nelson mandela bay
MUNICIPALITY
PORT ELIZABETH | UITENHAGE | DESPATCH

# 2016/17 – 2018/19 BUDGET

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# PART 1 – ANNUAL BUDGET

## 1.1 EXECUTIVE MAYOR'S REPORT

The Nelson Mandela Bay Municipality has completed its IDP Review Process for the 2016/17 Integrated Development Plan (IDP) strategically during a time when we, as a country, will be out for another period of local government elections, which is an important step in the democratic process. Although we have done so in line with the legislative requirements of the Municipal Finance Management Act (MFMA) (56 of 2003) and the Municipal Systems Act (MSA) (32 of 2000), the IDP is a five-year living document which correctly focuses mainly on the needs of our communities.

The central role played by our communities, Ward Committees, Ward Councillors, business formations and the NGOs is what is so vital in giving life to the IDP, as this gives concrete expression to the saying that "Together we can do more".

Council will recall that the draft IDP and Budget (2016/17 to 2018/19) was tabled to the Special Council of the 30th March 2016; however, as their conditions were both not satisfactory they had to be re-visited prior tabling to Council. A letter to the MEC – Finance (Hon Mr S Somyo) was written to report non-compliance as stipulated in the MFMA read in conjunction with Municipal Budget and Reporting Regulations (32141 dated 17 April 2009). A copy of the letter is attached as a separate Annexure to this report. The Draft IDP and Budget were tabled to Council in its meeting of the 21 April 2016 for noting.

In the process of finalizing the Draft IDP and Budget intense Public Participation processes have been undertaken with our various stakeholders (e.g. Business / Institutions / National Treasury, etc.) and the inputs made have been considered in finalizing this document. The public engagements undertaken revealed the need for us to communicate more with our communities. The City Manager and Chief Operating Officer must work on plans on improving public participation processes as this is the requirement in terms of the Municipal Systems Act (32 of 2000).

Lastly, I am now expecting the administration to move with speed to conclude all other necessary processes upon approval of the draft IDP and Budget including amongst others ensuring the SDBIP's / reports to National Treasury, etc. are availed within the legislated timeframes.

**Working Together, We Can Do More!**

**COUNCILLOR DA JORDAAN**
**EXECUTIVE MAYOR**

## 1.2 COUNCIL RESOLUTIONS

(a) The Executive Mayor recommends that the Council resolves that:

1. The consolidated "draft" annual budget of the Nelson Mandela Bay Municipality for the financial year 2016/17 and the indicative allocations for the projected outer years 2017/18 and 2018/19; and the multi-year and single year capital appropriations be "**APPROVED**" for the purpose of complying with Chapter 4 of the Municipal Finance Management Act (MFMA) No. 56 of 2003 read in conjunction with Municipal Budget and Reporting Regulations 32141 (dated 17 April 2009), as set-out in the following tables:

   1.1 Budgeted Financial Performance (revenue and expenditure by standard classification); [Page 27]
   1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote); [Page 28]
   1.3 Budgeted Financial Performance (revenue by source and expenditure by type); [Page 29]
   1.4 and Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source. [Page 31]

2. The budgeted financial position, budgeted cash flows, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets be noted as set-out in the following tables:

   2.1 Budgeted Financial Position; [Page 33]
   2.2 Budgeted Cash Flows; [Page 34]
   2.3 Cash backed reserves and accumulated surplus reconciliation; [Page 35]
   2.4 Asset management; [Page 36]
   2.5 Basic service delivery measurement. [Page 38]

3. The consolidated budget that includes the financial impact of the municipal entity (Mandela Bay Development Agency) be adopted.

4. The revised Integrated Development Plan (IDP) be approved, as reflected elsewhere in the agenda.

5. Tariffs be increased as follows with effect from 1 July 2016:

| | | |
|---|---|---|
| Property rates | - | 9.5% |
| Water | - | 9.0% |
| Sanitation | - | 9.0% |
| Refuse | - | 9.0% |
| Electricity **(On Average)** | - | 7.64 (taking into account the business tariff during the winter months) |

6. That Council approves the introduction of minimum charge for Sanitation Services w.e.f. 1 July 2016.

7. That Council approves an approach of implementing a fixed tariff (not step tariff) for Water Services to business at a rate higher than ordinary residential properties (as currently they are the same), w.e.f. 1 July 2016.

8. That Council approves contributions to be made to Soccer / Rugby and Cricket of R6 million each, per financial year, which will be undertaken by the respective Directorate (Sport, Recreation, Arts and Culture) in compliance with section 67 of the Municipal Finance Management Act (56 of 2003).

9. That properly developed Service Level Agreements on how the support to the aforementioned Sporting Codes will be undertaken be written by the ED: SRAC and approved by the Acting City Manager on or before 1 July 2016.

10. That Council approves contribution to be made to the Old Age Homes of R8 million per financial year, in order to capacitate their operations, which will be undertaken by the respective Directorate (Human Settlements) and must be in compliance with section 67 of the Municipal Finance Management Act (56 of 2003).

11. That properly developed Service Level Agreements on how the support to the aforementioned Old Age Homes will be undertaken be written by the Acting ED: Human Settlements and approved by the Acting City Manager on or before 1 July 2016.

12. That Council approves the budgeting for the harmonisation of Employee's Conditions of Employment in as far as harmonizing payment of Long Service Bonus which is estimated to cost the institution R46 million (2016/17), R49.6 million (2017/18) and R53.6 million 2018/19).

13. That Council notes that in order to conclude for implementation, the harmonisation of the Long Service Bonus, as per the previous point, a Collective Agreement **must** be entered into or signed by parties.

14. That properly developed Collective Agreement entered into by all parties on how the Long Service Bonus will be harmonised be prepared by the Acting ED: Corporate Services and approved by the Acting City Manager on or before 1 July 2016, **and be within the approved budget i.t.o. the 2016/17 MTREF period.**

15. That the process of finalizing the correct or the proper recipients of the Scarce Skills Allowance be concluded by Acting Executive Director: Corporate Services by the 30 June 2016 as the budget for this allowance has been reduced by 50% in the 2016/17 financial year and about 70% in the two outer years.

16. That Council notes that incorporated into the draft budget is the budget for the filling of critical vacancies amounting to R51.7 million (2016/17), R55.8 million (2017/18) and R60.3 million (2018/19).

17. Indicative tariffs for 2017/18 and 2018/19 be increased as follows:

| | 2017/18 | 2018/19 |
|---|---|---|
| Property rates | 9.5% | 9.5% |
| Water | 9.0% | 9.0% |
| Sanitation | 9.0% | 9.0% |
| Refuse | 9.0% | 9.0% |
| Electricity | 7.64% | 7.64% |

18. That Council notes the contents of National Treasury Circular 82 (attached as a separate Annexure) relating to the Cost Containment Measures applicable to municipalities and mandates the Acting City Manager to incorporate the contents of Circular 82 to the municipality's Operational Efficiency Work Plan, in order for the document to be brought back to Council for

approval when the final budget (2016/17 to 2018/19) is approved by Council on or before end May 2016.

## 1.3 EXECUTIVE SUMMARY

The key service delivery priorities, as reflected in the IDP, informed the development of the Budget, including the need to maintain the Municipality's financial sustainability.

Specific revenue collection strategies to improve the collection of outstanding consumer debt are being implemented by the Municipality, such as the debt relief programme and securing external capacity to deal with revenue enhancement and the improvement of debt recovery. To this end, the municipality has recently appointed a service provider (i.e. EOH) in order to deal with revenue enhancement.

Cost containment measures are also being implemented to further curb costs and to improve operational efficiency. The contents of National Treasury Circular 82 will also be combined with the current Operational Efficiency Work Plan in order to have one integrated document.

National Treasury's MFMA Circulars No. 48, 51, 54, 55, 58, 59, 66, 67, 70, 72,74,78 and 79 were used to guide the compilation of the 2016/17 MTREF.

The Municipality faced the following significant challenges during the compilation of the 2016/17 MTREF:

- Budgeting for a surplus on the Operating Budget;
- Fully implementing cost containment measures and removing non-core expenditure items;
- Maintaining revenue collection rates at the targeted levels (i.e. 94%, 95% and 96% in years 1, 2 and 3);
- Increased costs associated with bulk electricity and water purchases, placing upward pressure on municipal tariff increases. Continued high tariff increases may soon render municipal services financially unaffordable;
- Maintaining electricity and water losses at acceptable levels;
- Allocation of the required operating budget provision for newly created infrastructure and facilities, with a consequential impact on the level of rates and tariff increases;
- Allocation of the required budget provision for the rehabilitation and maintenance of infrastructure;
- Allocation of the required operating budget provision for staffing requirements, including the implementation of the Task Job Evaluation System and the associated maintenance phase;
- Depleted Capital Replacement Reserve, impacting on the Municipality's ability to fund capital expenditure from internal sources;
- Maintaining an acceptable cost coverage ratio;
- Reprioritisation of capital projects and operating expenditure within the financial affordability limits of the Budget, taking the municipality's declining cash position into account;
- The harmonisation of conditions of employment as it relates to the payment of Long Service Bonus.

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

- The priorities and targets, relating to the key strategic focus areas, as determined in the IDP.
- The need to enhance the municipality's revenue base.

- The level of property rates and tariff increases to take into account the need to address maintenance and infrastructural backlogs, including the expansion of services.
- The level of property rates and tariff increases to ensure the delivery of services on a financially sustainable basis.
- No budget allocations have been made to programmes and projects, unless the respective programme and project plans have been submitted by the relevant Acting/Executive Directors.
- An assessment of the relative human resources capacity to implement the Budget.
- In accordance with Section 19 of the Municipal Finance Management Act, the relevant Acting/Executive Directors must submit comprehensive reports in relation to new projects, inter-alia, dealing with the total project costs, funding sources, future operating budget implications and associated tariff implications, before Council finally approves the implementation of any new projects.

