Finance personnel headcount	215	123	5	177	124	2	177	128	1
Human Resources personnel headcount	45	29	3	53	33		53	33	

2.9 Monthly targets for revenue, expenditure and cash flow

Table 48 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework			
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
Revenue By Source																
Property rates	25 200	22 125	28 270	30 200	30 200	28 270	29 200	31 200	38 270	24 500	28 270	42 075	357 780	379 247	402 001	
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - electricity revenue	74 723	71 256	76 444	74 723	73 410	76 256	75 410	74 585	85 410	87 256	86 585	61 201	917 263	1 003 486	1 097 814	
Service charges - water revenue	26 525	21 555	22 225	20 125	24 425	23 525	25 555	29 525	26 785	20 525	21 025	23 096	284 895	313 384	344 722	
Service charges - sanitation revenue	5 025	5 025	5 025	5 025	5 025	5 025	5 025	5 025	5 025	5 025	5 025	5 578	60 858	66 944	73 638	
Service charges - refuse revenue	5 226	5 746	6 584	5 746	5 336	5 746	4 746	10 746	5 222	6 746	4 446	3 295	69 588	76 547	84 202	
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rental of facilities and equipment	1 577	893	1 577	667	1 473	621	756	1 083	1 621	1 443	969	821	13 500	14 000	14 600	
Interest earned - external investments	2 751	1 218	2 751	2 222	2 751	2 051	1 751	1 611	2 751	1 218	1 521	17 401	40 000	37 300	8 600	
Interest earned - outstanding debtors	510	24 542	89	-	-	-	122	-	122	68	190	33 757	59 400	62 964	66 742	
Fines	1 218	895	1 333	1 228	1 218	590	997	1 000	1 218	858	1 010	434	12 000	12 300	13 000	
Licences and permits	849	849	849	849	849	849	849	849	849	779	849	3 229	12 501	14 006	15 586	
Agency services	1 473	1 473	1 473	1 473	1 473	1 473	1 473	1 473	1 473	1 073	1 473	2 999	18 800	19 500	20 100	
Transfers recognised - operational	340 000	965	34 935	-	45 000	-	174 000	-	210 000	-	-	60 000	864 900	965 719	1 076 279	
Other revenue	5 261	5 261	2 841	1 588	3 841	5 261	4 336	5 841	6 641	5 261	2 841	19 866	68 840	35 240	37 354	
Gains on disposal of PPE	-	-	-	-	-	-	-	-	2 100	20 000	-	15 900	38 000	2 000	2 000	
Total Revenue (excluding capital transfers and contributions)	490 340	161 805	184 397	143 848	195 003	149 668	324 222	162 941	387 489	174 755	154 205	289 652	2 818 325	3 002 636	3 256 638	
Expenditure By Type																
Employee related costs	40 723	46 663	44 723	50 723	50 723	50 723	51 723	45 723	46 447	50 263	46 447	119 183	644 064	678 714	729 403	
Remuneration of councillors	2 288	2 188	2 390	2 558	2 888	2 998	3 265	3 265	3 000	3 265	3 265	3 956	35 326	37 445	39 692	
Debt impairment	4 167	4 167	4 167	4 167	4 167	4 167	4 167	4 167	4 167	4 167	4 167	4 167	50 000	65 000	67 000	
Depreciation & asset impairment	15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000	180 000	203 352	205 352	
Finance charges	-	-	-	-	-	17 012	-	-	-	-	-	22 988	40 000	88 000	88 000	
Bulk purchases	72 676	65 174	62 535	78 840	71 335	88 178	81 177	50 136	94 243	61 007	50 214	64 121	839 635	919 148	1 006 191	
Other materials	20 897	19 520	6 250	26 200	7 041	11 041	35 041	11 041	27 041	8 200	10 041	20 896	203 209	193 116	204 537	
Contracted services	14 546	9 548	17 228	15 245	16 584	36 548	25 228	12 585	10 041	20 041	7 041	8 620	193 255	239 821	271 076	
Transfers and grants	5 705	-	-	-	-	1 875	-	-	-	-	-	3 920	11 500	2 500	2 500	
Other expenditure	57 047	20 047	21 233	29 236	18 510	47 047	42 227	19 507	80 047	11 027	17 027	18 607	381 567	376 529	347 833	
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Expenditure	233 049	182 307	173 526	221 969	186 248	274 589	257 827	161 424	279 986	172 970	153 202	281 459	2 578 556	2 803 625	2 961 584	
Surplus/(Deficit)	257 291	(20 502)	10 871	(78 120)	8 755	(124 921)	66 395	1 517	107 502	1 785	1 003	8 193	239 769	199 011	295 054	
Transfers recognised - capital	155 822	34 593	-	89 593	-	157 337	-	-	184 682	-	-	-	622 026	599 451	686 371	
Surplus/(Deficit) after capital transfers & contributions	413 113	14 090	10 871	11 472	8 755	32 416	66 395	1 517	292 184	1 785	1 003	8 193	861 795	798 462	981 425	
Surplus/(Deficit)	413 113	14 090	10 871	11 472	8 755	32 416	66 395	1 517	292 184	1 785	1 003	8 193	861 795	798 462	981 425	

Table 49 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand															
Revenue by Vote															
Vote 1 - COUNCIL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Strategic Planning Monitoring and Evalua	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Engineering Services	155 613	106 050	105 613	122 897	102 313	85 895	88 870	110 897	188 699	135 442	88 558	17 621	1 308 469	1 424 248	1 556 633
Vote 5 - Community Services	10 213	3 586	7 213	8 969	10 213	10 213	12 503	16 566	18 988	21 213	30 213	4 541	154 430	136 752	148 040
Vote 6 - Community Development	1 525	885	-	1 090	-	1 590	-	-	-	1 590	-	3 429	10 108	10 630	11 186
Vote 7 - Corporate and Shared Services	398	-	263	-	563	641	263	363	456	-	398	1 403	4 748	5 033	5 335
Vote 8 - Planning and Economic Development	1 568	1 266	-	5 687	-	3 807	-	2 565	-	16 510	-	21 723	53 126	17 809	18 712
Vote 9 - Budget and Treasury	476 845	84 611	71 308	94 798	81 914	204 859	222 586	32 550	364 028	-	35 037	240 934	1 909 470	2 007 615	2 203 103
Vote 10 - Transport Operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	646 162	196 398	184 397	233 441	195 003	307 005	324 222	162 941	572 170	174 755	154 205	289 651	3 440 350	3 602 086	3 943 008
Expenditure by Vote to be appropriated															
Vote 1 - COUNCIL	10 144	9 564	13 702	19 224	15 554	21 144	15 262	7 898	19 224	11 144	10 101	27 854	180 814	192 356	201 648
Vote 2 - Office of the Municipal Manger	2 147	2 147	2 147	2 147	2 147	4 147	2 147	2 147	2 147	2 147	2 147	3 618	29 233	30 483	31 998
Vote 3 - Strategic Planning Monitoring and Evalua	2 034	2 034	2 236	1 034	2 035	2 034	3 014	2 114	2 564	2 034	2 034	1 909	25 074	26 890	28 427
Vote 4 - Engineering Services	133 103	103 803	71 106	95 183	80 400	142 136	156 054	70 222	135 280	80 710	60 276	153 762	1 282 036	1 386 845	1 497 514
Vote 5 - Community Services	25 156	21 100	25 162	25 156	22 015	27 156	23 156	25 156	30 841	26 577	25 156	37 202	313 833	304 918	325 037
Vote 6 - Community Development	15 759	11 144	15 759	9 759	15 768	10 359	15 764	13 759	10 359	16 109	15 759	27 991	178 291	181 546	194 342
Vote 7 - Corporate and Shared Services	15 459	13 395	13 459	17 159	15 759	13 459	15 695	15 059	13 459	13 459	13 459	2 918	162 738	167 596	178 061
Vote 8 - Planning and Economic Development	4 440	6 180	7 180	5 257	7 180	8 080	5 630	6 550	7 180	5 550	7 180	4 308	74 714	80 760	84 507
Vote 9 - Budget and Treasury	23 270	11 603	21 553	39 013	24 391	33 545	19 568	17 702	44 045	13 702	15 553	10 983	274 928	325 484	286 497
Vote 10 - Transport Operations	1 538	1 338	1 223	8 038	1 000	12 529	1 538	818	14 888	1 538	1 538	10 913	56 895	106 745	133 553
Total Expenditure by Vote	233 049	182 307	173 526	221 969	186 248	274 589	257 827	161 424	279 986	172 970	153 202	281 458	2 578 555	2 803 624	2 961 583
Surplus/(Deficit) before assoc.	413 113	14 090	10 871	11 472	8 755	32 416	66 395	1 517	292 184	1 785	1 003	8 193	861 795	798 462	981 425
Surplus/(Deficit)	413 113	14 090	10 871	11 472	8 755	32 416	66 395	1 517	292 184	1 785	1 003	8 193	861 795	798 462	981 425

Table 50 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue - Standard															
Governance and administration	501 522	92 078	99 840	98 041	86 083	184 995	201 090	56 446	320 746	97 263	28 241	147 902	1 914 246	2 012 678	2 208 470
Executive and council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Budget and treasury office	182 000	15 632	-	31 256	-	128 852	-	-	68 426	-	-	33 781	459 948	482 443	480 452
Corporate services	319 522	76 446	99 840	66 785	86 083	56 143	201 090	56 446	252 320	97 263	28 241	114 121	1 454 298	1 530 234	1 728 018
Community and public safety	2 607	7 354	7 853	8 512	10 218	4 604	2 476	10 359	7 730	6 169	3 774	5 492	77 149	73 626	75 526
Community and social services	127	365	164	168	200	146	226	200	146	226	124	239	2 332	2 452	2 585
Sport and recreation	768	857	868	1 024	901	768	549	924	768	589	768	96	8 879	9 345	9 837
Public safety	1 524	6 024	6 652	7 152	9 024	3 524	1 524	9 024	6 652	5 152	2 689	4 722	63 663	59 417	60 548
Housing	-	-	4	-	-	2	-	7	-	-	4	12	28	30	31
Health	188	109	164	169	94	164	177	206	164	202	188	423	2 247	2 382	2 525
Economic and environmental services	6 468	3 294	4 422	9 774	3 620	5 711	6 173	6 268	23 199	3 909	1 938	39 417	114 194	53 181	56 262
Planning and development	5 424	2 250	3 250	8 884	3 152	4 257	5 357	5 224	22 257	3 250	568	8 009	71 885	37 265	38 765
Road transport	844	844	915	890	366	1 254	590	844	788	658	1 044	3 001	12 037	13 521	15 072
Environmental protection	200	200	256	-	103	200	226	200	154	-	325	28 406	30 272	2 395	2 424
Trading services	135 565	93 672	72 283	117 114	95 081	111 695	114 482	89 867	220 496	67 414	120 253	96 840	1 334 762	1 462 603	1 602 751
Electricity	104 070	62 659	41 460	74 070	76 584	88 584	91 456	52 695	181 452	35 648	75 452	33 299	917 430	1 003 662	1 098 000
Water	23 531	23 531	23 541	35 126	11 962	15 236	14 786	25 064	23 531	23 531	35 685	29 433	284 956	313 404	344 742
Waste water management	2 056	4 257	5 025	2 010	5 025	4 649	5 025	6 200	3 256	5 025	7 890	10 439	60 858	66 944	73 638
Waste management	5 908	3 226	2 256	5 908	1 510	3 226	3 215	5 908	12 256	3 210	1 226	23 670	71 518	78 593	86 371
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	646 162	196 398	184 397	233 441	195 003	307 005	324 222	162 941	572 170	174 755	154 205	289 652	3 440 351	3 602 087	3 943 009
Expenditure - Standard															
Governance and administration	74 647	43 245	45 692	81 630	40 227	95 674	63 501	43 850	81 187	34 561	34 781	67 238	706 233	777 320	763 092
Executive and council	7 069	7 659	8 655	9 529	7 659	10 486	24 001	13 675	34 011	12 460	9 545	17 066	161 814	172 617	180 734
Budget and treasury office	47 424	12 021	15 021	46 452	12 021	58 405	17 485	7 856	12 021	8 582	12 021	16 389	265 700	315 368	275 065
Corporate services	20 155	23 565	22 015	25 649	20 547	26 783	22 015	22 319	35 155	13 519	13 214	33 783	278 719	289 335	307 292