In view of the aforementioned, the following table represents a **consolidated overview** (which includes the MBDA or entity budget) of the proposed draft 2016/17 Medium-term Revenue and Expenditure Framework:

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

| R thousands | Adjustments Budget 2015/16 | Budget Year 2016/17 | Budget Year 2017/18 | Budget Year 2018/19 |
|---|---|---|---|---|
| Total Operating Revenue | 9,388,921 | 9,535,857 | 10,305,569 | 11,150,093 |
| Total Operating Expenditure | 9,321,591 | 9,503,483 | 10,061,073 | 10,639,505 |
| Surplus/(Deficit) | 67,330 | 32,375 | 244,495 | 510,588 |
| Total Capital Expenditure | 1,573,441 | 1,416,400 | 1,709,535 | 1,781,987 |

Total operating revenue has increased by 1.56% or R146.94 million for the 2016/17 financial year, compared to the 2015/16 Adjustments Budget. For the two outer years, operational revenue increases by 8.07% and 8.19% respectively, resulting in a total revenue growth of R1.76 billion over the MTREF, when compared to the 2015/16 financial year.

Total operating expenditure for the 2016/17 financial year amounts to R9.50 billion, resulting in a budgeted surplus of R32.38 million. Compared to the 2015/16 Adjustments Budget, operational expenditure increased by 1.95% in the 2015/16 Budget; and increased by 5.87% and 5.75% for each of the respective outer years of the MTREF. The 2017/18 and 2018/19 budgets reflect operating surpluses of R244.50 million and R510.59 million respectively.

The major operating expenditure items for 2016/17 are employee related costs (26.32%), bulk electricity and water purchases (31.47%), general expenses (13.48%), repairs and maintenance (4.82%) and depreciation and asset impairment (10.77%).

Funding for the 2016/17 Operating Budget is obtained from various sources, the major sources being service charges such as electricity, water, sanitation and refuse collection and disposal (52.31%), property rates (17.18%), grants and subsidies received from National and Provincial Governments (14.52%).

In order to support the 2016/17 Operating Budget, the following increase in rates and service charges are being proposed, with effect from 1 July 2016:

| | | |
|---|---|---|
| Property rates | - | 9.50% |
| Water | - | 9.00% |
| Sanitation | - | 9.00% |
| Refuse | - | 9.00% |

Electricity (Average) - 7.64%

The capital budget of R1.42 billion for 2016/17 is 9.98% less than the 2015/16 Adjustments Budget. The Capital Budget increases to R1.71 billion in the 2017/18 financial year and then increases to R1.78 billion in the 2018/19 financial year. The Capital Budget over the MTREF period will be mainly funded from government grants and subsidies.

## 1.4 OPERATING REVENUE FRAMEWORK

The continued provision and expansion of municipal services is largely dependent on the Municipality generating sufficient revenues. Efficient and effective revenue management is thus of critical importance in ensuring the ongoing financial sustainability of the Municipality. Furthermore, in accordance with the MFMA, expenditure has to be limited to the realistically anticipated revenues.

The Municipality's revenue management strategy includes the following key components:

- National Treasury's guidelines in this regard in terms of the relevant Circulars;
- Tariff Policies;
- The Property Rates Policy;
- The ATTP Policy and provision of free basic services;
- The level of property rates and tariff increases must ensure financially sustainable service delivery;
- The level of property rates and tariff increases to provide for the maintenance and replacement of infrastructure, including the expansion of services;
- Ensuring fully cost reflective tariffs for trading services;
- Electricity bulk tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Water bulk tariff increases as approved by the Department of Water Affairs (DWA);
- Efficient revenue management, targeting the following annual collection rates for property rates and service charges: -
    - 2016/17 – 94%
    - 2017/18 – 95%
    - 2018/19 – 96%
- Growth in the revenue base.

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

## Table 2 (Summary of main revenue sources)

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| **Revenue By Source** | | | | | | | | | | |
| Property rates | 1,058,523 | 1,205,526 | 1,332,135 | 1,504,945 | 1,570,445 | 1,570,445 | 1,570,445 | 1,638,304 | 1,793,987 | 1,964,462 |
| Service charges - electricity revenue | 2,819,710 | 2,873,802 | 3,077,764 | 3,519,222 | 3,519,222 | 3,519,222 | 3,519,222 | 3,736,584 | 4,019,844 | 4,324,466 |
| Service charges - water revenue | 430,698 | 505,420 | 519,528 | 639,699 | 639,699 | 639,699 | 639,699 | 612,076 | 688,113 | 774,975 |
| Service charges - sanitation revenue | 273,384 | 308,365 | 323,716 | 436,338 | 451,838 | 451,838 | 451,838 | 478,263 | 521,306 | 568,224 |
| Service charges - refuse revenue | 109,483 | 124,745 | 130,907 | 222,076 | 225,664 | 225,664 | 225,664 | 161,097 | 175,601 | 191,410 |
| Rental of facilities and equipment | 16,555 | 19,459 | 17,897 | 23,342 | 23,400 | 23,400 | 23,400 | 23,755 | 25,067 | 27,025 |
| Interest earned - external investments | 68,058 | 83,222 | 83,294 | 70,145 | 82,070 | 82,070 | 82,070 | 92,295 | 96,479 | 100,493 |
| Interest earned - outstanding debtors | 166,835 | 217,637 | 151,050 | 159,327 | 159,307 | 159,307 | 159,307 | 168,865 | 178,997 | 189,737 |
| Fines | 28,892 | 61,409 | 39,644 | 11,861 | 226,837 | 226,837 | 226,837 | 242,441 | 259,078 | 276,748 |
| Licences and permits | 10,263 | 9,328 | 9,695 | 11,963 | 11,611 | 11,611 | 11,611 | 13,791 | 14,617 | 15,493 |
| Agency services | 1,909 | 2,095 | 2,246 | 2,428 | 2,428 | 2,428 | 2,428 | 2,574 | 2,728 | 2,892 |
| Transfers recognised - operational | 1,270,308 | 1,299,430 | 1,481,999 | 1,327,271 | 1,515,365 | 1,515,365 | 1,515,365 | 1,385,051 | 1,464,154 | 1,581,172 |
| Other revenue | 805,639 | 824,645 | 1,008,578 | 956,838 | 961,007 | 961,007 | 961,007 | 980,732 | 1,065,565 | 1,132,964 |
| Gains on disposal of PPE | – | – | 830 | | 28 | 28 | 28 | 30 | 31 | 32 |
| **Total Revenue (excluding capital transfers and contributions)** | **7,060,255** | **7,535,084** | **8,179,284** | **8,885,456** | **9,388,921** | **9,388,921** | **9,388,921** | **9,535,857** | **10,305,569** | **11,150,093** |

## Table 3 (Mix of main revenue sources)

| Description | Current Year | | 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 | % |
| **Revenue By Source** | | | | | | | | |
| Property rates | 1,570,445 | 16.73 | 1,638,304 | 17.18 | 1,793,987 | 17.41 | 1,964,462 | 17.62 |
| Service charges - electricity revenue | 3,519,222 | 37.48 | 3,736,584 | 39.18 | 4,019,844 | 39.01 | 4,324,466 | 38.78 |
| Service charges - water revenue | 639,699 | 6.81 | 612,076 | 6.42 | 688,113 | 6.68 | 774,975 | 6.95 |
| Service charges - sanitation revenue | 451,838 | 4.81 | 478,263 | 5.02 | 521,306 | 5.06 | 568,224 | 5.10 |
| Service charges - refuse revenue | 225,664 | 2.40 | 161,097 | 1.69 | 175,601 | 1.70 | 191,410 | 1.72 |
| Rental of facilities and equipment | 23,400 | 0.25 | 23,755 | 0.25 | 25,067 | 0.24 | 27,025 | 0.24 |
| Interest earned - external investments | 82,070 | 0.87 | 92,295 | 0.97 | 96,479 | 0.94 | 100,493 | 0.90 |
| Interest earned - outstanding debtors | 159,307 | 1.70 | 168,865 | 1.77 | 178,997 | 1.74 | 189,737 | 1.70 |
| Fines | 226,837 | 2.42 | 242,441 | 2.54 | 259,078 | 2.51 | 276,748 | 2.48 |
| Licences and permits | 11,611 | 0.12 | 13,791 | 0.14 | 14,617 | 0.14 | 15,493 | 0.14 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Agency services | 2,428 | 0.03 | 2,574 | 0.03 | 2,728 | 0.03 | 2,892 | 0.03 |
| Transfers recognised - operational | 1,515,365 | 16.14 | 1,385,051 | 14.52 | 1,464,154 | 14.21 | 1,581,172 | 14.18 |
| Other revenue | 961,007 | 10.24 | 980,732 | 10.28 | 1,065,565 | 10.34 | 1,132,964 | 10.16 |
| Gains on disposal of PPE | 28 | 0.00 | 30 | 0.00 | 31 | 0.00 | 32 | 0.00 |
| **Total Revenue (excluding capital transfers and contributions)** | **9,388,921** | **100.00** | **9,535,857** | **100.00** | **10,305,569** | **100.00** | **11,150,093** | **100.00** |
| **Total Revenue from Rates and Service Charges** | **6,406,868** | **68.24** | **6,626,324** | **69.49** | **7,198,851** | **69.85** | **7,823,537** | **70.17** |

In the 2015/16 financial year, rates and service charges amounted to R6.41 billion or 68.24%. This increases to R6.63 billion, R7.20 billion and R7.82 billion in the 2016/17, 2017/18 and 2018/19 financial years, respectively. A significant trend is the increase in the total percentage of revenue generated from rates and service charges, which increases from 68.24% in the 2015/16 Adjustments Budget to 70.17% in 2018/19. This growth is mainly attributable to increased electricity revenue, as a result of increases in the Eskom bulk electricity tariffs.

Property rates represent the second largest revenue source, amounting to 17.18% or R1,64 billion in 2016/17 and increasing to 17.62% or R1,96 billion in 2018/19.

Operating grants and transfers (third largest revenue source) amounted to R1.39 billion in the 2016/17 financial year and increases to R1.58 billion in 2018/19.

The fourth largest revenue source is 'other revenue' which consists of items such as building plan fees and disconnection and re-connection fees. Directorates are required to review these charges on an annual basis to ensure that they are cost reflective and market related, where applicable.

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

**Table 4 (Operating Transfers and Grant Receipts)**

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| **R thousand** | **Audited Outcome** | **Audited Outcome** | **Audited Outcome** | **Original Budget** | **Adjusted Budget** | **Budget Year 2016/17** | **Budget Year +1 2017/18** | **Budget Year +2 2018/19** |
| **RECEIPTS:** | | | | | | | | |
| - | | | | | | | | |
| **Operating Transfers and Grants** | | | | | | | | |
| **National Government:** | **981,402** | **993,267** | **930,088** | **1,024,702** | **1,024,702** | **842,969** | **912,600** | **1,001,185** |
| Local Government Equitable Share | 729,226 | 742,909 | 761,606 | 774,616 | 774,616 | 798,043 | 843,509 | 921,857 |
| Energy Efficiency and Demand Management | | 12,000 | 10,000 | 10,000 | 10,000 | | 5,236 | 15,024 |
| EPWP Incentive | 14,696 | 20,885 | 13,439 | 8,664 | 8,664 | 8,496 | | |
| Public Transport Network Operations | | 100,000 | 62,500 | 150,000 | 150,000 | | | |
| Finance Management | 1,250 | 1,250 | 1,250 | 1,050 | 1,050 | 1,050 | 1,050 | 1,000 |
| Infrastructure Skills Development | 2,300 | 8,200 | 8,000 | 9,000 | 9,000 | 14,500 | 14,500 | 15,200 |
| Integrated City Development | | 3,193 | 4,133 | 5,708 | 5,708 | 0 | 0 | 0 |
| Municipal Disaster Recovery' | | 71,961 | | | – | | | |
| Urban Settlements Development | | 6,170 | 25,700 | 51,317 | 51,317 | 19,380 | 19,380 | 19,380 |
| Municipal Human Settlements Capacity | | | 37,707 | 9,847 | 9,847 | | | |
| LGSETA | 7,576 | 4,699 | 5,753 | 4,500 | 4,500 | 1,500 | | |
| Off- Grid Electrification | | 22,000 | | | | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Municipal Disaster | 6,730 | | | | | | | |
| Water Demand Management | 4,999 | | | | | | | |
| Integrated Public Transport System | 198,702 | | | | | | 28,925 | 29,724 |
| Afcon Cup and other | 15,923 | | | | | | | |
| **Provincial Government:** | **405,349** | **517,172** | **242,061** | **323,144** | **423,182** | **536,462** | **547,798** | **585,017** |
| Sport and Recreation | 3,752 | 3,752 | 7,390 | 9,752 | 9,752 | 15,624 | 15,624 | 15,330 |
| Health subsidy | 63,338 | 6,627 | | 1,957 | 4,500 | | | |
| Human Settlements Development | 333,162 | 480,142 | 221,858 | 310,905 | 401,152 | 517,128 | 528,171 | 565,367 |
| Housing Accreditation | 4,887 | 19,997 | 8,660 | | | 3,148 | 3,400 | 3,672 |
| DRPW(Maintenance of Roads) | | 5,699 | 3,503 | | | | | |
| Vuna Awards | | 60 | | | | | | |
| Swartkops Monitoring | | 265 | | | | | | |
| Marine and Coastal Management | 210 | 630 | 650 | 530 | 530 | 562 | 603 | 648 |
| Other | | | | | 7,248 | | | |
| **Other grant providers:** | **37,600** | **17,216** | **9,056** | **7,872** | **7,030** | **11,573** | **7,628** | **5,000** |
| *Lotteries* | | 1,000 | | | | | | |
| *EU Funding* | 32,010 | | | | | | | |
| *Groen Sebenza (SANBI)* | | 71 | 440 | 842 | | | | |
| *Other Grant Providers* | 5,590 | 16,145 | 105 | | | | | |
| *IDC (MBDA)* | | | – | 2,500 | 2,500 | 1,000 | 1,500 | |
| *ECDC (MBDA)* | | | 3,110 | | | | | |
| *KFW (MBDA)* | | | 5,400 | 4,530 | 4,530 | 10,573 | 6,128 | 5,000 |
| **Total Operating Transfers and Grants** | **1,424,351** | **1,527,655** | **1,172,795** | **1,348,689** | **1,447,884** | **1,391,004** | **1,468,027** | **1,592,202** |

The Municipality is faced with the significant challenge of providing services with its limited financial resources. Against this background, the Municipality has undertaken the tariff determination process relating to property rates and service charges as follows:

### 1.4.1 Property Rates

Property rates fund the costs associated with the provision of general services, such as recreational, library and roads and storm water services, etc.

The following provisions in the Draft Property Rates Policy are highlighted:

- The first R15,000 of the market value of a property used for residential purposes is excluded from the rateable value (Section 17(h) of the MPRA).
- 100% rebate will be granted to registered indigents in terms of the Indigent Policy.
- Pensioners, physically and mentally disabled property owners of rateable property may on submission of an application be granted a rebate. The rebate will be granted on a sliding scale basis with the income levels and corresponding percentage reductions being determined by Council in its annual budget. In this regard the following stipulations are relevant to the applicant:
  - (a) must be a natural person;
  - (b) be the owner of the property;
  - (c) occupy the property as his or her normal residence or where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement;
  - (d) produce certified copy/ies of owner/s' bar-coded identity document;
  - (e) - *pensioners*: be at least 60 years of age on 1 July of the financial year concerned; or if the owner turns 60 during the year the rebate will be granted on a pro rata basis from the date on which the applicant turned 60;

- *disabled*: be in receipt of disability grant / pension and submit proof and nature of disability e.g. letter from doctor with application.

(f) be in receipt of a total gross annual income (as defined in Part 2 of the policy), excluding medical aid contributions and child support/grant not exceeding a value as determined by Council in its annual budget; submit pension statements, previous 3 months (or the number of months determined necessary by the Chief Financial Officer) bank statements from all bank and investment accounts of owner and spouse, and proof of total gross annual income of any other persons living on the property (not just rental received). All documents provided must clearly state who it is for – documents which do not reflect person's name or ID No. will not be considered;

(g) not be in receipt of an indigent subsidy;

(h) provide a certified affidavit declaring any assistance from any other sources. Assistance received from family members not residing on property, will not however be included in the calculation of total household income;

(i) provide a certified affidavit to explain any once-off monies received e.g. gifts, donations, etc; and

(j) ensure that his/her accounts are not in arrears (or arrangements made to pay all outstanding amounts) before applying for the rebate and continue to pay the rates account in full until rebate is granted as no interest will be reversed;

(k) a usufructuary will be regarded as the owner;

(l) the criteria of a natural person may be waived at the sole discretion of the municipality to allow for a property owned by a trust where the total number of beneficiaries meets all of the other requirements of this policy; and provided further that the gross monthly income of all persons residing on that property be added to the gross monthly income of the beneficiaries staying on that property;

(m) owners qualify for only one rebate per year, if financial circumstances change they can only apply for future years;

- Sporting organisations, the sole purpose of which is to use the property owned/leased by them for sporting purposes, whether for gain or not, may qualify for a rebate, with amateur bodies being granted 100% and professional bodies 40%. Any profits earned must be invested in the betterment of the organisation and not be for private gain. Audited financial statement must be provided, if however the sporting body does not have audited financial statement reasons therefore must be provided on the clubs official letterhead.
- If the usage of a property changes during a financial year, the rebate applicable will be reduced *pro rata* for the balance of the financial year.
- All accounts of the applicant must be up to date or arrangements must be made to pay any outstanding balances before any rebate will be granted. The applicant must continue to pay the rates account in full until the rebate is granted as no interest will be reversed.

A property rates increase of 9.5% is proposed as from 1 July 2016.

The proposed property rates increase is mainly influenced by the following:

- Employee related costs increased by an average of 8% year-to-year based on the signed Collective Agreement;
- Costs of servicing existing external borrowing to fund roads and storm water infrastructure;
- Providing for debt impairment.

### 1.4.2 Sale of Water and Impact of Tariff Increases

In accordance with National Treasury's MFMA Circulars, no. 51, 55, 58, 66, 70, 74, 78 and 79. Municipalities are encouraged to review the level and structure of their water tariffs to ensure that:

- Fully cost reflective water tariffs – tariffs should include the costs associated with bulk water purchases, the maintenance and renewal of purification plants, water networks and water reticulation expansion;
- Water tariffs are structured to protect basic levels of service; and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In terms of paragraph 5.2 of National Treasury Circular 78 municipalities are urged to ensure that water tariffs are fully cost reflective. In this regard in instances where tariffs are not cost recovery based, a phased-in approach must be undertaken to ensure that tariffs are fully cost reflective over the medium term. As the charging of fully cost reflective tariffs would place an undue financial burden on customers, it will not be possible to immediately implement it in the 2016/17 MTREF. Furthermore, National Treasury has availed technical assistance relating to the determination of fully cost reflective tariffs.

A tariff increase of 9% is proposed as from 1 July 2016. The proposed tariff increase is mainly influenced by the following:

- Employee related costs increased by an average of 8%;
- Year-to-year increases to the cost of bulk water purchases;
- Costs of servicing existing external borrowing to fund water infrastructure; and
- Providing for debt impairment.

The water tariff structure is designed in such a manner that higher levels of water consumption are progressively charged at a higher rate.

Lastly, it must be mentioned that in the 2016/17 financial year it has been recommended that there must be differentiation of water tariffs between residential properties vs. business properties, as they are currently levied at the same level or tariff. It is against that backdrop that it is recommended that business tariff be set at a rate higher than residential and it be fixed (as opposed to step tariffs applicable to residential properties).

### 1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has determined that the Eskom bulk electricity tariff to municipalities would increase by 7.86% as from 1 July 2016. Considering the Eskom tariff increase, the Municipality's consumer tariffs has been set at 7.64% on average to offset the additional electricity bulk purchase costs as from 1 July 2016, in line with the NERSA tariff guidelines.