Budgeted monthly revenue and expenditure (standard classification) – Continued

Description	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18
Community and public safety	30 135	52 851	25 634	28 266	26 919	26 445	36 712	30 972	31 336	23 250	30 468	33 149	376 137	382 979	408 818
Community and social services	6 663	7 162	7 143	6 143	5 152	7 143	6 148	7 143	7 008	5 152	7 143	13 908	85 911	85 742	91 287
Sport and recreation	8 975	6 000	7 759	8 975	8 975	8 975	7 226	5 415	14 154	6 555	8 975	8 975	100 956	101 760	109 275
Public safety	13 293	39 011	9 564	11 856	11 235	9 506	21 710	17 357	9 658	11 020	13 293	8 475	175 978	181 371	193 143
Housing	822	442	822	909	822	565	1 246	822	-	524	822	952	8 747	9 326	9 998
Health	383	235	345	383	735	256	383	235	515	-	235	839	4 545	4 780	5 115
Economic and environmental services	14 315	11 119	12 477	20 852	23 944	43 484	23 509	12 841	19 639	12 887	15 691	29 906	240 663	303 671	339 796
Planning and development	7 863	2 223	4 896	6 690	7 863	4 653	7 863	5 863	13 184	4 253	7 257	8 863	81 469	88 039	92 062
Road transport	5 556	8 012	6 658	13 256	15 556	37 806	15 124	6 356	5 556	8 012	8 012	19 293	149 199	206 115	237 536
Environmental protection	896	885	923	906	525	1 025	522	622	899	622	422	1 751	9 995	9 517	10 198
Trading services	113 952	75 092	89 724	91 221	95 159	108 986	134 105	73 761	147 825	102 272	72 263	151 165	1 255 523	1 339 656	1 449 877
Electricity	74 309	44 103	56 766	55 560	51 878	51 827	93 927	31 808	115 797	66 490	44 081	92 450	778 997	848 639	923 984
Water	26 218	21 218	22 356	26 218	32 056	43 344	29 518	20 128	18 356	22 356	15 356	27 586	304 709	330 689	355 290
Waste water management	7 665	6 541	6 541	5 684	7 665	8 055	6 541	16 665	6 541	7 665	7 665	15 331	102 559	103 549	110 030
Waste management	5 760	3 231	4 060	3 760	3 560	5 760	4 120	5 160	7 130	5 760	5 160	15 798	69 258	56 780	60 573
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	233 049	182 307	173 526	221 969	186 248	274 589	257 827	161 424	279 986	172 970	153 202	281 459	2 578 556	2 803 625	2 961 584
Surplus/(Deficit) before assoc.	413 113	14 090	10 871	11 472	8 755	32 416	66 395	1 517	292 184	1 785	1 003	8 193	861 795	798 462	981 425
Share of surplus/ (deficit) of associate													-	-	-
Surplus/(Deficit)	413 113	14 090	10 871	11 472	8 755	32 416	66 395	1 517	292 184	1 785	1 003	8 193	861 795	798 462	981 425

Table 51 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Multi-year expenditure to be appropriated															
Vote 1 - COUNCIL													-	-	-
Vote 2 - Office of the Municipal Manger													-	-	-
Vote 3 - Strategic Planning Monitoring and Evaluation													-	-	-
Vote 4 - Engineering Services													-	-	-
Vote 5 - Community Services													-	-	-
Vote 6 - Community Development													-	-	-
Vote 7 - Corporate and Shared Services													-	-	-
Vote 8 - Planning and Economic Development													-	-	-
Vote 9 - Budget and Treasury													-	-	-
Vote 10 - Transport Operations													-	-	-
Capital multi-year expenditure sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated															
Vote 1 - COUNCIL	-	-	-	-	1,520	-	-	-	1,480	-	-	-	3,000	750	750
Vote 2 - Office of the Municipal Manger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Strategic Planning Monitoring and Evaluation	-	-	674	2,509	-	-	2,509	-	-	-	1,159	6,850	3,000	2,000	
Vote 4 - Engineering Services	20,212	63,389	41,242	38,527	57,097	61,541	136,876	55,686	114,343	66,017	55,125	68,960	779,015	693,815	761,856
Vote 5 - Community Services	2,515	-	1,263	2,569	-	7,868	-	1,263	-	1,263	1,263	9,712	27,716	33,846	28,160
Vote 6 - Community Development	-	2,642	4,363	-	5,736	16,686	8,000	15,698	2,200	6,686	12,145	11,118	85,275	83,252	68,035
Vote 7 - Corporate and Shared Services	-	-	2,565	708	-	3,007	-	708	-	2,225	-	2,886	12,100	7,450	3,950
Vote 8 - Planning and Economic Development	-	837	5,069	-	11,220	-	-	2,456	1,443	-	3,251	3,224	27,500	2,800	2,750
Vote 9 - Budget and Treasury	832	-	2,350	-	-	1,641	-	-	1,535	-	-	1,992	8,350	6,149	4,930
Vote 10 - Transport Operations	1,465	-	21,026	-	13,934	15,333	30,248	5,620	9,856	20,542	19,601	9,035	146,661	92,890	89,839
Capital single-year expenditure sub-total	25,024	66,869	78,552	44,312	89,507	106,077	177,632	81,432	130,858	96,734	91,386	108,086	1,096,467	923,952	962,270
Total Capital Expenditure	25,024	66,869	78,552	44,312	89,507	106,077	177,632	81,432	130,858	96,734	91,386	108,086	1,096,467	923,952	962,270

Table 52 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital Expenditure - Standard															
Governance and administration	832	-	4,035	11,311	-	2,642	-	10,910	16,732	5,000	-	10,063	61,525	58,251	43,300
Executive and council	-	-	1,685	-	-	1,001	-	-	-	-	-	314	3,000	750	750
Budget and treasury office	832	-	2,350	-	-	1,641	-	-	1,535	-	-	1,992	8,350	6,149	4,930
Corporate services	-	-	-	11,311	-	-	-	10,910	15,197	5,000	-	7,757	50,175	51,352	37,620
Community and public safety	1,666	796	3,569	553	9,857	18,883	253	9,296	2,980	6,790	13,808	4,065	72,516	60,696	48,175
Community and social services	-	796	-	-	7,590	-	-	9,296	-	895	-	2,174	20,750	13,000	8,850
Sport and recreation	1,495	-	3,569	-	2,268	18,883	-	-	2,327	5,895	10,848	616	45,900	38,150	32,765
Public safety	171	-	-	553	-	-	253	-	653	-	2,961	1,274	5,866	9,546	6,560
Economic and environmental services	1,757	10,812	2,976	25,026	21,026	60,446	82,756	-	58,876	18,940	29,464	54,919	366,999	310,178	358,292
Planning and development	292	292	292	-	-	292	-	-	292	292	3,543	22,207	27,500	2,800	2,750
Road transport	1,465	10,520	2,684	25,026	21,026	60,155	82,756	-	58,585	18,648	25,921	32,712	339,499	307,378	355,542
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services	20,769	55,261	67,972	7,421	58,623	24,105	94,622	61,227	52,269	66,004	48,113	39,040	595,427	494,827	512,503
Electricity	-	1,146	2,400	1,257	1,526	1,490	2,396	4,983	1,490	1,259	1,490	11,564	31,000	18,226	27,671
Water	10,000	24,116	45,000	3,479	57,097	21,058	88,770	25,265	20,551	34,500	31,182	14,000	375,018	288,837	219,432
Waste water management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management	10,769	30,000	20,572	2,686	-	1,557	3,457	30,979	30,228	30,245	15,441	13,476	189,409	187,764	265,400
Total Capital Expenditure - Standard	25,024	66,869	78,552	44,312	89,507	106,077	177,632	81,432	130,858	96,734	91,386	108,086	1,096,467	923,952	962,270
Funded by:															
National Government	20,040	51,411	53,488	44,312	78,601	-	153,343	55,752	48,734	91,734	24,612	-	622,026	599,451	686,371
Transfers recognised - capital	20,040	51,411	53,488	44,312	78,601	-	153,343	55,752	48,734	91,734	24,612	-	622,026	599,451	686,371
Borrowing	-	-	-	-	-	102,000	-	-	-	5,000	23,251	104,749	235,000	134,000	71,000
Internally generated funds	4,983	15,458	25,064	-	10,906	4,077	24,290	25,680	82,124	-	43,523	3,337	239,441	190,501	204,899
Total Capital Funding	25,024	66,869	78,552	44,312	89,507	106,077	177,632	81,432	130,858	96,734	91,386	108,086	1,096,467	923,952	962,270

Table 53 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18
Cash Receipts By Source													1		
Property rates	24 235	22 383	18 383	22 383	23 728	19 750	20 459	26 485	19 100	18 383	17 485	82 073	314 846	341 322	373 861
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-			
Service charges - electricity revenue	62 445	68 852	60 993	66 616	69 492	68 573	69 492	71 078	44 520	71 078	69 492	84 559	807 191	933 242	1 020 967
Service charges - water revenue	18 365	19 714	17 077	23 303	11 289	22 462	15 435	28 369	15 435	23 303	28 369	27 585	250 708	282 046	320 591
Service charges - sanitation revenue	3 797	4 209	3 859	4 194	3 644	3 715	4 095	4 366	-	4 194	4 366	13 115	53 555	60 250	68 483
Service charges - refuse revenue	6 542	3 255	3 946	4 250	2 485	3 355	5 444	6 542	5 542	4 450	6 542	8 886	61 237	68 892	78 308
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	1 046	998	1 000	1 542	899	758	1 042	986	1 046	620	1 055	887	11 880	12 600	13 578
Interest earned - external investments	1 520	1 865	1 945	1 055	1 055	1 414	1 945	1 855	1 200	1 542	1 945	17 858	35 200	33 570	7 998
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	52 272	52 272	56 668	62 070
Fines	930	640	711	545	1 245	950	933	889	756	1 500	945	517	10 560	11 070	12 090
Licences and permits	958	1 042	859	950	1 462	969	542	620	526	759	1 580	734	11 001	12 605	14 495
Agency services	750	1 562	-	2 223	2 654	1 025	2 054	754	1 052	2 100	1 562	807	16 544	17 550	18 693
Transfer receipts - operational	340 000	965	34 935	-	45 000	-	174 000	-	210 000	-	-	60 000	864 900	965 719	1 076 279
Other revenue	2 300	4 898	6 256	10 865	5 410	4 055	1 055	814	3 420	3 200	1 512	16 795	60 579	31 716	34 739
Cash Receipts by Source	462 889	130 382	149 963	137 927	168 363	127 026	296 497	142 758	302 598	131 130	134 854	366 088	2 550 474	2 827 249	3 102 153
Other Cash Flows by Source															
Transfer receipts - capital	155 822	34 593	-	89 593	-	157 337	-	-	184 682	-	-	-	622 026	599 451	686 371
Contributions recognised - capital & Contributed as	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	38 000	38 000	1 900	1 900
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	130 000	-	-	-	-	105 000	235 000	134 000	71 000
Increase (decrease) in consumer deposits	-	40	-	-	110	-	-	-	-	-	-	3 850	4 000	6 000	9 000
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	400	400	400	400
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	618 711	165 015	149 963	227 519	168 473	284 363	426 497	142 758	487 279	131 130	134 854	513 338	3 449 900	3 569 000	3 870 824

Budgeted monthly cash flow - Continued

MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash Payments by Type																
Employee related costs	49,085	51,062	52,160	45,560	51,062	56,258	46,985	50,143	51,062	49,042	54,500	87,146	644,064	678,714	729,403	
Remuneration of councillors	2,145	2,301	2,301	2,652	3,145	2,997	2,997	3,145	2,997	2,652	1,650	6,344	35,326	37,445	39,692	
Finance charges	-	-	-	-	-	17,012	-	-	-	-	-	22,988	40,000	88,000	88,000	
Bulk purchases - Electricity	35,520	44,103	45,025	56,020	54,120	49,526	52,172	48,026	50,172	52,172	55,172	116,984	659,010	721,417	789,735	
Bulk purchases - Water & Sewer	17,156	14,072	19,510	16,820	15,215	14,752	19,005	15,110	14,072	10,035	11,043	13,837	180,626	197,731	216,456	
Other materials	10,897	9,520	7,250	6,200	7,041	11,041	10,041	11,041	7,041	6,200	10,041	106,896	203,209	193,116	204,537	
Contracted services	4,546	6,548	7,228	5,245	6,584	6,548	7,228	6,585	10,041	11,041	7,041	114,620	193,255	239,821	271,076	
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and grants - other	3,000	-	400	50	-	4,000	-	-	4,050	-	-	-	11,500	11,500	11,500	
Other expenditure	10,500	35,000	8,400	24,520	20,100	10,146	10,548	20,100	30,100	56,041	27,700	128,412	381,567	376,529	347,833	
Cash Payments by Type	132,849	162,605	142,274	157,067	157,267	172,279	148,975	154,149	169,533	187,183	167,146	597,229	2,348,556	2,544,273	2,698,232	
Other Cash Flows/Payments by Type																
Capital assets	25,024	66,869	78,552	44,312	89,507	106,077	177,632	81,432	130,858	96,734	91,386	53,263	1,041,644	877,754	914,157	
Repayment of borrowing	-	-	-	-	-	35,500	-	-	-	-	-	39,500	75,000	122,000	100,000	
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Cash Payments by Type	157,872	229,474	220,826	201,379	246,774	313,856	326,608	235,581	300,391	283,916	258,532	689,992	3,465,200	3,544,027	3,712,388	
NET INCREASE/(DECREASE) IN CASH HELD	460,839	(64,459)	(70,863)	26,140	(78,301)	(29,493)	99,889	(92,823)	186,888	(152,786)	(123,678)	(176,654)	(15,300)	24,973	158,435	
Cash/cash equivalents at the month/year begin:	50,000	510,839	446,380	375,517	401,657	323,357	293,864	393,753	300,930	487,818	335,032	211,354	50,000	34,700	59,673	
Cash/cash equivalents at the month/year end:	510,839	446,380	375,517	401,657	323,357	293,864	393,753	300,930	487,818	335,032	211,354	34,700	34,700	59,673	218,109	

2.10 Annual budgets and SDBIPs – Internal departments

Table 54 Services Department – Operating revenue by source, expenditure by type and total capital expenditure