The proposed tariff increases are mainly influenced by the following:

- Employee related costs increased by an average 8%;
- The cost of bulk electricity purchases increased by 7.86%;
- Costs of servicing existing external borrowing to fund electricity infrastructure;
- Providing for debt impairment of current loans.

### 1.4.4 Sanitation and Impact of Tariff Increases

In accordance with National Treasury's MFMA Circulars, no. 51, 55, 58, 66, 70, 74, 78 and 79 Municipalities are encouraged to review the level and structure of their sanitation tariffs to ensure:

- Fully cost reflective sanitation tariffs – tariffs should include the costs associated with maintenance and renewal of treatment plants, sanitation networks and sanitation infrastructure expansion;
- Sanitation tariffs are structured to protect basic levels of service; and
- Sanitation tariffs are designed to encourage efficient and sustainable consumption.

National Treasury has urged municipalities to ensure that sanitation tariffs are fully cost reflective. In this regard a phased-in approach must be undertaken to ensure that tariffs are fully cost reflective over the medium term, in case of any discrepancies. As the charging of fully cost reflective tariffs would place an undue financial burden on customers, it will not be possible to implement it in the 2016/17 MTREF. Furthermore, National Treasury has availed technical assistance relating to the determination of fully cost reflective tariffs.

Sanitation charges are determined based on the volume of water consumed, which is appropriately reduced by the percentage of water discharged into the sewer system.

A tariff increase of 9% is proposed as from 1 July 2016. The proposed tariff increase is mainly influenced by the following:

- Employee related costs increased by an average of 8%;
- Costs of servicing existing external borrowing to fund sanitation infrastructure;
- Providing for debt impairment.

Lastly, it must be mentioned that it has been recommended that with effect from 1 July 2016 a minimum charge for sanitation service be levied to all property owners. The income raised from this transaction can be ring-fenced to finance maintenance budget for the same service.

### 1.4.5 Refuse Collection and Disposal and Impact of Tariff Increases

National Treasury has urged municipalities to ensure that refuse tariffs are fully cost reflective. The tariffs should take into account the need to maintain a cash-backed reserve to cover the future costs of the rehabilitation of landfill sites. In this regard a phased-in approach will be undertaken to ensure that tariffs are fully cost reflective over the medium term. As the charging of fully cost reflective tariffs would place an undue financial burden on customers, it will not be possible to implement it in the 2016/17 MTREF and a phasing-in approach is recommended. Furthermore, National Treasury has availed technical assistance relating to the determination of fully cost reflective tariffs.

The refuse collection and disposal service is currently operating on a break even basis. A tariff increase of 9% is proposed for the refuse collection and disposal service, as from 1 July 2016.

The proposed tariff increase is mainly influenced by the following:

- Employee related costs increased by an average of 8%;
- Costs of servicing existing external borrowing to fund refuse infrastructure;
- Providing for debt impairment.

### 1.4.6 Overall impact of tariff increases on households

The following table reflects the anticipated impact of the proposed tariff increases on a middle income and affordable range household, as well as an indigent household receiving free basic services.

It is to be noted that the overall impact of the proposed tariff increases on household bills has been maintained at 9.5% with indigent households increasing by 18.9%. The increase in household bills is largely influenced by the introduction of the Sanitation Minimum Charge.

### Table 5 (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 |
| | | | | | | | % incr. | | | |
| **Monthly Account for Household - 'Middle Income Range'** | | | | | | | | | | |
| **Rates and services charges:** | | | | | | | | | | |
| Property rates (Erf: 1000m2 ; 150m2 improvements) | 682.11 | 744.45 | 815.17 | 892.61 | 892.61 | 892.61 | 9.50% | 977.41 | 1,070,26 | 1,171.94 |
| Electricity: Basic levy | | | | | | | | | | |
| Electricity: Consumption(1000 Kwh) | 1,108.07 | 1,154.03 | 1,244.15 | 1,395.94 | 1,395.94 | 1,395.94 | 7.64% | 1,502.59 | 1,617.39 | 1,740.96 |
| 0 - 350 | 319.57 | 341.94 | 367.21 | 412.01 | 412.01 | 412.01 | 7.64% | 443.49 | 477.37 | 513.84 |
| 351 – 600 | 272.50 | 291.57 | 313.12 | 351.32 | 351.32 | 351.32 | 7.64% | 378.16 | 407.05 | 438.15 |
| 601 - 900 | 451.50 | 451.50 | 415.59 | 466.29 | 466.29 | 466.29 | 7.64% | 501.91 | 540.26 | 581.54 |
| 901 - 1000 | 64.50 | 69.02 | 148.23 | 166.32 | 166.32 | 166.32 | 7.64% | 179.03 | 192.70 | 207.43 |
| Water: Basic levy | 23.66 | 26.74 | 29.95 | 33.84 | 33.84 | 33.84 | 9.00% | 36.89 | 40.21 | 43.82 |
| | | | | | | | % incr. | | | |
| Water: Consumption (30 Kl) | 223.74 | 252.83 | 283.17 | 319.98 | 319.98 | 319.98 | 9.00% | 348.78 | 380.17 | 414.38 |
| Sanitation | 159.70 | 180.46 | 202.12 | 226.37 | 226.37 | 226.37 | 9.00% | 246.74 | 268.95 | 293.16 |
| Sanitation Availability Levy | | | | | | | 9.00% | 30.45 | 33.19 | 36.18 |
| Refuse removal | 61.04 | 68.98 | 77.26 | 85.76 | 85.76 | 85.76 | 9.00% | 93.48 | 101.89 | 111.06 |
| Other | | | | | | | | | | |
| **Sub-total** | **2,258.33** | **2,427.49** | **2,651.82** | **2,954.50** | **2,954.50** | **2,954.50** | **9.5%** | **3,236.34** | **3,512.06** | **3,811.50** |
| | | | | | | | | | | |
| VAT on Services | 220.67 | 235.63 | 257.13 | 288.67 | 288.67 | 288.67 | | 316.25 | 341.85 | 369.54 |
| **Total large household bill:** | **2,479.00** | **2,663.12** | **2,908,95** | **3,243.17** | **3,243.17** | **3,243.17** | **9.5%** | **3,552.59** | **3,853.91** | **4,181.04** |
| **% increase/-decrease** | **17.1%** | **7.4%** | **9.23%** | **11.5%** | **11.5%** | **11.5%** | | **9.5%** | **8.5%** | **8.5%** |
| **Monthly Account for Household - 'Affordable Range'** | | | | | | | | | | |
| **Rates and services charges:** | | | | | | | | | | |
| Property rates rates (Erf: 300m2 ; 48m2 improvements) | 176.73 | 192.88 | 211.20 | 231.26 | 231.26 | 231.26 | 9.50% | 253.23 | 277.29 | 303.63 |
| Electricity: Basic levy | | | | | | | | | | |
| Electricity: Consumption (498 KwH) | 480.89 | 514.55 | 552.58 | 619.99 | 619.99 | 619.99 | 7.64% | 667.36 | 718.34 | 773.22 |
| 0 - 350 | 319.57 | 341.94 | 367.21 | 412.00 | 412.00 | 412.00 | 7.64% | 443.48 | 477.36 | 513.83 |
| 351 -498 | 161.32 | 172.61 | 185.37 | 207.99 | 207.99 | 207.99 | 7.64% | 223.88 | 240.98 | 259.39 |
| Water: Basic levy | 23.66 | 26.74 | 29.95 | 33.84 | 33.84 | 33.84 | 9.00% | 36.89 | 40.21 | 43.82 |
| Water: Consumption (25KL) | 186.46 | 210.70 | 235.98 | 266.66 | 266.66 | 266.66 | 9.00% | 290.66 | 316.82 | 345.33 |
| Sanitation | 133.09 | 150.39 | 168.44 | 188.65 | 188.65 | 188.65 | 9.00% | 205.63 | 224.14 | 244.31 |

| 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 |
| Sanitation Availability Levy | | | | | | | 9.00% | 30.45 | 33.19 | 36.18 |
| Refuse removal | 61.04 | 68.98 | 77.26 | 85.76 | 85.76 | 85.76 | 9.00% | 93.48 | 101.89 | 111.06 |
| Other | | | | | | | | | | |
| **Sub-total** | **1,061.88** | **1,164.24** | **1,275.41** | **1,426.16** | **1,426.16** | **1,426.16** | **10.6%** | **1,577.70** | **1,711.88** | **1,857.55** |
| VAT on Services | 123.92 | 135.99 | 148.99 | 167.29 | 167.29 | 167.29 | | 185.43 | 200.84 | 217.55 |
| **Total small household bill:** | **1,185.80** | **1,300.23** | **1,424.40** | **1,593.45** | **1,593.45** | **1,593.45** | **10.6%** | **1,763.13** | **1,912.72** | **2,075.10** |
| **% increase/-decrease** | **9.5%** | **9.7%** | **9.6%** | **11.9%** | **11.9%** | **11.9%** | | **10.6%** | **8.5%** | **8.5%** |
| **Monthly Account for Household - 'Indigent' Household receiving free basic services** | | | | | | | | | | |
| **Rates and services charges:** | | | | | | | | | | |
| Property rates rates (Erf: 300m2 ; 48m2 improvements) | 15.53 | 16.95 | 18.56 | 20.32 | 20.32 | 20.32 | 9.50% | 22.25 | 24.36 | 26.68 |
| Electricity: Basic levy | | | | | | | | | | |
| Electricity: Consumption (60Kwh) | 0 | 0 | 0 | 0 | 0 | 0 | 7.64% | 0 | 0 | 0 |
| Water: Basic levy | 23.66 | 26.74 | 29.95 | 33.84 | 33.84 | 33.84 | 9.00% | 36.89 | 40.21 | 43.82 |
| Water: Consumption (6KL) | 59.72 | 67.48 | 75.58 | 85.41 | 85.41 | 85.41 | 9.00% | 93.10 | 101.48 | 110.61 |
| Sanitation | 58.61 | 66.23 | 74.18 | 83.08 | 83.08 | 83.08 | 9.00% | 90.56 | 98.71 | 107.59 |
| Refuse removal | 61.04 | 68.98 | 77.26 | 85.76 | 85.76 | 85.76 | 9.00% | 93.48 | 101.89 | 111.06 |
| Other | | | | | | | | | | |
| **Sub-total** | **218.56** | **246.38** | **275.53** | **308.41** | **308.41** | **308.41** | **9.0%** | **336.28** | **366.65** | **399.76** |
| VAT on Services | 28.42 | 32.12 | 35.98 | 40.33 | 40.33 | 40.33 | | 43.96 | 47.92 | 52.23 |
| **Total small household bill:** | **246.98** | **278.50** | **311.51** | **348.74** | **348.74** | **348.74** | **9.0%** | **380.24** | **414.57** | **451.99** |
| **% increase/-decrease** | **-15.6%** | **12.8%** | **11.9%** | **12.0%** | **12.0%** | **12.0%** | | **9.0%** | **9.0%** | **9.0%** |