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Revenue By Source										
Property rates	254 721	285 392	255 730	332 477	314 000	314 000	314 000	357 780	379 247	402 001
Service charges - electricity revenue	605 486	616 926	597 527	793 523	793 523	793 523	793 523	917 263	1 003 486	1 097 814
Service charges - water revenue	221 060	211 680	223 249	258 995	258 995	258 995	258 995	284 895	313 384	344 722
Service charges - sanitation revenue	46 449	48 588	49 065	55 326	55 326	55 326	55 326	60 858	66 944	73 638
Service charges - refuse revenue	51 305	54 773	57 388	63 262	63 262	63 262	63 262	69 588	76 547	84 202
Rental of facilities and equipment	12 154	16 231	23 577	21 221	19 221	19 221	19 221	13 500	14 000	14 600
Interest earned - external investments	23 017	30 547	35 721	31 000	37 000	37 000	37 000	40 000	37 300	8 600
Interest earned - outstanding debtors	7 377	51 302	45 798	31 800	25 800	25 800	25 800	59 400	62 964	66 742
Fines	2 627	12 347	9 846	13 726	13 726	13 726	13 726	12 000	12 300	13 000
Licences and permits	8 816	8 909	9 196	9 569	9 570	9 570	9 570	12 501	14 006	15 586
Agency services	13 892	16 040	15 608	16 596	16 596	16 596	16 596	18 800	19 500	20 100
Transfers recognised - operational	397 176	478 178	547 555	586 860	678 860	678 860	678 860	864 900	965 719	1 076 279
Other revenue	23 430	36 474	89 817	67 909	162 537	162 537	162 537	68 840	35 240	37 354
Gains on disposal of PPE	1 451	305	22 196	30 200	30 200	30 200	30 200	38 000	2 000	2 000
Total Revenue (excluding capital transfers and contributions)	1 668 960	1 867 692	1 982 273	2 312 463	2 478 616	2 478 616	2 478 616	2 818 325	3 002 636	3 256 638
Expenditure By Type										
Employee related costs	392 060	440 943	525 233	571 536	571 431	571 431	571 431	644 064	678 714	729 403
Remuneration of councillors	18 937	21 668	25 406	25 780	25 780	25 780	25 780	35 326	37 445	39 692
Debt impairment	53 486	197 819	130 414	50 000	50 000	50 000	50 000	50 000	65 000	67 000
Depreciation & asset impairment	265 100	449 617	552 487	205 000	205 000	205 000	205 000	180 000	203 352	205 352
Finance charges	29 594	37 154	40 503	37 000	37 000	37 000	37 000	40 000	88 000	88 000
Bulk purchases	581 301	619 153	674 895	767 000	755 500	755 500	755 500	839 635	919 148	1 006 191
Other materials	144 648	142 278	163 670	177 520	201 353	201 353	201 353	203 209	193 116	204 537
Contracted services	56 380	66 780	68 511	77 745	86 130	86 130	86 130	193 255	239 821	271 076
Transfers and grants	5 540	6 940	240	6 480	17 180	17 180	17 180	11 500	2 500	2 500
Other expenditure	369 073	315 582	430 639	370 499	372 597	372 597	372 597	381 567	376 529	347 833
Total Expenditure	1 916 119	2 297 934	2 651 466	2 288 560	2 321 970	2 321 970	2 321 970	2 578 556	2 803 625	2 961 584
Surplus/(Deficit)	(247 159)	(430 242)	(669 193)	23 903	156 646	156 646	156 646	239 769	199 011	295 054
Transfers recognised - capital	291 175	393 793	555 235	558 288	470 854	470 854	470 854	622 026	599 451	686 371
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	44 016	(36 449)	(113 958)	582 191	627 500	627 500	627 500	861 795	798 462	981 425
Taxation	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	44 016	(36 449)	(113 958)	582 191	627 500	627 500	627 500	861 795	798 462	981 425
Attributable to minorities	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	44 016	(36 449)	(113 958)	582 191	627 500	627 500	627 500	861 795	798 462	981 425
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	44 016	(36 449)	(113 958)	582 191	627 500	627 500	627 500	861 795	798 462	981 425

Total Capital Expenditure

Vote Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital Expenditure - Standard										
<i>Governance and administration</i>	64 709	106 503	20 662	30 700	30 679	30 679	30 679	61 525	58 251	43 300
Executive and council	-	31		1 200	906	906	906	3 000	750	750
Budget and treasury office	44	51	896	5 000	5 000	5 000	5 000	8 350	6 149	4 930
Corporate services	64 665	106 421	19 766	24 500	24 772	24 772	24 772	50 175	51 352	37 620
<i>Community and public safety</i>	1 252	8 400	35 402	59 183	62 299	62 299	62 299	72 516	60 696	48 175
Community and social services	1 133	183	493	6 100	5 600	5 600	5 600	20 750	13 000	8 850
Sport and recreation	119	8 216	34 687	46 500	53 086	53 086	53 086	45 900	38 150	32 765
Public safety	-	-	221	6 000	3 030	3 030	3 030	5 866	9 546	6 560
Housing	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	583	583	583	583	-	-	-
<i>Economic and environmental services</i>	117 313	205 492	402 432	299 938	323 357	323 357	323 357	366 999	310 178	358 292
Planning and development	-	-	109	3 000	3 000	3 000	3 000	27 500	2 800	2 750
Road transport	117 313	205 274	397 956	296 938	320 357	320 357	320 357	339 499	307 378	355 542
Environmental protection	-	217	4 367	-	-	-	-	-	-	-
<i>Trading services</i>	154 160	149 407	150 553	190 300	209 950	209 950	209 950	595 427	494 827	512 503
Electricity	21 965	1 382	13 159	14 800	11 750	11 750	11 750	31 000	18 226	27 671
Water	128 422	147 021	130 295	171 000	195 056	195 056	195 056	375 018	288 837	219 432
Waste water management	3 773	166	2 524	500	-	-	-	-	-	-
Waste management	-	837	4 575	4 000	3 145	3 145	3 145	189 409	187 764	265 400
<i>Other</i>	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	337 434	469 802	609 048	580 121	626 285	626 285	626 285	1 096 467	923 952	962 270
Funded by:										
National Government	225 076	353 771	558 032	447 545	464 921	464 921	464 921	622 026	599 451	686 371
Transfers recognised - capital	225 076	353 771	558 032	447 545	464 921	464 921	464 921	622 026	599 451	686 371
Public contributions & donations										
Borrowing	-	-	-	-	-	-	-	235 000	134 000	71 000
Internally generated funds	112 357	116 030	51 016	132 576	161 364	161 364	161 364	239 441	190 501	204 899
Total Capital Funding	337 434	469 802	609 048	580 121	626 285	626 285	626 285	1 096 467	923 952	962 270

2.11 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, the following contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

Description	Preceding Years	2016/17 Medium Term Revenue & Expenditure Framework			Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Total Contract Value
		Total	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Expenditure Obligation By Contract												
<i>Fleet Management</i>	229,000	72,000	82,800	95,220	104,742	115,216	126,738	139,412	153,353	168,688	185,557	1,472,725
<i>Smart Metering</i>			75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	675,000
<i>Contract 3 etc</i>												-
Total Operating Expenditure Implication	229,000	72,000	157,800	170,220	179,742	190,216	201,738	214,412	228,353	243,688	260,557	2,147,725
Capital Expenditure Obligation By Contract												
<i>AC Pipes</i>			29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000	261,000
<i>Regional Waste Water</i>		180,159	172,264	249,050								601,473
												-
Total Capital Expenditure Implication	-	180,159	201,264	278,050	29,000	29,000	29,000	29,000	29,000	29,000	29,000	862,473
Total Parent Expenditure Implication	229,000	252,159	359,064	448,270	208,742	219,216	230,738	243,412	257,353	272,688	289,557	3,010,198

2.12 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 55 MBRR SA 34a - Capital expenditure on new assets by asset class

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	219,409	311,688	465,798	193,506	202,738	202,738	561,288	547,817	666,671
Infrastructure - Road transport	69,147	8,250	98,700	24,206	37,273	37,273	89,300	120,000	147,500
<i>Roads, Pavements & Bridges</i>	69,147	8,250	98,700	24,206	37,273	37,273	89,300	120,000	147,500
<i>Storm water</i>	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	1,793	51,500	20,023	169,300	164,793	164,793	29,000	12,426	20,000
<i>Generation</i>	1,793	51,500	20,023	-	-	-	-	-	-
<i>Transmission & Reticulation</i>	-	-	-	164,500	161,043	161,043	29,000	12,426	20,000
<i>Street Lighting</i>	-	-	-	4,800	3,750	3,750	-	-	-
Infrastructure - Water	107,771	130,000	168,178	-	-	-	139,418	148,337	146,932
<i>Dams & Reservoirs</i>	-	-	-	-	-	-	-	-	-
<i>Water purification</i>	-	-	-	-	-	-	-	-	-
<i>Reticulation</i>	107,771	130,000	168,178	-	-	-	139,418	148,337	146,932
Infrastructure - Sanitation	1,378	1,500	667	-	672	672	180,159	172,264	249,050
<i>Reticulation</i>	-	-	667	-	-	-	-	-	-
<i>Sewerage purification</i>	1,378	1,500	-	-	672	672	180,159	172,264	249,050
Infrastructure - Other	39,320	120,438	178,229	-	-	-	123,411	94,790	103,189
<i>Waste Management</i>	-	-	1,800	-	-	-	6,750	13,900	13,350
<i>Transportation</i>	39,320	120,438	172,026	-	-	-	116,661	80,890	89,839
<i>Gas</i>	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	4,403	-	-	-	-	-	-
Community	445	18,500	36,305	42,100	50,386	50,386	57,666	41,996	38,840
Parks & gardens	163	9,000	500	1,300	1,300	1,300	10,300	6,400	3,750
Sportsfields & stadia	32	9,500	32,683	38,000	47,586	47,586	39,900	26,250	30,000
Swimming pools	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-
Libraries	76	-	400	800	500	500	1,300	1,200	1,100
Recreational facilities	-	-	923	-	-	-	-	-	-
Fire, safety & emergency	-	-	998	-	-	-	2,250	3,700	1,600
Museums & Art Galleries	174	-	800	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-
Other	-	-	-	2,000	1,000	1,000	3,916	4,446	2,390
Other assets	49,275	27,044	71,233	190,522	237,286	237,286	61,300	22,150	11,820
General vehicles	-	26,542	-	1,200	906	906	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	7,468	6,833	4,678	4,678	30,000	12,000	-
Computers - hardware/equipment	773	500	2,000	500	400	400	4,100	1,950	1,950
Furniture and other office equipment	-	-	-	4,500	4,500	4,500	3,200	3,000	4,500
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Civic Land and Buildings	-	-	45,422	3,000	2,872	2,872	-	-	-
Other Buildings	-	-	3,555	-	20,840	20,840	-	-	-
Other Land	-	-	-	-	-	-	20,000	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	48,502	2	12,789	174,489	203,089	203,089	4,000	5,200	5,370
Total Capital Expenditure on new assets	269,130	357,232	573,336	426,128	490,411	490,411	680,254	611,963	717,331

Table 56 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	51,455	112,571	29,644	114,993	100,724	100,724	343,638	242,388	201,374
Infrastructure - Road transport	48,166	54,000	5,500	97,493	79,824	79,824	103,538	94,488	118,203
<i>Roads, Pavements & Bridges</i>	48,166	54,000	5,500	97,493	79,824	79,824	103,538	94,488	118,203
<i>Storm water</i>									
Infrastructure - Electricity	-	-	1,000	16,500	20,500	20,500	2,000	5,800	7,671
<i>Generation</i>	-	-	-	-	-	-	-	-	-
<i>Transmission & Reticulation</i>	-	-	1,000	16,500	20,500	20,500	2,000	5,800	7,671
<i>Street Lighting</i>	-	-	-	-	-	-	-	-	-
Infrastructure - Water	-	16,849	18,731	-	-	-	235,600	140,500	72,500
<i>Dams & Reservoirs</i>	-	-	-	-	-	-	-	-	-
<i>Water purification</i>	-	-	-	-	-	-	-	-	-
<i>Reticulation</i>	-	16,849	18,731	-	-	-	235,600	140,500	72,500
Infrastructure - Sanitation	1,568	40,000	4,412	1,000	400	400	-	-	-
<i>Reticulation</i>	1,568	40,000	4,412	1,000	400	400	-	-	-
<i>Sewerage purification</i>	-	-	-	-	-	-	-	-	-
Infrastructure - Other	1,721	1,721	-	-	-	-	2,500	1,600	3,000
<i>Waste Management</i>							2,500	1,600	3,000
<i>Transportation</i>									
<i>Gas</i>									
<i>Other</i>	1,721	1,721							
Community	-	-	-	11,200	8,000	8,000	26,750	24,750	13,835
Parks & gardens				700	700	700	2,300	2,400	1,500
Sportsfields & stadia				7,000	4,000	4,000	6,000	11,900	2,765
Swimming pools				-	-	-	-	-	-
Community halls				-	-	-	-	-	-
Libraries				1,500	1,300	1,300	-	-	500
Recreational facilities				1,500	1,500	1,500	-	-	-
Fire, safety & emergency				-	-	-	1,166	3,046	860
Other				500	500	500	17,284	7,404	8,210
Other assets	16,849	-	6,069	27,800	27,150	27,150	45,825	44,851	29,730
General vehicles									
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment									
Computers - hardware/equipment	-	-	2,000	-	-	-	6,600	3,000	1,000
Furniture and other office equipment	-	-	-	1,500	500	500	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Civic Land and Buildings	-	-	3,571	19,000	20,500	20,500	30,875	35,702	23,800
Other Buildings	-	-	-	3,000	3,000	3,000	6,350	6,149	4,930
Other Land	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	16,849	-	498	4,300	3,150	3,150	2,000		
Total Capital Expenditure on renewal of existing assets	68,304	112,571	35,713	153,993	135,874	135,874	416,213	311,989	244,939