The basis used for calculating the municipal accounts for the different categories of households is as follows:-

| Description | Land (m²) | Improvements (m²) | Electricity (kwh) | Water (kl) |
|---|---|---|---|---|
| Household – Middle Income | 1000m² | 150m² | 1000kwh | 30kl |
| Household – Affordable Range | 300m² | 48m² | 498kwh | 25kl |
| Indigent Household receiving free services | 300m² | 48m² | 75kwh | 8kl |

## 1.5 OPERATING EXPENDITURE FRAMEWORK

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

- The funding of the budget over the medium-term is informed by the requirements of Section 18 and 19 of the MFMA;
- A balanced budget approach by limiting operating expenditure to the operating revenue;
- The asset renewal strategy and the repairs and maintenance plan;
- Strict adherence to the principle of "*no budget allocations without a project implementation plan"*.

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

**Table 6 (Summary of operating expenditure by standard classification item)**

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year 2017/18 | Budget Year 2018/19 |
| | | | | | | | | | |
| **Expenditure By Type** | | | | | | | | | |
| Employee related costs | 1,724,614 | 1,761,674 | 2,176,075 | 2,289,517 | 2,260,427 | 2,260,427 | 2,501,615 | 2,702,381 | 2,916,106 |
| Remuneration of councillors | 53,010 | 55,918 | 58,161 | 64,429 | 63,286 | 63,286 | 67,716 | 72,456 | 77,528 |
| Debt impairment | 409,754 | 200,767 | 407,410 | 379,384 | 384,462 | 384,462 | 423,346 | 383,454 | 333,543 |
| Depreciation & asset impairment | 774,430 | 1,437,933 | 901,858 | 873,746 | 1,051,246 | 1,051,246 | 1,023,933 | 1,022,952 | 1,024,973 |
| Finance charges | 201,167 | 192,488 | 206,793 | 168,361 | 171,096 | 171,096 | 158,019 | 146,944 | 137,710 |
| Bulk purchases | 2,179,993 | 2,251,558 | 2,454,439 | 2,742,169 | 2,805,815 | 2,805,815 | 2,991,096 | 3,278,310 | 3,541,550 |
| Other materials | 472,823 | 490,120 | 555,643 | 524,729 | 515,143 | 515,143 | 457,648 | 494,368 | 520,447 |
| Contracted services | 373,895 | 288,984 | 323,685 | 333,353 | 463,364 | 463,364 | 525,974 | 549,860 | 578,794 |
| Transfers and grants | 18,783 | 20,048 | 25,691 | 430,509 | 420,244 | 420,244 | 73,469 | 76,228 | 79,153 |
| Other expenditure | 780,410 | 735,532 | 1,081,760 | 1,013,642 | 1,186,509 | 1,186,509 | 1,280,666 | 1,334,120 | 1,429,702 |
| Loss on disposal of PPE | 94,839 | 1,272 | 513 | | | | | | |
| **Total Expenditure** | **7,083,719** | **7,436,295** | **8,192,029** | **8,819,839** | **9,321,591** | **9,321,591** | **9,503,483** | **10,061,073** | **10,639,505** |

The total operating expenditure increased by R181.89 million (1.95%) from R9.32 billion in 2015/16 to R9.50 billion in 2016/17. Below is a discussion of the main expenditure components.

**Employee related costs**

The 2016/17 draft budget provides for annual increments, where applicable, and a general increase of 8%.

The total budget provision of R2.502 billion represents an increase of 10.67% over the 2015/16 Adjustments budget. It must be noted though that Employee Related costs category includes costs such as Long Service Bonus and Critical Vacancies amongst others.

**Council's target for 2016/17 is to restrict personnel costs to below 30% of total expenditure**. **Personnel costs in the 2016/17 Budget represent 26.32% of total operating expenditure.**

**Remuneration of Councillors**

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 preparing the budget. As the budget provides for a 7.0% increase, Councillors' remuneration should be limited to the budget allocated for this purpose.

**Debt Impairment**

The provision for debt impairment was determined based on a targeted annual collection rate of 94% for 2016/17, 95% for 2017/18 and 96% for 2018/19, including ATTP subsidies. For the 2016/17 financial year this amounted to R423,346 million and decreases to R333,543 million in 2018/19. While this expenditure represents a non-cash flow item, it is taken into account in determining the total costs associated with the rendering of municipal services and the realistically anticipated revenues.

**Depreciation and Asset Impairment**

The provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. The budget for depreciation amounts to R847.49 million for the 2016/17 financial and equates to 8.96% of the total operating expenditure. It must be noted that the depreciation figure is being examined in line with m-SCOA requirements and if needs be the figure may have to be amended or changed prior end May 2016. Asset impairment in the amount of R176.45 million has been provided for traffic fines issued considered to be doubtful to be collected in terms of GRAP 23 accounting requirements

**Finance Charges**

Finance charges consist primarily of the repayment of interest on existing long-term borrowing (cost of capital). Finance charges constitute 1.66% (R158.02 million) of total operating expenditure for 2016/17, compared to 1.84% (R171.10 million) for 2015/16. It then further decrease to 1.46 % (R146.94 million) in 2017/18.and 1.29% (R137.71 million) in 2018/19.

**Bulk Electricity Purchases**

Purchase of Electricity has increased from R2.703 billion in 2015/16 to R2.871 billion in 2016/17, an increase of only 6.24% as a reduction in electricity losses is anticipated which will result in less units being purchased from ESKOM.

NERSA has approved a 7.86% increase in the Eskom bulk tariff for the 2016/17 financial year. The 2016/17 budget accordingly allows for a 7.86% increase for bulk power purchases from Eskom. Energy consumption levels are influenced by the following:

- Significant increases in electricity prices;
- Consumer awareness of the need to conserve energy; and
- The implementation of energy conservation measures.

**Bulk Water Purchases**

The bulk purchase of water increased by R16,573,900 (16.04%) from R103,301,300 in 2015/16 to R119,301,300 in 2016/17, as follows:

| | **2015/16** | **2016/17** | **%** |
|---|---|---|---|
| DWA | 100,347,430 | 115,652,600 | 15.25 |
| Gamtoos Irrigation Board | 1,609,870 | 2,703,880 | 67.96 |
| Sundays River Irrigation Board | 1 344,000 | 1,518,720 | 13.00 |
| **Total** | **103,301,300** | **119,875,200** | **16.04** |

The total budget provision of R119.9 million is based on a bulk water tariff increase of approximately 12%.

**Other Materials**

Other materials comprise, amongst others, the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan, expenditure has been prioritised to improve sustainability of the Municipality's infrastructure. The budget for 2016/17 amounts to R457.65 million and increases by 8.02% and 5.28% for the two outer years.

**Contracted Services**

In the 2016/17 financial year, the budget provision amounts to R525.97 million. For the two outer years the increases amount to 4.54% and 5.26% respectively. Council must also note that the implementation of mSCOA makes it also not easy to do proper comparisons to prior financial years due to some re-categorisation of certain line items affecting various categories. Contracted Services' category is also one of the affected categories.

**Other Expenditure**

Other expenditure comprises of various line items relating to the daily operations of the municipality. This expenditure has been identified as an area in which cost savings and efficiencies can be achieved.

The expenditure increased by 7.93% for 2016/17 and then increases by 4.17% for 2017/18. In the 2018/19 financial year the expenditure increases by 7.16%.

The graph below reflects the expenditure components of the budgeted statement of financial performance.

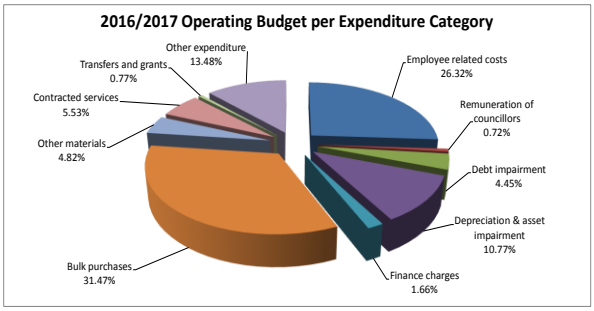



**Figure 1 Main operational expenditure categories for the 2016/17 financial year.**

### 1.5.1 Priority relating to repairs and maintenance

In line with the Municipality's stated intention to preserve and maintain its existing infrastructure, the 2016/17 Budget and MTREF provide for reasonable growth in the asset maintenance budget, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality.

During the compilation of the 2016/17 MTREF operational repairs and maintenance was identified as a strategic priority in view of the aging infrastructure and certain deferred maintenance. Upon exclusion of this amount, the repairs and maintenance expenditure in the 2016/17 financial year, decreased by 11.16%, compared to the 2015/16 Adjustments Budget.

The growth for the two outer years, amount to 8.02% and 5.28%, respectively. In relation to the total operating expenditure, repairs and maintenance constitutes 4.82% for the 2016/17 financial year, 4.91% for the 2017/18 financial year and 4.89% for the 2018/19 financial years, respectively.