Table 57 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	91,390	68,900	115,483	116,141	137,396	137,396	144,479	135,265	143,380
Infrastructure - Road transport	23,160	10,965	25,543	24,509	37,299	37,299	44,010	46,581	49,376
<i>Roads, Pavements & Bridges</i>	21,443	8,845	23,211	22,130	34,920	34,920	19,672	20,853	22,104
<i>Storm water</i>	1,717	2,120	2,332	2,379	2,379	2,379	24,337	25,729	27,272
Infrastructure - Electricity	27,807	18,005	26,669	24,142	25,142	25,142	24,746	26,230	27,804
<i>Generation</i>	-	-	-	-	-	-	-	-	-
<i>Transmission & Reticulation</i>	26,368	15,505	24,044	24,142	25,142	25,142	24,746	26,230	27,804
<i>Street Lighting</i>	1,439	2,500	2,625	-	-	-	-	-	-
Infrastructure - Water	23,282	22,948	32,344	28,106	32,127	32,127	31,873	33,328	35,327
<i>Dams & Reservoirs</i>	4,396	4,203	6,807	-	-	-	-	-	-
<i>Water purification</i>	2,601	3,000	3,533	-	-	-	-	-	-
<i>Reticulation</i>	16,285	15,746	22,004	28,106	32,127	32,127	31,873	33,328	35,327
Infrastructure - Sanitation	6,810	4,996	7,527	39,383	42,828	42,828	14,987	14,433	15,299
<i>Reticulation</i>	4,356	3,574	6,005	39,383	42,828	42,828	14,987	14,433	15,299
<i>Sewerage purification</i>	2,453	1,422	1,522	-	-	-	-	-	-
Infrastructure - Other	10,332	11,987	23,400	-	-	-	28,863	14,693	15,574
<i>Waste Management</i>	10,332	11,987	23,400	-	-	-	28,863	14,693	15,574
<i>Transportation</i>	-	-	-	-	-	-	-	-	-
Community	53,257	73,378	47,910	61,380	64,583	45,584	17,824	15,539	16,462
Parks & gardens	10,985	9,281	12,249	11,557	11,557	11,557	6,511	6,901	7,315
Sportsfields & stadia	8,048	4,789	5,336	5,196	5,196	5,196	2,927	3,103	3,289
Swimming pools	198	222	230	243	243	243	137	145	154
Community halls	0	193	197	208	208	208	117	124	132
Libraries	79	156	149	158	158	158	89	94	100
Recreational facilities	-	-	-	450	450	450	254	269	285
Fire, safety & emergency	1,417	1,504	1,491	1,577	1,577	1,577	889	942	999
Security and policing	1,164	545	1,186	22	22	22	13	13	14
Buses	-	-	-	-	-	-	-	-	-
Clinics	1	7	6	-	-	-	-	-	-
Museums & Art Galleries	24	60	62	30	30	30	17	18	19
Cemeteries	953	1,290	1,355	1,428	1,428	1,428	805	853	904
Social rental housing	-	-	-	-	-	-	-	-	-
Other	30,388	55,330	25,650	40,509	43,713	24,714	6,066	3,076	3,251
Other assets	-	-	-	-	-	-	40,906	42,313	44,695
Other	-	-	-	-	-	-	40,906	42,313	44,695
Total Repairs and Maintenance Expenditure	144,648	142,278	163,393	177,520	201,979	182,980	203,209	193,116	204,537

Supporting Table SA34d Depreciation by asset class

Description	2012/13	2013/14	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Depreciation by Asset Class/Sub-class								
Infrastructure	159,604	260,398	96,877	96,877	96,877	88,555	100,040	100,040
Infrastructure - Road transport	55,639	141,816	26,009	26,009	26,009	25,340	28,627	28,627
<i>Roads, Pavements & Bridges</i>	55,617	141,793	26,009	26,009	26,009	25,340	28,627	28,627
<i>Storm water</i>	22	22						
Infrastructure - Electricity	23,226	44,872	20,155	20,155	20,155	17,978	20,310	20,310
<i>Generation</i>								
<i>Transmission & Reticulation</i>	19,442	41,088	20,155	20,155	20,155	17,978	20,310	20,310
<i>Street Lighting</i>	3,784	3,784						
Infrastructure - Water	74,409	39,494	44,345	44,345	44,345	39,555	44,686	44,686
<i>Dams & Reservoirs</i>								
<i>Water purification</i>	580	580						
<i>Reticulation</i>	73,829	38,913	44,345	44,345	44,345	39,555	44,686	44,686
Infrastructure - Sanitation	4,990	24,855	6,369	6,369	6,369	4,451	5,029	5,029
<i>Reticulation</i>	-	-						
<i>Sewerage purification</i>	4,990	24,855	6,369	6,369	6,369	4,451	5,029	5,029
Infrastructure - Other	1,339	9,362	-	-	-	1,230	1,389	1,389
<i>Waste Management</i>	1,339	9,362				1,230	1,389	1,389
<i>Other</i>								
Community	105,496	189,219	108,123	108,123	108,123	91,445	103,312	105,312
Parks & gardens	501	501	501	501	501	447	505	505
Sportsfields & stadia	55,723	59,284	58,301	58,301	58,301	49,705	56,152	58,152
Swimming pools	86	86	86	86	86	77	87	87
Community halls	91	91	91	91	91	81	92	92
Libraries	586	586	578	578	578	516	583	583
Recreational facilities	-	-	-	-	-	-	-	-
Fire, safety & emergency	2,757	15,015	2,757	2,757	2,757	2,459	2,778	2,778
Security and policing	1,027	1,027	164	164	164	146	165	165
Buses	-	-	-	-	-	-	-	-
Clinics	-	-	76	76	76	68	76	76
Museums & Art Galleries	201	24,242	136	136	136	179	203	203
Cemeteries	185	185	185	185	185	165	186	186
Social rental housing	-	-	-	-	-	-	-	-
Other	44,339	88,202	45,248	45,248	45,248	37,603	42,486	42,486
Total Depreciation	265,100	449,617	205,000	205,000	205,000	180,000	203,352	205,352

Table 58 MBRR SA35 - Future financial implications of the capital budget

Vote Description	2016/17 Medium Term Revenue & Expenditure Framework			Forecasts			
	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Present value
R thousand							
Capital expenditure							
Vote 1 - COUNCIL	3 000	750	750				
Vote 2 - Office of the Municipal Manger	-	-	-				
Vote 3 - Strategic Planning Monitoring and Evaluation	6 850	3 000	2 000				
Vote 4 - Engineering Services	779 015	693 815	761 856				
Vote 5 - Community Services	27 716	33 846	28 160				
Vote 6 - Community Development	85 275	83 252	68 035				
Vote 7 - Corporate and Shared Services	12 100	7 450	3 950				
Vote 8 - Planning and Economic Development	27 500	2 800	2 750				
Vote 9 - Budget and Treasury	8 350	6 149	4 930				
Vote 10 - Transport Operations	146 661	92 890	89 839				
Total Capital Expenditure	1 096 467	923 952	962 270	-	-	-	-
Future operational costs by vote							
Vote 1 - COUNCIL	180 814	192 356	201 648				
Vote 2 - Office of the Municipal Manger	29 233	30 483	31 998				
Vote 3 - Strategic Planning Monitoring and Evaluation	25 074	26 890	28 427				
Vote 4 - Engineering Services	1 282 037	1 386 846	1 497 515				
Vote 5 - Community Services	313 833	304 918	325 037				
Vote 6 - Community Development	178 291	181 546	194 342				
Vote 7 - Corporate and Shared Services	162 738	167 596	178 061				
Vote 8 - Planning and Economic Development	74 714	80 760	84 507				
Vote 9 - Budget and Treasury	274 928	325 484	286 497				
Vote 10 - Transport Operations	56 895	106 745	133 553				
Total future operational costs	2 578 556	2 803 625	2 961 584	-	-	-	-
Future revenue by source							
Property rates	357 780	379 247	402 001				
Property rates - penalties & collection charges							
Service charges - electricity revenue	917 263	1 003 486	1 097 814				
Service charges - water revenue	284 895	313 384	344 722				
Service charges - sanitation revenue	60 858	66 944	73 638				
Service charges - refuse revenue	69 588	76 547	84 202				
Service charges - other	-	-	-				
Rental of facilities and equipment	13 500	14 000	14 600				
List other revenues sources if applicable	1 736 467	1 748 480	1 926 032				
List entity summary if applicable							
Total future revenue	3 440 351	3 602 087	3 943 009	-	-	-	-
Net Financial Implications	234 672	125 490	(19 155)	-	-	-	-

Table 59 MBRR SA36- Consolidated projects delayed from previous financial years

Municipal Vote/Capital project	2016/17 Medium Term Revenue & Expenditure Framework			Project information	
	R thousand	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Ward location
Parent municipality:					
<i>List all capital projects grouped by Municipal Vote</i>					
Civic Centre refurbishment	15,000	15,000	15,000	20	Renewal
Renovation of offices	4,000	4,000	4,500	Municipal Wide	Renewal
Furniture and Office Equipment	2,600	3,000	3,000	Municipal Wide	new
Upgrading of Offices Stadium	7,000	12,402	3,500	20	Renewal
Workers Residence(barracks)	4,000	2,500	4,000	23	new
Refurbishment of City Library and Auditorium	2,000	2,000	-	20	Renewal
Upgrading of Seshego Library	-	1,500	-	17	Renewal
Furniture and Equipment Molepo library	600	-	1,500	2	new
Modular Library Dikgale	-	1,200	750	32	new
Refurbishment of BakoneMalapa museum	875	800	800	23	Renewal
Construction of waiting area	-	500	-	23	new
Construction of Mankweng Traffic and Licensing Te	-	1,000	-	25	new
Construction of filling Area	-	-	500	23	new
Provision of Maja/Chuene Parking Shelter facilities	-	-	120	2	new
Refurbishment of Nirvana Hall	-	-	-	23	Renewal
Refurbishment of Westernburg Hall	2,000	-	-	23	Renewal
CCTV Camera Maintenance	550	600	600	23	Renewal
Purchasing of 20 x 9mm CZ Pistols	250	-	-	All Wards	new
Upgrading of Arterial road in SDA1 (Lithuli and Ma	6,000	8,000	10,000	14	New
Ntsime to Sefateng	6,000	8,000	10,000	1.2	New
Semenya to Matekereng	6,000	8,000	10,000	38	New
Upgrading of internal streets in Toronto	6,000	8,500	10,000	25	New
Sebayeng village(ring road)	6,000	8,500	10,000	32	New
Chebeng to Makweya	6,000	10,000	-	9	New
Internal Street in Seshego	6,000	8,000	10,000	11	New
Ramongoana bus and Taxi roads	6,000	8,000	10,000	38	New
Ntshitshane Road	6,000	8,000	10,000	6 , 31	New
Upgrading of internal streets linked with Excelsior	6,000	10,000	10,000	25,26	New
Upgrading of Arterial road in Ga Rampheri	6,000	8,000	16,000	4	new
Upgrading of internal streets in municipal developm	10,000	2,500	5,000	21	New
Planning for Upgrading of internal streets in Molepo	150	13,000	15,000	1,2,3,4,5,6	New
Upgrading of Makotopong Road	7,000	-	-	mankw eng	new
planning makanye Road	150	-	-	mankanye	new
Rehabilitation of streets in Polokwane west	-	-	-	19,20,21,22,23	Renewal
Rehabilitation of streets in Polokwane East	-	-	-	11,12,13	Renewal
Rehabilitation of streets in Seshego	2,000	5,000	6,000	11,12,13,14	Renewal
Rehabilitation of streets in the CBD	-	3,250	6,000	23	Renewal
Upgrading of stormwater system in municipal area	-	3,000	5,500	All Wards	New
Upgrading of internal Streets in Seshego	3,000	3,000	8,000	11,12,13, 14,17,37	New
Upgrading of internal Streets in Mankweng	3,000	3,000	5,000	25,26,27	New
Asset Renewal Programme	67,000	55,000	60,000	city	new
Traffic Lights and Signs	-	2,500	3,000	mankw eng ,CBD ar	New
Installation of road signage	-	880	968	All Wards	New

Municipal Vote/Capital project	2016/17 Medium Term Revenue & Expenditure Framework			Project information		
	R thousand	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Ward location	New or renewal
Parent municipality:						
upgrading of roads ,NMT and street lights	20,000	17,579	26,194	seshego	new	
stormwater ,walk ways and beautification	9,500	8,350	12,442	city	new	
steet furniture and landscaping	5,038	4,428	6,598	city	new	
Olifantspoort RWS (Mmotong wa Perekisi)	9,000	15,000	15,000	10, 16	New	
Mothapo RWS	6,000	10,000	10,000	6, 24	New	
Moletjie East RWS	7,000	15,000	15,000	15, 36, 38	New	
Moletjie North RWS	3,000	5,000	3,000	35	New	
Sebayeng/Dikgale RWS	15,392	15,000	20,000	29,31,32,33	New	
Moletjie South RWS	10,000	13,000	12,000	9	New	
Houtriver RWS phase 10	4,000	10,000	1,000	18,35	New	
Chuene Maja RWS phase 9	10,000	10,000	16,500	1,2	New	
Molepo RWS phase 10	10,000	10,000	6,482	3,4	New	
Laastehoop RWS phase 10	6,976	5,000	6,000	5	New	
Mankweng RWS phase 10	8,000	8,000	9,000	27, 25, 31, 7, 26	New	
Boyne RWS phase 10	4,000	5,000	6,000	4	New	
Segwasi RWS	4,000	10,000	6,000	28	New	
Badimong RWS phase 10	8,000	11,337	10,000	30, 31, 34	New	
Aganang Projects	30,000	-	-	Aganang	new	
AC PIPES	235,000	134,000	71,000	city	new	
Instalation of CCTV camera in boreholes	-	2,000	2,200	city	new	
extension 78 water reticulation	1,550	1,000	5,000	disteneng	new	
upgrading the pipe size from dap naude dam	-	5,000	750	seshego	new	
Pre-paid meters	-	1,000	750	20, 22, 23, 25, 26, 2	New	
Upgrading of laboratory	500	500	-	23	Renewal	
Extension 78 sewer reticulation	-	1,000	2,250	8	New	
Installation of Meters at Seshego Zone 5 and Mankw	2,500	-	-	11,06,07,25,26,27,2	New	
Roodeport Reservoir{ Construction of concrete rese	-	1,000	750	20,22,23	New	
Upgrading of water reticulation in City centre	100	1,000	750	19,20,21,22,23	Renewal	
Regional Waste Water Treatment plant	180,159	172,264	249,050	city	new	
Electrification of urban households	10,000	-	-	12, 13, 14	New	
Illumination of public areas (street lights) in Rabe, H	1,500	750	2,000	19,20,21,22,23	New	
Illumination of public areas (High Mast lights)	2,000	750	2,000	Various Wards as p	New	
Replacement of oil RMU with SF6/ Vacuum	-	750	2,421	11,12,13,14,17,37	New	
Installation of quality of supply meters	-	750	8,000	11,12,13,14,17,37,1	New	
SCADA on RTU	2,000	750	2,000	11,12,13,14,17,37	New	
Replacement of overhead lines by underground cab	-	750	750	11,12,13,14,17,37,1	New	
Replacement of Fiber glass enclosures	-	750	750	11,12,13,14,17,37	New	
Upgrade 800A Bus-bars to 1200A in Alpha 66KV Dist	2,000	-	-	23	Renewal	
Planning and design New Bakone to IOTA 66KV dou	2,000	850	750	11,12,13, 14,17,37	New	
Build 66KV/Bakone substation	10,000	2,226	750	19,20,21,22,23	New	
Installation of fourth 185mm ² 11KV cable from Beta	-	750	-	19,20,21,22,23	New	
Design and Construct permanent distribution subst	1,000	850	750	23	New	
Increase NMD from ESKOM at Alpha 11KV Distributi	-	750	750	23	New	
Power factor corrections in the following substtation	-	750	750	11,12,13,14,17,37	New	
Plant and Equipment	500	750	750	municipal wide	New	

Municipal Vote/Capital project	2016/17 Medium Term Revenue & Expenditure Framework			Project information	
	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Ward location	New or renewal
Parent municipality:					
Installation of 3x 185 mm ² cables from Sterpark to I	-	900	750	21	New
INSTALATION OF 1 X 185 MM ² CABLE FROM DELTA	-	850	-	21	New
Increase license area assets	-	750	750	4,6,8,10,11,12,13,14	New
Retrofit 66kV Relays at Gamma, Alpha & Sigma Subs	-	550	750	Municipal licence a	Renewal
Retrofit all the Oil 11kV Breakers in Gamma Substati	-	750	750	Municipal licence a	Renewal
Replace 66kV Bus Bars & Breakers at Gamma Substa	-	750	750	Municipal licence a	Renewal
Repair Building and Maintenance at Gamma, Sigma	-	750	750	Municipal licence a	Renewal
Retrofit 66kV Relays at Gamma, Alpha & Sigma Subs	-	750	750	Municipal licence a	Renewal
Acquisition of fire Equipment	1,500	2,000	1,500	23	new
6 floto pumps	-	-	150	23	new
10 Largee bore hoses with stotz coupling	-	-	350	23	new
150X 80 Fire hoses with instantaneous couplings	-	-	300	23	new
Miscellaneous equipment and gear	-	-	500	23	new
3 Heavy hydraulic equipment	-	-	200	23	new
4 portable pump	-	-	200	23	new
16 x Multipurpose branches	-	200	300	23	new
Breathing aparators	150	-	-	city	new
Purchase alcohol testers	216	156	200	All Wards	new
Purchase of note counting equipment	600	700	-	All Wards	new
Upgrade queue management system	100	-	-	City	new
Upgrading of logistics offices	-	1,000	500	City	new
Upgrading of city vehicle pound	300	500	500	City	new
Renovations- Traffic Auditorium, parade room and T	150	800	600	City	new
Procure blue lights and siren systems	80	160	60	City	new
Installation of industrial air conditioners at licenses	-	1,000	-	City	new
Upgrading city licence facility/	500	1,000	-	City	new
Procurement of office chairs and furnishers	-	700	300	All Wards	new
Upgrading of vehicle test station	-	400	-	city	Renewal
Upgrading of vehicle weighbridge	1,200	-	-	city	Renewal
Procurement of AARTO equipments	200	300	300	All Wards	new
Procurement of office cleaning equipment's	70	30	-	city	new
Grass cutting equipment's	900	950	750	All Wards	new
Entrance development and upgrade	2,500	-	-	city	new
city Beautification	1,800	-	-	city	new
Development of a Botanical garden	1,600	1,650	750	21	new
Development of a park at Ext 44 and 76	1,900	2,000	750	8	new
Upgrading of Tom Naude Park	1,300	900	750	20	Renewal
Zone 4 Park Expansion Phase 2	800	900	750	12	new
Upgrading of Security at Game Reserve	1,000	1,500	750	20	Renewal
Upgrading of Environmental Education Centre	800	900	750	23	new
30 m3 skip containers	600	900	900	9, 16, 33 &34	new
Extension of landfill site	300	850	3,000	All Wards	Renewal
Extension of offices(weighbridge)	700	750	-	20	Renewal

Municipal Vote/Capital project	2016/17 Medium Term Revenue & Expenditure Framework			Project information	
	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Ward location	New or renewal
Parent municipality:					
Rural transfer station (Makgodu)	5,000	3,000	–	36, 38	new
Rural transfer station (Dikgale)	–	8,200	–	24	new
Rural transfer Station(Makotopong)	–	–	9,000	28	new
770 L Refuse Containers	800	750	800	All Wards	new
240 litre bins	–	–	800	All Wards	new
6 & 9 M3 Skip containers	–	–	800	All Wards	new
Broom & dust pan	–	750	500	20, 21, 25	new
Net for skip containers	100	100	150	All Wards	new
No dumping boards	150	200	250	All Wards	new
Hand held radios	100	–	150	All Wards	new
Ladanna transfer station	1,500	–	–	20	Renewal
Seshego transfer station	–	900	–	8, 10, 11, 12, 13 & 14	new
Upgrading of Ga- Manamela Sport Complex	6,000	11,000	2,765	35	new
Construction of an RDP Combo Sport Complex at Mankweng	12,000	–	–	1,2,3,4,5	new
Construction of an RDP Combo Sport Complex at Mankweng	–	800	–	1,2,3,4,6	new
Construction of Mankweng Sport facility 2	–	900	–	25	new
Construction of Mankweng Sport facility 1	17,000	–	–	25	new
Sport stadium in Ga-Maja	10,000	10,000	15,000	2	new
EXT 44/77 Sports and Recreation Facility	–	14,000	15,000	8	new
Drilling of borehole at Town pool	400	–	–	19	new
Grass Cutting equipment	500	550	–	municipal wide	new
Collection development	800	600	600	All Wards	new
Seshego Library upgrade	–	–	500	seshego	Renewal
Library Furniture & Equipment	500	600	500	molepo	new
Provision of Laptops, PCs and Peripheral Devices	1,200	1,200	1,200	All Wards	new
Implementation of ICT Strategy	2,500	750	750	All Wards	new
Network Upgrade	5,900	3,000	1,000	All Wards	Renewal
Thusong Service Centre (TSC)	2,350	1,000	750	mankweng	Renewal
Thusong Service Centre (TSC)	1,000	–	–	Moletjie	Renewal
Mobile service sites	1,500	1,000	750	Molepo/maja	new
Renovation of existing Cluster offices	2,000	1,000	500	mankweng	Renewal
offsite Filling	2,500	2,500	1,000	city	
Township establishment	1,200	1,000	1,000	Zone 5	New
Township establishment	1,200	1,000	1,000	lv y dale	New
land acquisition	20,000	–	–	city	new
itsoseng fencing	2,000	–	–	city	new
Rural settlement development	2,000	800	750	municipal wide	New
Implementation of IRPTS Infrastructure	116,661	80,890	89,839	8, 11, 12, 13, 14, 17, 21	New /Renewal
IT Equipment	30,000	12,000	–	city	New
Integrated GIS System	700	–	–	20	New
Surveying Computation / Calculation Software	400	–	–	20	New
Renovation for the dilapidated AIDS Centre	3,000	750	750	city	renewal
Upgrading of stores facility	6,350	6,149	4,930	Laddanna	Renewal
BTO amenities	2,000	–	–	city	new
Parent Capital expenditure	1,096,467	923,952	962,270		

Table 59 MBRR SA37- Consolidated projects delayed from previous financial years

Project name	Current Year 2015/16
	Full Year Forecast
Upgrading of arterial road Mamatsha	269
Upgrading of Arterial road D4030 & D1809 (Nobody to Laastehoop to Mothapo 17km)	468
Upgrading of arterial road Sebayeng to Mantheding	1 885
Mothapo RWS	14
Houtrivier RWS	658
Construction of Ga-Molepo/Maja Sport Complex	231
Rehabilitation of Seshego Stadium	1 153
Heating of Polokwane Olympic Pool	1 559
IRPTS Project support and planning	1 615
IRPTS Infrastructure implementation	26 553
Total Projects	34 405

Table 60 MBRR - Detailed capital budget per municipal vote

MULTI YEAR BUDGET	VOTE		Funding	2016/17	2017/2018	2018/2019
Description						
Facility Management						
Civic Centre refurbishment	3040	00141	CRR	15,000,000	15,000,000.00	15,000,000.00
Renovation of offices	3040	00151	CRR	4,000,000	4,000,000.00	4,500,000.00
Furniture and Office Equipment	3040	00161	CRR	2,600,000	3,000,000.00	3,000,000.00
Upgrading of Offices Stadium	3040	00162	PTISG	7,000,000	12,402,235.00	3,500,000.00
Workers Residence(barracks)	3040	00163	CRR	4,000,000	2,500,000.00	4,000,000.00
Refurbishment of City Library and Auditorium	3040	00164	CRR	2,000,000	2,000,000.00	-
Upgrading of Seshego Library	3040	00165	CRR	-	1,500,000.00	-
Furniture and Equipment Molepo library	3040	00166	CRR	600,000	-	1,500,000.00
Modular Library Dikgale	3040	00167	CRR	-	1,200,000.00	750,000.00
Refurbishment of BakoneMalapa museum	3040	00168	CRR	875,000	800,000.00	800,000.00
Construction of waiting area	3040	00169	CRR	-	500,000.00	-
Construction of Mankweng Traffic and Licensing Testing Centre	3040	00170	CRR	-	1,000,000.00	-
Construction of filling Area	3040	00171	CRR	-	-	500,000.00
Provision of Maja/Chuene Parking Shelter facilities	3040	00172	CRR	-	-	120,000.00
Refurbishment of Nirvana Hall	3040	00173	CRR	-	-	-
Refurbishment of Westernburg Hall	3040	00174	CRR	2,000,000	-	-
				38,075,000	43,902,235.00	33,670,000.00
Security Services						
CCTV Camera Maintenance			CRR	550,000	600,000.00	600,000.00
Purchasing of 20 x 9mm CZ Pistols			CRR	250,000	-	-
				800,000	600,000.00	600,000.00
Roads & Stormwater						
Tarring of Arterial road in SDA1 (Lithuli and Madiba park)	3230	01011	MIG	6,000,000	8,000,000.00	10,000,000.00
Tarring Nsime to Sefateng	3230	01021	MIG	6,000,000	8,000,000.00	10,000,000.00
Upgrading Semanya to Matekereng	3230	01031	MIG	6,000,000	8,000,000.00	10,000,000.00
Tarring of internal streets in Toronto	3230	01041	MIG	6,000,000	8,500,000.00	10,000,000.00
Tarring Sebayeng village(ring road)	3230	01051	MIG	6,000,000	8,500,000.00	10,000,000.00
Tarring Chebeng to Makweya	3230	01061	MIG	6,000,000	10,000,000.00	-
Upgrading Internal Street in Seshego	3230	01071	MIG	6,000,000	8,000,000.00	10,000,000.00
Upgrading of Ramongoana bus and Taxi roads	3230	01081	MIG	6,000,000	8,000,000.00	10,000,000.00
Upgrading of Nshitshane Road	3230	01091	MIG	6,000,000	8,000,000.00	10,000,000.00
Upgrading of internal streets linked with Excelsior Street in Mankweng unit A	3230	01101	MIG	6,000,000	10,000,000.00	10,000,000.00
Upgrading of Arterial road in Ga Rampheri	3230	01111	MIG	6,000,000	8,000,000.00	16,000,000.00
Tarring of internal streets in municipal development in Bendor	3230	01121	CRR	10,000,000	2,500,000.00	5,000,000.00
Planning for Upgrading of internal streets in Molepo,Chuene Maja cluster	3230	01131	MIG	150,000	13,000,000.00	15,000,000.00
Tarring of Makotopong	3230	1151	MIG	7,000,000	-	-
Planning Makanye Road			MIG	150,000	-	-
Rehabilitation of streets in Polokwane west	3230	01141	CRR	-	-	-
Rehabilitation of streets in Polokwane East	3230	01151	CRR	-	-	-
Rehabilitation of streets in Seshego	3230	01161	CRR	2,000,000	5,000,000.00	6,000,000.00
Rehabilitation of streets in the CBD	3230	01171	CRR	-	3,250,000.00	6,000,000.00
Construction of stormwater system in municipal area	3230	01172	CRR	-	3,000,000.00	5,500,000.00
Tarring of internal Streets in Seshego	3230	01173	CRR	3,000,000	3,000,000.00	8,000,000.00
Tarring of internal Streets in Mankweng	3230	01174	CRR	3,000,000	3,000,000.00	5,000,000.00
Asset Renewal Programme			CRR	67,000,000	55,000,000.00	60,000,000.00
Traffic Lights and Signs	3230	01175	CRR	-	2,500,000.00	3,000,000.00
Installation of road signage	3230	01176	CRR	-	880,000.00	968,000.00
Upgrading of roads, NMT and street lights			NDPG	20,000,000	17,579,477.68	26,194,336.67
Storm water, walk ways and beautification			NDPG	9,500,000	8,350,251.90	12,442,309.92
Street furniture, greening and landscaping			NDPG	5,038,000	4,428,270.43	6,598,353.41
				192,838,000	214,488,000.00	265,703,000.00