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

**Table 7 (Repairs and maintenance per asset class)**

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year 2017/18 | Budget Year 2018/19 |
| **Repairs and Maintenance by Asset Class** | | | | | | | | | |
| *Infrastructure - Road transport* | 65,924 | 120,057 | 120,640 | 83,270 | 84,275 | 84,275 | 64,572 | 71,095 | 65,979 |
| *Infrastructure - Electricity* | 40,431 | 42,813 | 54,200 | 54,923 | 54,070 | 54,070 | 56,409 | 61,414 | 66,218 |
| *Infrastructure - Water* | 126,349 | 106,758 | 150,517 | 126,176 | 128,761 | 128,761 | 105,960 | 114,690 | 123,724 |
| *Infrastructure - Sanitation* | 139,770 | 120,412 | 126,406 | 127,739 | 126,943 | 126,943 | 112,616 | 120,595 | 129,250 |
| *Infrastructure - Other* | 4,600 | 5,948 | 8,122 | 12,169 | 13,848 | 13,848 | 11,489 | 12,409 | 13,383 |
| **Infrastructure** | ***377,073*** | ***395,988*** | ***450,884*** | ***404,276*** | ***407,897*** | ***407,897*** | ***351,046*** | ***380,204*** | ***398,554*** |
| **Community** | 38,145 | 33,774 | 46,261 | 60,309 | 51,445 | 51,445 | 61,226 | 65,235 | 69,130 |
| **Other assets** | 57,554 | 60,283 | 58,399 | 60,143 | 55,802 | 55,802 | 45,376 | 48,930 | 52,763 |
| **TOTAL REPAIRS & MAINTENANCE EXPENDITURE** | **472,773** | **490,044** | **555,544** | **524,729** | **515,143** | **515,143** | **457,648** | **494,368** | **520,447** |
| | | | | | | | | | |

For the 2016/17 financial year an amount of R351.05 million (76.71%) of total repairs and maintenance, will be spent on infrastructure assets.

### 1.5.1 Free Basic Services: Basic Social Services Package

The social package assists indigent households that have limited financial ability to pay for municipal services. In order to qualify for free services the households are required to register in terms of the Municipality's Assistance to the Poor Policy, whilst the monthly household income may not exceed two state pensions. Detail relating to free services, cost of free basic services, as well as basic service delivery measurement is contained in Table A10 (Basic Service Delivery Measurement).

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

## 1.6 CAPITAL EXPENDITURE

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

**Table 8 (2016/17 Medium-term capital budget per vote)**

| Description | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | | | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Adjusted Budget | % | Budget Year 2016/17 | % | Budget Year 2017/18 | % | Budget Year 2018/19 | % |
| **Capital expenditure - Municipal Vote** | | | | | | | | |
| Budget and Treasury | 78,722 | 5.00% | 28,466 | 2.01% | 25,800 | 1.51% | 1,800 | 0.10% |
| Public Health | 88,533 | 5.63% | 53,850 | 3.80% | 53,000 | 3.10% | 68,150 | 3.82% |
| Human Settlements | 176,308 | 11.20% | 211,100 | 14.90% | 244,997 | 14.33% | 228,500 | 12.82% |
| Economic Development Tourism and Agriculture | 91,035 | 5.79% | 76,729 | 5.42% | 52,108 | 3.05% | 43,949 | 2.47% |
| Sports, Recreation, Arts and Culture | 116,900 | 7.43% | 57,500 | 4.06% | 49,000 | 2.87% | 41,500 | 2.33% |
| Corporate Services | 27,050 | 1.72% | 23,400 | 1.65% | 20,100 | 1.18% | 24,350 | 1.37% |
| Rate and General: Infrastructure and Engineering | 263,808 | 16,77% | 221,789 | 15.66% | 470,679 | 27.53% | 525,158 | 29.47% |
| Water Service | 184,403 | 11.72% | 176,551 | 12.46% | 192,750 | 11.27% | 226,250 | 12.70% |
| Sanitation | 253,050 | 16.08% | 306,750 | 21.66% | 333,267 | 19.49% | 342,611 | 19.23% |
| Electricity and Energy | 244,352 | 15.53% | 228,244 | 16.11% | 229,748 | 13.44% | 228,798 | 12.84% |
| Executive and Council | 6,850 | 0.44% | 10,137 | 0.72% | 19,492 | 1.14% | 17,832 | 1.00% |
| Safety and Security | 12,518 | 0.80% | 14,600 | 1.03% | 14,594 | 0.85% | 33,090 | 1.86% |
| Nelson Mandela Bay Stadium | 13,168 | 0.83% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% |
| Strategic Programmes Directorate | 16,745 | 1.06% | 7,285 | 0.51% | 4,000 | 0.23% | 0 | 0.00% |
| **Total Capital Expenditure** | **1,573,441** | **100** | **1,416,400** | **100** | **1,709,535** | **100%** | **1,781,987** | **100%** |

Of the total amount of R1.416 billion for 2016/17, an amount of R0.933 billion has been appropriated for the development of infrastructure, which represents 65.66% of the total capital budget. In the outer years this amount totals R1.226 billion (71.74%) and R1.323 billion (74.23%) respectively for each of the financial years. Sanitation receives the highest allocation of R306,75 million in 2016/17, which equates to 21.66% followed by Electricity and Energy at R228.24 million (16.11%), Rate and General: Infrastructure and Engineering at R221.79 million (15.66%) Human Settlements at R211.10 million (14.90%), and Water at R176.55 million (12.46%).

Total new assets represent 43.91% or R622.14 million of the total capital budget while asset renewal/ rehabilitation equates to 56.1.8% or R794.26 million. National Treasury has suggested that 40% of the capital budget should be allocated for asset renewal/rehabilitation. Further detail relating to asset classes and proposed capital expenditure is contained in Table A9 (Asset Management).

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

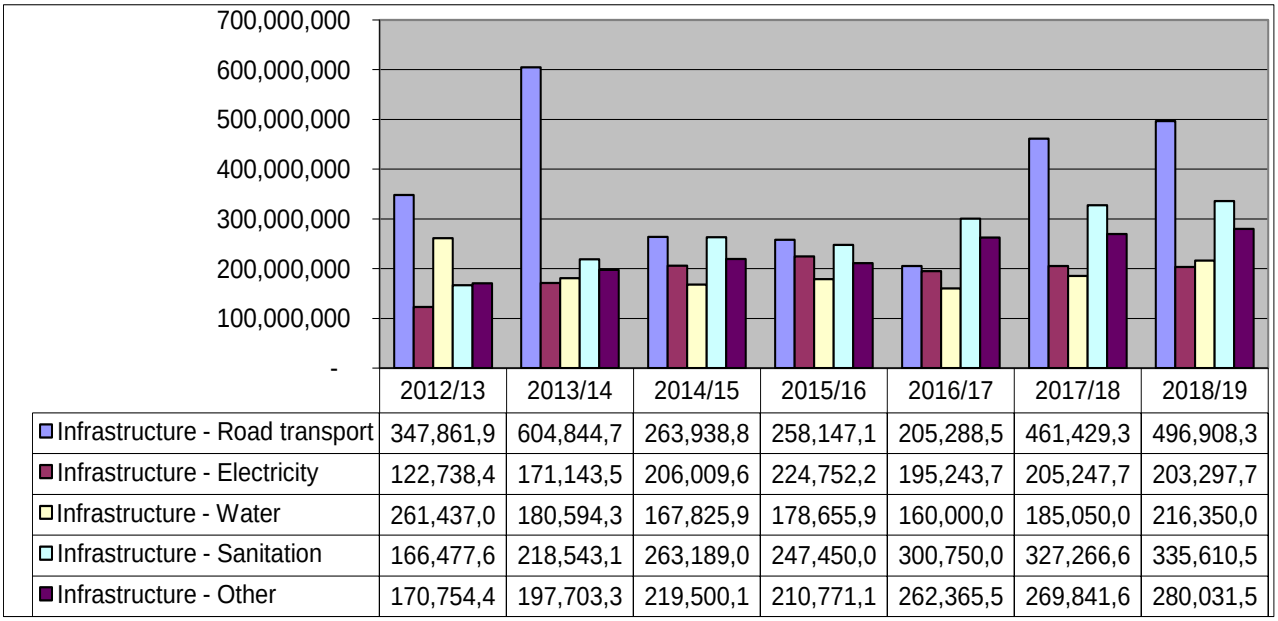
- Reticulation services for housing delivery – R684.6 million;
- Replacement of fleet – R97.8 million;
- Tarring of gravel roads – R187 million;
- Storm water Improvements – R138,5 million;

- Construction of Major Roads – R22 million;
- Informal Housing Electrification – R106,9 million;
- Provision of sidewalks – R24 million;
- Electricity infrastructure – R313.4 million;
- Integrated Public Transportation System – R562.7 million;
- Water treatment works – R123 million;
- Water Reticulation Network – R212.5 million;
- Bulk Sewers – R330.8 million;
- Waste Water Treatment Works – R417,9 million;
- Greening and beautification – R31.8 million;
- Refuse sites and recycling stations – R56.7 million;
- Sports and Recreational facilities – R97.5 million.

Further details for the loan funded projects are to be availed as soon as Council approves an intention to raise the loan, amongst others.

**Annexure "A"** provides a summary of the capital projects included in the Capital budget.

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




| | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|---|---|---|---|---|---|---|---|
| Infrastructure - Road transport | 347,861,9 | 604,844,7 | 263,938,8 | 258,147,1 | 205,288,5 | 461,429,3 | 496,908,3 |
| Infrastructure - Electricity | 122,738,4 | 171,143,5 | 206,009,6 | 224,752,2 | 195,243,7 | 205,247,7 | 203,297,7 |
| Infrastructure - Water | 261,437,0 | 180,594,3 | 167,825,9 | 178,655,9 | 160,000,0 | 185,050,0 | 216,350,0 |
| Infrastructure - Sanitation | 166,477,6 | 218,543,1 | 263,189,0 | 247,450,0 | 300,750,0 | 327,266,6 | 335,610,5 |
| Infrastructure - Other | 170,754,4 | 197,703,3 | 219,500,1 | 210,771,1 | 262,365,5 | 269,841,6 | 280,031,5 |

**Figure 2 Capital Infrastructure Programme**

## 1.7 ANNUAL CONSOLIDATED BUDGET TABLES

The ten main budget tables, as required in terms of the Municipal Budget and Reporting Regulations, are included in this section. These tables set out the Municipality's 2016/17 Budget and MTREF to be considered for approval by Council. Each table is accompanied by *explanatory notes*.