MULTI YEAR BUDGET		VOTE	Funding	2016/17	2017/2018	2018/2019	
Description							
Water Supply and reticulation							
	Olifantspoort RWS (Mmotong wa Perekisi)	3340	00901	MIG	9,000,000	15,000,000.00	15,000,000.00
	Mothapo RWS	3340	00911	MIG	6,000,000	10,000,000.00	10,000,000.00
	Molefjie East RWS	3340	00921	MIG	7,000,000	15,000,000.00	15,000,000.00
	Molefjie North RWS	3340	00931	MIG	3,000,000	5,000,000.00	3,000,000.00
	Sebayeng/Dikgale RWS	3340	00941	MIG	15,392,131	15,000,168.00	19,999,941.00
	Molefjie South RWS	3340	00951	MIG	10,000,000	13,000,000.00	12,000,000.00
	Houtriver RWS phase 10	3340	00961	MIG	4,000,000	10,000,000.00	1,000,000.00
	Chuene Maja RWS phase 9	3340	00971	MIG	10,000,000	10,000,000.00	16,500,000.00
	Molepo RWS phase 10	3340	00981	MIG	10,000,000	10,000,000.00	6,482,000.00
	Laastehoop RWS phase 10	3340	00991	MIG	6,975,869	5,000,000.00	6,000,000.00
	Mankweng RWS phase 10	3340	01001	MIG	8,000,000	8,000,000.00	9,000,000.00
	Boyne RWS phase 10	3340	01011	MIG	4,000,000	5,000,000.00	6,000,000.00
	Segwasi RWS	3340	01021	MIG	4,000,000	10,000,000.00	6,000,000.00
	Badimong RWS phase 10	3340	01031	MIG	8,000,000	11,336,832.00	10,000,000.00
	Aganang MIG Projects			MIG	30,000,000		
	Replacement of asbestos (AC) Pipes			Loan	235,000,000	134,000,000.00	71,000,000.00
	Installation of CCTV cameras in boreholes.	3340	01041	CRR	-	2,000,000.00	2,200,000.00
	Extension 78 water reticulation	3340	01051	CRR	1,550,000	1,000,000.00	5,000,000.00
	Upgrading the pipe size from Dap Naude to Polokwane Water Treatment Plant	3340	01061	CRR	-	5,000,000.00	750,000.00
	Pre-paid meters	3340	01071	CRR/PPP	-	1,000,000.00	750,000.00
	Upgrading of laboratory	3340	01081	CRR	500,000	500,000.00	-
	Extension 78 sewer reticulation	3340	01091	CRR	-	1,000,000.00	2,250,000.00
	Installation of Meters at Seshego Zone 5	3340	01101	CRR	2,500,000	-	-
	Roodeport Reservoir Construction	3340	01102	CRR	-	1,000,000.00	750,000.00
	Upgrading of water reticulation in City centre	3340	01103	CRR	100,000	1,000,000.00	750,000.00
	Regional waste Water treatment plant			RBIG	180,159,000	172,264,000.00	249,050,000.00
					555,177,000	461,101,000	468,481,941
Energy Services							
	Electrification of urban households	3430	00441	CRR	10,000,000	-	-
	Illumination of public areas (street lights) in Rabe, Hans van	3430	00451	CRR	1,500,000	750,000.00	2,000,000.00
	Illumination of public areas (High Mast lights)	3430	00461	CRR	2,000,000	750,000.00	2,000,000.00
	Replacement of oil RMU with SF6/ Vacuum	3430	00481	CRR	-	750,000.00	2,421,000.00
	Installation of quality of supply meters				-	750,000.00	8,000,000.00
	SCADA on RTU	3430	00471	CRR	2,000,000	750,000.00	2,000,000.00
	Replacement of overhead lines by underground cables	3430	00491	CRR	-	750,000.00	750,000.00
	Replacement of Fiber glass enclosures	3430	00501	CRR	-	750,000.00	750,000.00
	Upgrade 800A Bus-bars to 1200A in Alpha 66KV Distribution	3430	00511	CRR	2,000,000	-	-
	Planning and design New Bakone to IOTA 66KV double circuit GOAT line	3430	00512	CRR	2,000,000	850,000.00	750,000.00
	Build 66KV/Bakone substation	3430	00513	CRR	10,000,000	2,225,747.00	750,000.00
	Installation of fourth 185mm ² 11KV cable from Beta to Voortrekker substation	3430	00514	CRR	-	750,000.00	-
	Design and Construct permanent distribution substation at Thornhill	3430	00515	CRR	1,000,000	850,000.00	750,000.00
	Increase NMD from ESKOM at Alpha 11KV Distribution substation	3430	00516	CRR	-	750,000.00	750,000.00
	Power factor corrections	3430	00517	CRR	-	750,000.00	750,000.00
	Plant and Equipment	3430	00518	CRR	500,000	750,000.00	750,000.00
	Installation of 3x 185 mm ² cables from Sterpark to Iota sub	3430	00519	CRR	-	900,000.00	750,000.00
	installation of 1 x 185 mm ² cable from delta to bendor sub	3430	00520	CRR	-	850,000.00	-
	Increase license area assets	3430	00521	CRR	-	750,000.00	750,000.00
	Retrofit 66kV Relays at Gamma, Alpha & Sigma Substations	3430	00522	CRR	-	550,000.00	750,000.00
	Retrofit all the Oil 11kV Breakers in Gamma Substation	3430	00523	CRR	-	750,000.00	750,000.00
	Replace 66kV Bus Bars & Breakers at Gamma Substation	3430	00524	CRR	-	750,000.00	750,000.00
	Repair Building and Maintenance at Gamma, Sigma, Alpha, Beta, Sterpark & Florapark Substations	3430	00525	CRR	-	750,000.00	750,000.00
	Replacement of Fences at Gamma, Sigma, Alpha, Beta, Sterpark & Florapark Substations	3430	00526	CRR	-	750,000.00	750,000.00
	Total Energy Services				31,000,000	18,225,747.00	27,671,000.00

MULTI YEAR BUDGET		VOTE	Funding	2016/17	2017/2018	2018/2019
Description						
Disaster and Fire						
Acquisition of fire Equipment	4230	00053	CRR	1,500,000	2,000,000.00	1,500,000.00
6 foto pumps	4230	00054	CRR	-	-	150,000.00
10 Largee bore hoses with stotz coupling	4230	00055	CRR	-	-	350,000.00
150X 80 Fire hoses with instantaneous couplings	4230	00056	CRR	-	-	300,000.00
Miscellaneous equipment and gear	4230	00057	CRR	-	-	500,000.00
3 Heavy hydraulic equipment	4230	00058	CRR	-	-	200,000.00
4 portable pump	4230	00059	CRR	-	-	200,000.00
16 x Multipurpose branches	4230	00060	CRR	-	200,000.00	300,000.00
Breathing aparators			CRR	150,000	-	-
Total Disaster and Fire				1,650,000	2,200,000	3,500,000
Traffic & Licencing						
Purchase alcohol testers			CRR	216,000	156,000.00	200,000.00
Purchase of note counting equipment			CRR	600,000	700,000.00	-
Upgrade queue management system			CRR	100,000	-	-
Upgrading of logistics offices			CRR	-	1,000,000.00	500,000.00
Upgrading of city vehicle pound			CRR	300,000	500,000.00	500,000.00
Renovations- Traffic Auditorium, parade room and Training Facility			CRR	150,000	800,000.00	600,000.00
Procure blue lights and siren systems			CRR	80,000	160,000.00	60,000.00
Installation of industrial air conditioners at licenses			CRR	-	1,000,000.00	-
Upgrading city license facility/			CRR	500,000	1,000,000.00	-
Procurement of office chairs and furnishers			CRR	-	700,000.00	300,000.00
Upgrading of vehicle test station			CRR	-	400,000.00	-
Upgrading of vehicle weighbridge			CRR	1,200,000	-	-
Procurement of AARTO equipments			CRR	200,000	300,000.00	300,000.00
Procurement of office cleaning equipment's			CRR	70,000	30,000.00	-
Total Traffic and Licencing				3,416,000	6,746,000.00	2,460,000.00
Environmental Mangement						
Grass cutting equipment's	4335	00172	CRR	900,000	950,000.00	750,000.00
Entraces development and upgrade			CRR	2,500,000	-	-
City Beautification			CRR	1,800,000	-	-
Development of a Botanical garden	4335	00173	CRR	1,600,000	1,650,000.00	750,000.00
Development of a park at Ext 44 and 76	4335	00174	CRR	1,900,000	2,000,000.00	750,000.00
Upgrading of Tom Naude Park	4335	00175	CRR	1,300,000	900,000.00	750,000.00
Zone 4 Park Expansion Phase 2	4335	00176	CRR	800,000	900,000.00	750,000.00
Upgrading of Security at Game Reserve	4335	00177	CRR	1,000,000	1,500,000.00	750,000.00
Upgrading of Environmental Education Centre	4335	00178	CRR	800,000	900,000.00	750,000.00
Total Environment Management				12,600,000	8,800,000.00	5,250,000.00
Waste Management						
30 m3 skip containers	4340	00084	CRR	600,000	900,000.00	900,000.00
Extension of landfill site	4340	00085	CRR	300,000	850,000.00	3,000,000.00
Extension of offices	4340	00086	CRR	700,000	750,000.00	-
Rural transfer station (Makgodu)	4340	00087	CRR	5,000,000	3,000,000.00	-
Rural transfer station (Dikgale)	4340	00088	MIG	-	8,200,000.00	-
Rural transfer Station(Makotopong)	4340	00089	MIG	-	-	9,000,000.00
770 L Refuse Containers	4340	00090	CRR	800,000	750,000.00	800,000.00
240 litre bins	4340	00091	CRR	-	-	800,000.00
6 &9 M3 Skip containers	4340	00092	CRR	-	-	800,000.00
Broom &dust pan	4340	00093	CRR	-	750,000.00	500,000.00
Net for skip containers	4340	00094	CRR	100,000	100,000.00	150,000.00
No dumping boards	4340	00095	CRR	150,000	200,000.00	250,000.00
Hand held radios	4340	00096	CRR	100,000	-	150,000.00
Ladanna transfer station	4340	00097	CRR	1,500,000	-	-
Total Waste Management				9,250,000	15,500,000.00	16,350,000.00

MULTI YEAR BUDGET		VOTE	Funding	2016/17	2017/2018	2018/2019	
Description							
Sport & Recreation							
	Upgrading of Seshego Stadium	4530	00171	CRR	-	900,000.00	-
	Upgrading of Ga- Manamela Sport Complex	4530	00181	MIG	6,000,000	11,000,000.00	2,765,059.00
	Construction of an RDP Combo Sport Complex at Molepo Area -1	4530	00191	MIG	12,000,000	-	-
	Construction of an RDP Combo Sport Complex at Molepo Area- 2	4530	00201	CRR	-	800,000.00	-
	Construction of Mankweng Sport facility-2	4530	00211	CRR	-	900,000.00	-
	Construction of Mankweng Sport facility-1	4530	00212	MIG	17,000,000	-	-
	Sport stadium in Ga-Maja	4530	00213	MIG	10,000,000	10,000,000.00	15,000,000.00
	EXT 44/77 Sports and Recreation Facility	4530	00214	MIG	-	14,000,000.00	15,000,000.00
	Construction of borehole at Town pool	4530	00215	CRR	400,000	-	-
	Grass Cutting equipment	4530	00216	CRR	500,000	550,000.00	-
	Total Sport and Recreation				45,900,000	38,150,000.00	32,765,059.00
Cultural Services							
	Collection development	4640	00052	CRR	800,000	600,000.00	600,000.00
	Seshego Library upgrade	4640	00053	CRR	-	-	500,000.00
	Library Furniture & Equipment-Molepo library	4640	00054	CRR	500,000	600,000.00	500,000.00
					1,300,000	1,200,000.00	1,600,000.00
Information Services							
	Provision of Laptops, PCs and Peripheral Devices	5210	00241	CRR	1,200,000	1,200,000.00	1,200,000.00
	Implementation of ICT Strategy	5210	00242	CRR	2,500,000	750,000.00	750,000.00
	Network Upgrade	5210	00243	CRR	5,900,000	3,000,000.00	1,000,000.00
	Total Information Services				9,600,000	4,950,000.00	2,950,000.00
Clusters							
	Thusong Service Centre (TSC) -Mankweng			CRR	2,350,000	1,000,000.00	750,000.00
	Thusong Service Centre (TSC)-Molepje cluster			CRR	1,000,000	-	-
	Mobile service sites			CRR	1,500,000	1,000,000.00	750,000.00
	Renovation of existing Cluster offices			CRR	2,000,000	1,000,000.00	500,000.00
	Total Clusters				6,850,000	3,000,000.00	2,000,000.00
Secretariat							
	Offsite Filing			CRR	2,500,000	2,500,000	1,000,000
	Total Secretariat				2,500,000	2,500,000	1,000,000
City Planning							
	Township establishment-Farm Volgestruisfontein 667 LS	6110	00032	CRR	1,200,000	1,000,000.00	1,000,000.00
	Township establishment-Portion 74 and 75 of Ivy Dale Agricultural Holdings	6110	00033	CRR	1,200,000	1,000,000.00	1,000,000.00
	Acquisition of Land				20,000,000		
	Itsoseng Fencing				2,000,000		
	Rural settlement development	6110	00034	CRR	2,000,000	800,000.00	750,000.00
	Total City Planning				26,400,000	2,800,000.00	2,750,000.00
Transport Operations(IPRTS)							
	Implementation of IRPTS Infrastructure	6160	00031	PTISG	116,661,000	80,889,765.00	89,839,000.00
	IT Equipment	6160	00032	PTISG	30,000,000	12,000,000.00	-
	Total Transport Operations				146,661,000	92,889,765.00	89,839,000.00
GIS							
	Integrated GIS System			CRR	700,000	-	-
	Surveying Computation / Calculation Software			CRR	400,000	-	-
	Total GIS				1,100,000	-	-
Special Focus							
	Renovation for the dilapidated AIDS Centre			CRR	3,000,000	750,000.00	750,000.00
	Total Special Focus				3,000,000	750,000.00	750,000.00
Supply chain management							
	Upgrading of stores	7030	00021	CRR	6,350,000	6,149,253.00	4,930,000.00
	BTO amenities		new	CRR	2,000,000		
					8,350,000	6,149,253	4,930,000
	TOTAL EXPENDITURE NEW PROJECTS				1,096,467,000	923,952,000	962,270,000

MULTI YEAR BUDGET		Funding	2016/17	2017/2018	2018/2019
Description					
Municipal Infrastructure Grant (MIG)	MIG		253,668,000	291,537,000	298,747,000
Regional Bulk Infrastructure Grant	RGIG		180,159,000	172,264,000	249,050,000
Neighbourhood Dev Partnership Grant	NDPG		34,538,000	30,358,000	45,235,000
Public Transport Infrastructure System Grant (PTIG)	PTISG		153,661,000	105,292,000.00	93,339,000.00
Total DoRA Allocations			622,026,000	599,451,000.00	686,371,000.00
Borrowings	LOAN		235,000,000	134,000,000.00	71,000,000.00
Own Funds	CRR		239,441,000	190,501,000.00	204,899,000.00
TOTAL NEW PROJECTS			1,096,467,000	923,952,000.00	962,270,000.00
Total Renewal			416,213,000.00	311,989,488.00	244,939,059.00
Total New			680,254,000.00	611,962,512.00	717,330,941.00
TOTAL NEW PROJECTS			1,096,467,000.00	923,952,000.00	962,270,000.00

2.13 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 has employed 3 interns undergoing training in various divisions of the Financial Services Department.
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 finalised after approval of the 2016/17 MTREF in June 2016 directly aligned and informed by the 2016/17 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.

2.13 Other supporting documents

Table 61 MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
REVENUE ITEMS:										
Property rates										
Total Property Rates	254 721	285 392	256 187	332 477	362 000	362 000	362 000	382 880	405 853	430 204
<i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i>					48 000	48 000	48 000	50 880	53 933	57 169
Net Property Rates	254 721	285 392	256 187	332 477	314 000	314 000	314 000	332 000	351 920	373 035
Service charges - electricity revenue										
Total Service charges - electricity revenue	612 562	626 055	666 590	804 023	804 023	804 023	804 023	884 426	967 562	1 058 512
<i>less Revenue Foregone (in excess of 50 kwh per indigent household per month)</i>	7 076	9 129	8 335	10 500	10 500	10 500	10 500	11 550	12 636	13 823
<i>less Cost of Free Basis Services (50 kwh per indigent household per month)</i>	-	-	-	-	-	-	-	-	-	-
Net Service charges - electricity revenue	605 486	616 926	658 255	793 523	793 523	793 523	793 523	872 876	954 926	1 044 689
Service charges - water revenue										
Total Service charges - water revenue	224 284	216 033	226 834	263 495	266 138	266 138	266 138	282 106	299 033	316 975
<i>less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)</i>	3 224	4 353	3 585	4 500	7 143	7 143	7 143	7 572	8 026	8 507
<i>less Cost of Free Basis Services (6 kilolitres per indigent household per month)</i>	-	-	-	-	-	-	-	-	-	-
Net Service charges - water revenue	221 060	211 680	223 249	258 995	258 995	258 995	258 995	274 535	291 007	308 467
Service charges - sanitation revenue										
Total Service charges - sanitation revenue	46 449	48 588	49 065	55 326	64 743	64 743	64 743	71 217	78 339	86 173
<i>less Revenue Foregone (in excess of free sanitation service to indigent households)</i>					9 417	9 417	9 417	10 359	11 395	12 534
<i>less Cost of Free Basis Services (free sanitation service to indigent households)</i>	-	-	-	-	-	-	-	-	-	-
Net Service charges - sanitation revenue	46 449	48 588	49 065	55 326	55 326	55 326	55 326	60 858	66 944	73 639
Service charges - refuse revenue										
Total refuse removal revenue	51 305	54 773	57 388	63 262	66 553	66 553	66 553	70 546	74 779	79 266
Total landfill revenue										
<i>less Revenue Foregone (in excess of one removal a week to indigent households)</i>					3 291	3 291	3 291	3 488	3 698	3 920
<i>less Cost of Free Basis Services (removed once a week to indigent households)</i>	-	-	-	-	-	-	-	-	-	-
Net Service charges - refuse revenue	51 305	54 773	57 388	63 262	63 262	63 262	63 262	67 058	71 081	75 346
Other Revenue by source										
<i>Fuel Levy</i>										
<i>Other Revenue</i>	23 430	33 806	26 830	67 909	162 537	162 537	162 537	51 300	57 600	57 800
Total 'Other' Revenue	23 430	33 806	26 830	67 909	162 537	162 537	162 537	51 300	57 600	57 800
EXPENDITURE ITEMS:										
Employee related costs										
Basic Salaries and Wages	236 354	270 852	306 922	369 658	369 553	369 553	369 553	429 837	455 627	487 521
Pension and UIF Contributions	48 025	52 356	57 172	78 987	78 987	78 987	78 987	83 727	88 750	94 963
Medical Aid Contributions	16 994	18 581	19 393	16 412	16 412	16 412	16 412	17 397	18 441	19 732
Overtime	34 238	38 580	42 677	34 162	34 162	34 162	34 162	37 372	39 615	42 388
Performance Bonus										
Motor Vehicle Allowance	28 681	31 732	34 573	36 955	36 955	36 955	36 955	39 173	41 523	44 429
Cellphone Allowance	9	37	48	59	59	59	59	63	67	71
Housing Allowances	3 810	2 503	2 402	3 818	3 818	3 818	3 818	4 047	4 290	4 590
Other benefits and allowances	5 804	6 668	7 652	7 483	7 483	7 483	7 483	7 932	8 407	8 996
Payments in lieu of leave	18 144	19 635	21 607	23 951	23 951	23 951	23 951	25 388	26 912	28 795
Long service awards	-	-	-	50	50	50	50	53	56	60
Post-retirement benefit obligations										
<i>sub-total</i>	392 060	440 943	492 445	571 536	571 431	571 431	571 431	644 989	683 688	731 546
<i>Less: Employees costs capitalised to PPE</i>										
Total Employee related costs	392 060	440 943	492 445	571 536	571 431	571 431	571 431	644 989	683 688	731 546

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Depreciation & asset impairment										
Depreciation of Property, Plant & Equipment	265 100	449 617	542 900	205 000	205 000	205 000	205 000	185 000	209 000	211 000
Total Depreciation & asset impairment	265 100	449 617	542 900	205 000	205 000	205 000	205 000	185 000	209 000	211 000
Bulk purchases										
Electricity Bulk Purchases	455 813	477 745	517 689	602 000	597 000	597 000	597 000	659 009	721 418	789 736
Water Bulk Purchases	125 488	141 408	157 206	165 000	158 500	158 500	158 500	180 626	197 731	216 456
Total bulk purchases	581 301	619 153	674 895	767 000	755 500	755 500	755 500	839 635	919 148	1 006 192
Transfers and grants										
Cash transfers and grants	5 540	6 940	6 740	6 480	17 180	17 180	17 180	11 500	2 500	2 500
Non-cash transfers and grants	-	-	-	-	-	-	-	-	-	-
Total transfers and grants	5 540	6 940	6 740	6 480	17 180	17 180	17 180	11 500	2 500	2 500
Contracted services										
ASSET VERIFICATION	1 017	3 660	9 397	5 000	4 000	4 000	4 000	15 000	15 000	15 000
AUDIT FEES - OUTSOURCED	2 075	2 002	2 651	3 000	4 339	4 339	4 339	4 258	4 258	4 258
COMMISSION FEES	5 019	4 678	8 076	9 000	7 000	7 000	7 000	7 420	7 420	7 420
CONSULTATION FEES	8 024	6 479	9 749	13 420	14 466	14 466	14 466	16 629	12 493	14 493
FEES - EASYPAY SYSTEM	994	1 167	1 244	1 481	1 481	1 481	1 481	1 570	1 570	1 570
GUARD SERVICES : RENTAL	30 388	31 454	30 820	32 000	32 000	32 000	32 000	33 920	33 920	33 920
METER READING SERVICES	3 934	4 834	2 673	4 883	5 883	5 883	5 883	6 236	6 236	6 236
RESEARCH AND DEVELOPMENT	4 016	2 606	1 461	5 450	12 450	12 450	12 450	1 618	2 063	1 618
SWIMMING SUPERVISION	511	350	523	561	561	561	561	460	460	460
TERMINATION OF SERVICES	-	1 276	755	1 350	2 350	2 350	2 350	2 491	2 491	2 491
VALUATION ROLL	-	7 840	1 049	1 000	1 000	1 000	1 000	1 060	1 060	1 060
VALUATIONS - INTERIM	402	435	113	600	600	600	600	636	636	636
<i>sub-total</i>	56 380	66 780	68 511	77 745	86 130	86 130	86 130	91 298	87 607	89 162
Total contracted services	56 380	66 780	68 511	77 745	86 130	86 130	86 130	91 298	87 607	89 162
Other Expenditure By Type										
Audit fees	3 247	4 898	4 774	3 700	6 200	6 079	6 079	6 200	5 982	6 255
General expenses	177 092	85 605	234 096	110 550	145 209	78 628	78 628	105 023	105 709	109 578
ADMINISTRATION CHARGES	1 321	4 132	27 125	2	2	1	1	2	2	2
ADVERTISEMENTS	548	698	1 851	2 200	2 800	2 886	2 886	2 800	2 702	2 825
AUDIT COMMITTEE FEES	575	955	864	694	694	736	736	694	722	755
AWARENESS CAMPAIGNS	154	170	185	231	231	211	211	231	223	233
BANK CHARGES	3 039	3 311	3 380	4 000	4 000	2 740	2 740	4 000	3 860	4 035
CELL PHONES	2 332	2 995	3 255	5 000	5 000	4 594	4 594	4 000	3 860	4 035
CHILDREN & COMMUNITY PROGRAMS	800	908	1 474	3 233	2 417	2 333	2 333	2 417	2 832	2 961
CONFERENCES/CONGRESS	14	141	119	900	909	203	203	909	877	917
DATA - COMMUNICATION	603	899	2 515	2 318	2 318	3 187	3 187	2 318	2 637	2 757
DEPARTMENTAL CHARGES	9 862	7 221	10 157	11 436	12 066	5 750	5 750	12 008	11 587	12 114
DISCIPLINARY COMMITTEE	2 308	1 419	1 719	1 539	3 139	2 338	2 338	3 139	4 029	4 212
FLEET MANAGEMENT	20 234	15 093	15 534	5 000	5 000	36 637	36 637	5 000	5 325	5 567
FREE BASIC SERVICES	17 925	20 760	19 559	23 400	23 400	26 083	26 083	23 400	22 579	23 788
LEGAL EXPENSES	5 615	6 375	12 151	15 420	19 991	24 567	24 567	19 571	20 384	21 489
POINT DUTY	1 650	1 687	2 461	2 000	3 700	2 742	2 742	3 700	3 570	4 733
RURAL HOUSEHOLD ELECTRIFICATIO	23 009	38 170	31 000	92 000	40 000	60 572	60 572	45 000	47 700	50 562
RURAL HOUSEHOLD SANITATION	37 634	23 973	40 590	37 000	37 000	4 544	4 544	39 220	37 843	40 114
REBATE - ASSESSMENT RATES	9 415	-	-	2 000	2 000	48 099	48 099	2 000	1 930	2 018
TRAINING	38 262	7 327	7 658	11 593	11 593	4 914	4 914	11 593	11 186	11 695
WARD COMMITTEE MEETINGS	5 109	4 915	6 267	6 000	6 316	7 879	7 879	6 316	6 094	6 372
FUEL AND OIL	7 113	7 706	23 100	20 008	20 000	22 917	22 917	21 200	20 456	22 183
SPECIAL EVENTS	1 210	11 986	15 776	10 275	18 611	23 956	23 956	18 611	19 541	20 930
Total 'Other' Expenditure	369 073	251 345	465 610	370 499	372 597	372 597	372 597	339 352	341 629	360 129
Repairs and Maintenance										
Employee related costs										
Other materials	144 648	142 278	163 393	177 520	201 979	182 980	184 734	113 787	120 615	127 852
Contracted Services										
Other Expenditure										
Total Repairs and Maintenance Expenditure	144 648	142 278	163 393	177 520	201 979	182 980	184 734	113 787	120 615	127 852