## Table 9 (Table A1 – Consolidated Budget Summary)

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| R thousands | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year 2017/18 | Budget Year2018/19 |
| **Financial Performance** | | | | | | | | |
| Property rates | 1,058,523 | 1,205,526 | 1,332,135 | 1,504,945 | 1,570,445 | 1,638,304 | 1,793,987 | 1,964,462 |
| Service charges | 3,633,274 | 3,812,333 | 4,051,915 | 4,817,334 | 4,836,422 | 4,988,019 | 5,404,865 | 5,859,075 |
| Investment revenue | 68,058 | 83,222 | 83,294 | 70,145 | 82,070 | 92,295 | 96,479 | 100,493 |
| Transfers recognised - operational | 1,270,308 | 1,299,430 | 1,481,999 | 1,327,271 | 1,515,365 | 1,385,051 | 1,464,154 | 1,581,172 |
| Other own revenue | 1,030,092 | 1,134,574 | 1,229,940 | 1,165,760 | 1,384,618 | 1,432,188 | 1,546,083 | 1,644,891 |
| **Total Revenue (excluding capital transfers and contributions)** | **7,060,255** | **7,535,084** | **8,179,284** | **8,885,456** | **9,388,921** | **9,535,857** | **10,305,569** | **11,150,093** |
| Employee costs | 1,724,614 | 1,761,674 | 2,176,075 | 2,289,517 | 2,260,427 | 2,501,615 | 2,702,381 | 2,916,106 |
| Remuneration of councillors | 53,010 | 55,918 | 58,161 | 64,429 | 63,286 | 67,716 | 72,456 | 77,528 |
| Depreciation & asset impairment | 774,430 | 1,437,933 | 901,858 | 873,746 | 1,051,246 | 1,023,933 | 1,022,952 | 1,024,973 |
| Finance charges | 201,167 | 192,488 | 206,793 | 168,361 | 171,096 | 158,019 | 146,944 | 137,710 |
| Materials and bulk purchases | 2,652,816 | 2,741,678 | 3,010,082 | 3,266,898 | 3,320,958 | 3,448,744 | 3,772,678 | 4,061,997 |
| Transfers and grants | 18,783 | 20,048 | 25,691 | 430,509 | 420,244 | 73,469 | 76,228 | 79,153 |
| Other expenditure | 1,658,898 | 1,226,555 | 1,813,368 | 1,726,380 | 2,034,335 | 2,229,987 | 2,267,434 | 2,342,038 |
| **Total Expenditure** | **7,083,719** | **7,436,295** | **8,192,029** | **8,819,839** | **9,321,591** | **9,503,483** | **10,061,073** | **10,639,505** |
| **Surplus/(Deficit)** | **(23,463)** | **98,789** | **(12,746)** | **65,617** | **67,330** | **32,375** | **244,495** | **510,588** |
| Transfers recognised - capital | 895,330 | 1,027,686 | 784,204 | 962,059 | 781,245 | 830,667 | 1,147,014 | 1,214,538 |
| Contributions recognised - capital & contributed assets | – | – | – | – | – | – | – | – |
| **Surplus/(Deficit) after capital transfers & contributions** | **871,867** | **1,126,475** | **771,458** | **1,027,676** | **848,575** | **863,041** | **1,391,509** | **1,725,126** |
| Share of surplus/ (deficit) of associate | – | – | – | – | – | – | – | – |
| **Surplus/(Deficit) for the year** | **871,867** | **1,126,475** | **771,458** | **1,027,676** | **848,575** | **863,041** | **1,391,509** | **1,725,126** |
| | | | | | | | | |
| **Capital expenditure & funds sources** | | | | | | | | |
| **Capital expenditure** | 1,195,817 | 1,580,888 | 1,436,107 | 1,612,510 | 1,573,441 | 1,416,400 | 1,709,535 | 1,781,987 |
| Transfers recognised - capital | 895,330 | 1,026,454 | 784,204 | 962,059 | 799,691 | 830,667 | 1,147,014 | 1,214,538 |
| Public contributions & donations | 4,410 | 31,987 | 56,854 | 53,000 | 53,000 | 53,000 | 53,000 | 53,000 |
| Borrowing | – | – | – | – | – | – | – | – |
| Internally generated funds | 296,077 | 522,447 | 595,049 | 597,451 | 720,751 | 532,733 | 509,521 | 514,449 |
| **Total sources of capital funds** | **1,195,817** | **1,580,888** | **1,436,107** | **1,612,510** | **1,573,441** | **1,416,400** | **1,709,535** | **1,781,987** |
| | | | | | | | | |
| **Financial position** | | | | | | | | |
| Total current assets | 2,645,116 | 3,189,100 | 3,236,700 | 2,880,061 | 3,013,252 | 3,279,030 | 4,104,853 | 4,966,977 |
| Total non current assets | 13,184,762 | 13,460,852 | 14,031,981 | 14,630,829 | 14,800,158 | 15,056,755 | 15,733,109 | 16,297,177 |
| Total current liabilities | 2,323,957 | 2,295,477 | 2,166,135 | 2,472,268 | 2,441,867 | 2,428,604 | 2,641,782 | 2,801,820 |
| Total non current liabilities | 3,435,031 | 3,194,977 | 3,171,589 | 3,130,164 | 3,130,164 | 3,152,482 | 3,187,973 | 3,220,991 |
| Community wealth/Equity | **10,070,890** | **11,159,498** | **11,930,957** | **11,908,458** | **12,241,379** | **12,754,699** | **14,008,207** | **15,241,343** |
| | | | | | | | | |
| **Cash flows** | | | | | | | | |
| Net cash from (used) operating | 1,713,660 | 1,823,162 | 1,385,002 | 1,981,340 | 1,725,884 | 1,725,884 | 1,720,244 | 2,243,081 |
| Net cash from (used) investing | (1,259,158) | (1,681,359) | (1,435,786) | (1,596,933) | (1,725,096) | (1,725,096) | (1,461,151) | (1,437,690) |
| Net cash from (used) financing | (88,600) | (114,587) | (111,777) | (104,093) | (87,568) | (87,568) | (91,920) | (84,409) |
| **Cash/cash equivalents at the year end** | **1,580,882** | **1,608,097** | **1,445,536** | **1,194,875** | **1,358,756** | **1,358,756** | **1,525,929** | **2,246,910** |
| | | | | | | | | |
| **Cash backing/surplus reconciliation** | | | | | | | | |
| Cash and investments available | 1,582,276 | 1,608,097 | 1,445,536 | 1,194,875 | 1,358,756 | 1,525,929 | 2,246,910 | 2,997,648 |
| Application of cash and investments | 1,245,315 | 664,951 | 233,381 | 980,031 | 1,182,514 | 1,286,474 | 1,715,779 | 1,967,813 |
| **Balance - surplus (shortfall)** | **336,961** | **943,146** | **1,212,155** | **214,844** | **176,242** | **239,455** | **531,131** | **1,029,835** |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Asset management** | | | | | | | | |
| Asset register summary (WDV) | 13,153,340 | 13,448,790 | 14,013,682 | 14,618,738 | 14,781,859 | 15,036,456 | 15,710,810 | 16,272,878 |
| Depreciation & asset impairment | 774,430 | 1,437,933 | 901,858 | 873,746 | 1,051,246 | 1,023,933 | 1,022,952 | 1,024,973 |
| Renewal of Existing Assets | 608,788 | 649,050 | 757,371 | 752,558 | 769,934 | 794,261 | 873,160 | 920,054 |
| Repairs and Maintenance | 472,823 | 490,120 | 555,643 | 524,729 | 515,143 | 457,648 | 494,368 | 520,447 |
| | | | | | | | | |
| **Free services** | | | | | | | | |
| Cost of Free Basic Services provided | 198,216 | 190,950 | 255,261 | 282,303 | 282,718 | 303,676 | 332,082 | 363,176 |
| Revenue cost of free services provided | 135,435 | 168,547 | 177,144 | 221,884 | 232,451 | 268,180 | 290,502 | 314,986 |
| **Households below minimum service level** | | | | | | | | |
| Water: | – | – | – | – | – | – | – | – |
| Sanitation/sewerage: | 29 | 47 | 30 | 45 | 22 | 22 | 24 | 25 |
| Energy: | – | – | – | – | – | – | – | – |
| Refuse: | 157 | 156 | 156 | 216 | 118 | 62 | 65 | 67 |
| | | | | | | | | |

## Explanatory notes to Table A1 - Budget Summary

The aim of the Budget Summary is to provide a concise overview of the proposed budget from all of the major financial perspectives (operating expenditure, capital expenditure, financial position, cash flow, and MFMA funding compliance). The table provides an overview of the amounts to be approved by Council within the context of operating performance, resources utilised for capital expenditure, financial position, cash and funding compliance, as well as the Municipality's commitment to eliminating basic service delivery backlogs.