Table 62 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Vote 1 - COUNCIL	Vote 2 - Office of the Municipal Manger	Vote 3 - Strategic Planning Monitoring and	Vote 4 - Engineering Services	Vote 5 - Community Services	Vote 6 - Community Development	Vote 7 - Corporate and Shared Services	Vote 8 - Planning and Economic Development	Vote 9 - Budget and Treasury	Vote 10 - Transport Operations	Total
R thousand											
Revenue By Source											
Property rates		-	-					-	357 780	-	357 780
Service charges - electricity revenue		-	-	917 263				-		-	917 263
Service charges - water revenue		-	-	284 895				-		-	284 895
Service charges - sanitation revenue		-	-	60 858				-		-	60 858
Service charges - refuse revenue		-	-		69 588			-		-	69 588
Service charges - other		-	-					-		-	-
Rental of facilities and equipment		-	-		1 496	7 485		4 519		-	13 500
Interest earned - external investments		-	-	-	-	-	-	-	40 000	-	40 000
Interest earned - outstanding debtors		-	-	-	-	-	-	-	59 400	-	59 400
Dividends received		-	-					-		-	-
Fines		-	-	64	11 875	61	-	-		-	12 000
Licences and permits		-	-		11 873			519	109	-	12 501
Agency services		-	-		18 800			-		-	18 800
Other revenue		-	-	388	12 799	2 562	4 748	10 089	38 254	-	68 840
Transfers recognised - operational		-	-	45 000				-	819 900	-	864 900
Gains on disposal of PPE		-	-					38 000		-	38 000
Total Revenue (excluding capital transfers and contributions)	-	-	-	1 308 469	126 431	10 108	4 748	53 126	1 315 444	-	2 818 325
Expenditure By Type											
Employee related costs	50 927	15 770	18 152	138 266	192 122	58 846	60 284	42 124	57 355	10 218	644 064
Remuneration of councillors	35 326										35 326
Debt impairment	50 000										50 000
Depreciation & asset impairment	276	1 310	2 123	86 995	5 983	53 029	5 507	23 510	939	328	180 000
Finance charges		-	-						40 000	-	40 000
Bulk purchases		-	-	839 635						-	839 635
Other materials		320	455	115 457	42 168	25 001	19 519	256	21	11	203 209
Contracted services	42 270	4 258	16	40	39 350	1 316	1 512	1 328	103 165		193 255
Transfers and grants	11 500										11 500
Other expenditure	32 785	7 575	4 327	92 917	34 210	40 099	75 915	7 496	82 175	4 067	381 567
Loss on disposal of PPE										-	-
Total Expenditure	223 084	29 233	25 074	1 273 310	313 833	178 291	162 738	74 714	283 655	14 625	2 578 556
Surplus/(Deficit)	(223 084)	(29 233)	(25 074)	35 159	(187 402)	(168 183)	(157 990)	(21 588)	1 031 789	(14 625)	239 769
Transfers recognised - capital									622 026		622 026
Surplus/(Deficit) after capital transfers & contributions	(223 084)	(29 233)	(25 074)	35 159	(187 402)	(168 183)	(157 990)	(21 588)	1 653 815	(14 625)	861 795

Table 63 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
ASSETS										
Call investment deposits										
Call deposits < 90 days	220 000	110 000		330 000	80 000	80 000	80 000	-	-	-
Other current investments > 90 days										
Total Call investment deposits	220 000	110 000	-	330 000	80 000	80 000	80 000	-	-	-
Consumer debtors										
Consumer debtors	604 204	574 957	593 118	634 957	693 929	693 929	693 929	634 957	673 055	713 438
Less: Provision for debt impairment	(220 759)	(220 759)	(220 759)	(270 759)	(570 759)	(570 759)	(570 759)	(270 759)	(270 759)	(270 759)
Total Consumer debtors	383 445	354 198	372 359	364 198	123 170	123 170	123 170	364 198	402 296	442 679
Debt impairment provision										
Balance at the beginning of the year	220 759	220 759	220 759	220 759	220 759	220 759	220 759	220 759	220 759	220 759
Contributions to the provision	50 000	50 000	50 000	50 000	350 000	350 000	350 000	50 000	50 000	50 000
Bad debts written off										
Balance at end of year	270 759	270 759	270 759	270 759	570 759	570 759	570 759	270 759	270 759	270 759
Property, plant and equipment (PPE)										
PPE at cost/valuation (excl. finance leases)	6 416 308	8 044 181	9 341 082	8 597 387	8 643 551	8 643 551	8 643 551	10 437 549	11 361 501	12 323 771
Leases recognised as PPE								-	-	-
Less: Accumulated depreciation	751 528	751 528	751 528	956 528	956 528	956 528	956 528	1 041 286	1 126 128	1 210 055
Total Property, plant and equipment (PPE)	5 664 780	7 292 652	8 589 553	7 640 858	7 687 023	7 687 023	7 687 023	9 396 262	10 235 373	11 113 715
LIABILITIES										
Current liabilities - Borrowing										
Short term loans (other than bank overdraft)	2 499	2 499	2 499	2 499	2 499	2 499	2 499	2 499	2 499	2 499
Current portion of long-term liabilities	36 385	69 294	70 345	69 294	69 294	69 294	69 294	100 000	122 000	70 000
Total Current liabilities - Borrowing	38 884	71 792	72 843	71 792	71 792	71 792	71 792	102 499	124 499	72 499
Trade and other payables										
Trade and other creditors	288 469	314 181	352 681	390 000	499 809	499 809	499 809	350 000	400 000	450 000
Unspent conditional transfers	194 553	274 579	195 135	330 000	17 500	17 500	17 500	54 823	46 198	52 585
VAT										
Total Trade and other payables	483 022	588 760	547 816	720 000	517 309	517 309	517 309	404 823	446 198	502 585
Non current liabilities - Borrowing										
Borrowing	262 203	235 591	243 043	237 296	237 296	237 296	237 296	300 622	345 548	413 299
Finance leases (including PPP asset element)	21 269	73 498						55 000	-	-
Total Non current liabilities - Borrowing	283 472	309 088	243 043	237 296	237 296	237 296	237 296	355 622	345 548	413 299
Provisions - non-current										
Retirement benefits	160 387	186 197		186 247	186 247	186 247	186 247	204 889	246 121	286 121
List other major provision items										
Refuse landfill site rehabilitation	3 686	4 055		4 055	4 055	4 055	4 055	4 461	4 907	9 907
Other	30 314	14 537	244 713	14 537	14 537	14 537	14 537	32 261	46 722	56 722
Total Provisions - non-current	194 387	204 789	244 713	204 839	204 839	204 839	204 839	241 611	297 750	352 750
CHANGES IN NET ASSETS										
Accumulated Surplus/(Deficit)										
Accumulated Surplus/(Deficit) - opening balance	4 887 043	5 656 222	5 590 680	5 567 533	5 290 445	5 290 445	5 290 445	5 121 679	6 018 029	6 864 768
GRAP adjustments										
Restated balance	4 887 043	5 656 222	5 590 680	5 567 533	5 290 445	5 290 445	5 290 445	5 121 679	6 018 029	6 864 768
Surplus/(Deficit)	44 016	25 121	(103 519)	582 191	627 500	627 500	627 500	861 795	798 462	981 425
Appropriations to Reserves										
Transfers from Reserves										
Depreciation offsets										
Other adjustments										
Accumulated Surplus/(Deficit)	4 931 059	5 681 343	5 487 161	6 149 724	5 917 945	5 917 945	5 917 945	5 983 474	6 816 491	7 846 193
Reserves										
Housing Development Fund	10 755	10 444	-	10 394	0	0	0			
Capital replacement										
Self-insurance										
Other reserves										
Revaluation	770 839	1 918 739	3 394 132	1 718 739	1 718 739	1 718 739	1 718 739	3 394 132	3 394 132	3 394 132
Total Reserves	781 594	1 929 184	3 394 132	1 729 134	1 718 740	1 718 740	1 718 740	3 394 132	3 394 132	3 394 132
TOTAL COMMUNITY WEALTH/EQUITY	5 712 652	7 610 526	8 881 293	7 878 857	7 636 685	7 636 685	7 636 685	9 377 606	10 210 623	11 240 325

Table 64 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Description of economic indicator	Basis of calculation	2001 Census	2007 Survey	2011 Census	2011/12	2012/13	2013/14	Current Year	2015/16 Medium Term Revenue & Expenditure Framework		
					Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics											
Population	Stats SA Estimates	508	-	629	629	629	465	638	640	641	642
Females aged 5 - 14	Stats SA Estimates	47		58	58	58	66	59	59	60	60
Males aged 5 - 14	Stats SA Estimates	48		60	60	60	66	61	61	61	61
Females aged 15 - 34	Stats SA Estimates	100		123	123	123	60	125	125	126	126
Males aged 15 - 34	Stats SA Estimates	100		123	123	123	60	125	125	126	126
Unemployment	Stats SA Estimates	211		204	204	204	151	207			
Monthly household income (no. of households)											
No income	Stats SA	21,485		24,585	24,585	24,585	24,585	24,585	24,585	24,585	24,585
R1 - R4 800	Stats SA	7,473		8,551	8,551	8,551	8,551	8,551	8,551	8,551	8,551
R4801 - R9600	Stats SA	13,234		15,051	15,051	15,051	15,051	15,051	15,051	15,051	15,051
R9601 - R19600	Stats SA	30,048		34,367	34,367	34,367	34,367	34,367	34,367	34,367	34,367
R19601 - R38200	Stats SA	30,671		35,053	35,053	35,053	35,053	35,053	35,053	35,053	35,053
R38201 - R76400	Stats SA	18,216		20,794	20,794	20,794	20,794	20,794	20,794	20,794	20,794
R76401 - R153800	Stats SA	12,611		14,454	14,454	14,454	14,454	14,454	14,454	14,454	14,454
R153801 - R307600	Stats SA	11,210		12,900	12,900	12,900	12,900	12,900	12,900	12,900	12,900
R307 601- R614400	Stats SA	7,162		8,201	8,201	8,201	8,201	8,201	8,201	8,201	8,201
R614 001 - R 1 228 800	Stats SA	2,491		2,834	2,834	2,834	2,834	2,834	2,834	2,834	2,834
R1228801- R2 457 600	Stats SA	623		691	691	691	691	691	691	691	691
> R2457601	Stats SA	467		510	510	510	510	510	510	510	510
Household/demographics (000)											
Number of people in municipal area		508,277		628,999	579	638	629	638	629	629	629
Number of households in municipal area		124,978		130,361	130	130	178	157	178	178	178
Housing statistics											
Formal		99,107		110,285	110,285	110,285	171,539	135,688	171,539	171,539	171,539
Informal		25,871		20,076	20,076	20,076	6,462	20,878	6,462	6,462	6,462
Total number of households		124,978	-	130,361	130,361	130,361	178,001	156,566	178,001	178,001	178,001
Economic											
Inflation/inflation outlook (CPIX)					5.4%	6.0%	6.0%	5.1%	6.2%	5.9%	5.5%
Interest rate - borrowing					17.0%	8.8%	8.8%	9.0%	9.0%	9.0%	9.0%
Interest rate - investment					8.5%	7.5%	5.0%	5.0%	5.0%	5.0%	5.0%
Remuneration increases					8.5%	6.0%	6.0%	6.2%	6.8%	6.4%	6.4%
Consumption growth (electricity)					1.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Consumption growth (water)					1.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Collection rates											
Property tax/service charges					95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Rental of facilities & equipment					95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Interest - external investments					100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - debtors					95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Revenue from agency services					100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Table 65 MBRR PHA Budget

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Financial Performance									
Property rates									
Service charges	10 393 100	10 455 030	10 450 323	12 308 110	12 100 010	12 100 010	12 518 480	12 950 480	15 827 480
Investment revenue									
Transfers recognised - operational	5 300 000	6 700 000	6 500 000	6 700 000	16 700 000	16 700 000	11 500 000	1 650 000	1 815 000
Other own revenue	2 400 440	4 043 005	153 341	58 600	22 800	22 800	58 600	40 880	40 960
Contributions recognised - capital & contributed assets									
Total Revenue (excluding capital transfers and contributions)	18 093 540	21 198 035	17 103 664	19 066 710	28 822 810	28 822 810	24 077 080	14 641 360	17 683 440
Employee costs	3 003 020	3 521 045	3 990 270	5 443 260	5 683 629	5 683 629	6 953 039	8 520 222	9 031 435
Remuneration of Board Members	1 208 924	1 096 976	1 224 000	1 421 830	1 714 451	1 714 451	1 888 418	1 982 838	2 081 980
Depreciation & asset impairment	3 586 263	4 632 237	9 271 427	4 600 000	4 600 000	4 600 000	7 000 000	7 350 000	7 717 500
Finance charges	3 519 313	3 264 771	4 726 263	2 200 000	2 200 000	2 200 000	-	-	-
Materials and bulk purchases									
Transfers and grants									
Other expenditure	3 333 505	9 887 353	3 004 275	5 019 500	5 499 006	5 499 006	5 699 500	5 910 475	6 492 999
Total Expenditure	14 651 025	22 402 382	22 216 235	18 684 590	19 697 086	19 697 086	21 540 957	23 763 535	25 323 914
Surplus/(Deficit)	3 442 515	(1 204 347)	(5 112 571)	382 120	9 125 724	9 125 724	2 536 123	(9 122 175)	(7 640 474)
Capital expenditure & funds sources									
Capital expenditure									
Transfers recognised - operational									
Public contributions & donations									
Borrowing									
Internally generated funds									
Total sources	-	-	-	-	-	-	-	-	-
Financial position									
Total current assets	9 586	5 154	4 828	6 300	6 300	6 300	6 350	7 000	7 500
Total non current assets	163 507	160 235	145 848	255 000	255 000	255 000	253 000	250 000	255 000
Total current liabilities	14 002	9 630	8 393	8 150	1 430	1 430	8 000	8 500	7 500
Total non current liabilities	54 508	52 380	44 705	43 300	41 020	41 020	43 500	42 150	45 120
Equity	104 583	103 379	97 578	209 850	218 850	218 850	207 850	206 350	209 880
Cash flows									
Net cash from (used) operating	2 484	2 656	5 501	2 546	2 546	2 546	3 546	4 543	5 000
Net cash from (used) investing	813	(1 360)	(1 866)	1 356	1 356	1 356	820	856	900
Net cash from (used) financing	(3 534)	(2 128)	(3 468)	(2 654)	6 446	6 446	(2 500)	(4 000)	(4 020)
Cash/cash equivalents at the year end	2 093	1 262	1 429	100	100	100	150	123	126

Please note that the table above is not in R'000. Figures had to reflect in full as the rounding in most fields was zero (0).