## Table 10 (Table A2 – Consolidated Budget Financial Performance)

| Standard Classification Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year 2017/18 | Budget Year 2018/19 |
| **Revenue - Standard** | | | | | | | | |
| ***Governance and administration*** | **2,136,804** | **2,371,174** | **2,550,500** | **2,480,327** | **2,552,977** | **2,637,914** | **2,835,953** | **3,086,610** |
| Executive and council | 809 | 272 | 650 | 37 | 66 | 67 | 71 | 75 |
| Budget and treasury office | 2,121,501 | 2,362,511 | 2,523,626 | 2,452,237 | 2,511,398 | 2,611,549 | 2,809,531 | 3,058,532 |
| Corporate services | 14,494 | 8,391 | 26,224 | 28,052 | 41,513 | 26,298 | 26,351 | 28,002 |
| ***Community and public safety*** | **566,009** | **644,511** | **793,646** | **429,443** | **789,539** | **821,912** | **852,033** | **909,617** |
| Community and social services | 16,252 | 25,227 | 26,983 | 23,252 | 28,663 | 30,200 | 30,904 | 31,625 |
| Sport and recreation | 40,212 | 24,586 | 22,912 | 26,527 | 26,496 | 27,810 | 29,316 | 30,585 |
| Public safety | 28,264 | 61,850 | 40,503 | 10,240 | 224,765 | 242,449 | 259,363 | 277,458 |
| Housing | 474,983 | 525,909 | 701,604 | 366,447 | 503,993 | 520,644 | 531,940 | 569,409 |
| Health | 6,297 | 6,939 | 1,643 | 2,976 | 5,621 | 810 | 510 | 539 |
| ***Economic and environmental services*** | **690,556** | **774,663** | **537,253** | **910,091** | **748,162** | **637,476** | **974,436** | **1,009,879** |
| Planning and development | 398,454 | 221,017 | 214,747 | 428,566 | 434,858 | 494,848 | 521,805 | 501,809 |
| Road transport | 287,924 | 544,632 | 305,815 | 473,756 | 305,599 | 136,466 | 446,172 | 501,096 |
| Environmental protection | 4,178 | 9,014 | 16,692 | 7,770 | 7,705 | 6,162 | 6,459 | 6,974 |
| ***Trading services*** | **4,545,313** | **4,755,508** | **5,065,991** | **6,009,402** | **6,060,025** | **6,249,678** | **6,770,598** | **7,338,962** |
| Electricity | 2,935,789 | 3,051,851 | 3,280,766 | 3,729,081 | 3,750,891 | 3,940,040 | 4,234,851 | 4,558,984 |
| Water | 785,182 | 818,135 | 805,052 | 959,791 | 982,361 | 954,627 | 1,062,251 | 1,197,528 |
| Waste water management | 619,093 | 650,175 | 724,253 | 965,986 | 963,875 | 1,049,935 | 1,142,701 | 1,223,727 |
| Waste management | 205,249 | 235,347 | 255,920 | 354,543 | 362,899 | 305,077 | 330,795 | 358,722 |
| ***Other*** | **16,902** | **16,915** | **16,098** | **18,253** | **19,464** | **19,543** | **19,563** | **19,563** |
| **Total Revenue - Standard** | **7,955,586** | **8,562,770** | **8,963,488** | **9,847,516** | **10,170,167** | **10,366,524** | **11,452,582** | **12,364,631** |
| | | | | | | | | |

| **Expenditure - Standard** | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| ***Governance and administration*** | **952,813** | **706,754** | **1,102,575** | **1,267,034** | **1,248,879** | **1,381,034** | **1,452,196** | **1,518,942** |
| Executive and council | 143,223 | 160,594 | 181,798 | 208,398 | 218,769 | 214,394 | 229,661 | 236,453 |
| Budget and treasury office | 591,437 | 309,679 | 612,455 | 653,584 | 669,944 | 691,342 | 719,664 | 748,203 |
| Corporate services | 218,154 | 236,481 | 308,322 | 405,051 | 360,167 | 475,298 | 502,871 | 534,285 |
| ***Community and public safety*** | **1,295,936** | **1,363,066** | **1,540,037** | **1,411,549** | **1,606,679** | **1,856,136** | **1,948,535** | **2,072,473** |
| Community and social services | 140,412 | 151,330 | 180,473 | 174,913 | 221,630 | 204,060 | 214,186 | 228,358 |
| Sport and recreation | 134,565 | 145,224 | 187,736 | 185,646 | 191,099 | 223,023 | 237,218 | 247,806 |
| Public safety | 392,079 | 466,477 | 455,474 | 441,352 | 448,914 | 665,305 | 705,544 | 748,739 |
| Housing | 361,554 | 420,687 | 517,836 | 420,516 | 555,226 | 574,719 | 589,416 | 630,696 |
| Health | 267,326 | 179,348 | 198,519 | 189,122 | 189,810 | 189,028 | 202,169 | 216,875 |
| ***Economic and environmental services*** | **1,074,209** | **1,650,412** | **1,223,608** | **1,114,013** | **1,325,029** | **1,082,307** | **1,110,655** | **1,201,109** |
| Planning and development | 640,753 | 1,103,474 | 504,506 | 482,150 | 718,362 | 509,863 | 525,299 | 552,172 |
| Road transport | 168,431 | 431,622 | 586,199 | 475,652 | 446,659 | 405,417 | 404,083 | 455,248 |
| Environmental protection | 265,024 | 115,316 | 132,904 | 156,212 | 160,008 | 167,026 | 181,273 | 193,689 |
| ***Trading services*** | **3,748,229** | **3,703,822** | **4,307,050** | **5,012,969** | **5,125,480** | **5,167,615** | **5,532,122** | **5,828,157** |
| Electricity | 2,654,306 | 2,683,977 | 3,038,264 | 3,444,088 | 3,544,116 | 3,686,463 | 3,973,692 | 4,218,758 |
| Water | 516,328 | 449,036 | 626,083 | 693,203 | 706,089 | 732,067 | 778,481 | 806,402 |
| Waste water management | 392,906 | 376,032 | 442,230 | 563,621 | 564,515 | 532,694 | 550,018 | 561,515 |
| Waste management | 184,689 | 194,777 | 200,472 | 312,057 | 310,760 | 216,392 | 229,930 | 241,482 |
| ***Other*** | **12,532** | **12,241** | **18,759** | **14,274** | **15,524** | **16,391** | **17,565** | **18,824** |
| **Total Expenditure - Standard** | **7,083,719** | **7,436,295** | **8,192,029** | **8,819,839** | **9,321,591** | **9,503,483** | **10,061,073** | **10,639,505** |
| **Surplus/(Deficit) for the year** | **871,867** | **1,126,475** | **771,458** | **1,027,676** | **848,575** | **863,041** | **1,391,509** | **1,725,126** |

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

The 'standard classification' refers to a modified Government Finance Statistics (GFS) reporting structure. The aim of the standard classification approach is to ensure that all municipalities approve a budget in one common format, to facilitate comparison across all municipalities. It should be noted that the revenue by vote as reflected in this table, includes revenue attributable to capital grants.

### Table 11 (Table A3 – Consolidated 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 | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| **Revenue by Vote** | | | | | | | | |
| Vote 1 - Budget and Treasury | 2,121,642 | 2,362,165 | 2,523,856 | 2,452,249 | 2,511,411 | 2,611,556 | 2,809,539 | 3,058,540 |
| Vote 2 - Public Health | 219,044 | 258,714 | 283,326 | 369,305 | 381,687 | 317,525 | 343,397 | 372,028 |
| Vote 3 - Human Settlements | 494,238 | 547,394 | 729,209 | 595,215 | 729,204 | 785,395 | 836,851 | 857,127 |
| Vote 4 - Economic Development, Tourism and Agriculture | 211,517 | 121,283 | 130,165 | 148,508 | 152,684 | 165,376 | 152,430 | 149,440 |
| Vote 5 - Corporate Services | 10,213 | 11,477 | 19,828 | 19,503 | 32,087 | 17,166 | 16,608 | 17,606 |
| Vote 6 - Rate and General Engineers | 423,490 | 532,035 | 297,661 | 454,311 | 287,198 | 116,921 | 425,537 | 479,315 |
| Vote 7 - Water Services | 785,183 | 818,135 | 805,052 | 959,791 | 982,361 | 954,627 | 1,062,251 | 1,197,528 |
| Vote 8 - Sanitation Services | 619,093 | 649,915 | 716,759 | 965,986 | 963,875 | 1,049,935 | 1,142,701 | 1,223,727 |
| Vote 9 - Electricity and Energy | 2,935,789 | 3,051,991 | 3,280,766 | 3,729,081 | 3,750,891 | 3,940,040 | 4,234,851 | 4,558,984 |
| Vote 10 - Executive and Council | 1,610 | 887 | 2,639 | 1,317 | 6,631 | 21,410 | 20,412 | 21,639 |
| Vote 11 - Safety and Security | 48,948 | 79,604 | 60,570 | 33,812 | 247,832 | 266,903 | 285,285 | 304,935 |
| Vote 12 - Nelson Mandela Bay Stadium | 59,887 | 46,902 | 42,112 | 48,500 | 48,500 | 51,410 | 54,495 | 57,764 |
| Vote 13 - Strategic Programmes Directorate | 24,932 | 49,714 | 37,689 | 31,362 | 33,308 | 22,984 | 21,445 | 17,974 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Vote 14 – Sports, Recreation, Arts and Culture | – | 32,554 | 33,856 | 38,573 | 42,499 | 45,275 | 46,780 | 48,022 |
| **Total Revenue by Vote** | **7,955,586** | **8,562,770** | **8,963,488** | **9,847,516** | **10,170,167** | **10,366,524** | **11,452,582** | **12,364,631** |
| | | | | | | | | |
| **Expenditure by Vote *to be appropriated*** | | | | | | | | |
| Vote 1 - Budget and Treasury | 547,070 | 309,679 | 594,493 | 632,490 | 643,369 | 665,987 | 692,768 | 719,815 |
| Vote 2 - Public Health | 693,360 | 483,577 | 531,249 | 680,753 | 681,274 | 592,989 | 635,275 | 675,604 |
| Vote 3 - Human Settlements | 499,669 | 1,183,542 | 679,544 | 566,695 | 698,264 | 734,397 | 759,615 | 812,901 |
| Vote 4 - Economic Development, Tourism and Agriculture | 330,669 | 134,820 | 120,117 | 121,822 | 142,504 | 141,087 | 145,603 | 151,831 |
| Vote 5 - Corporate Services | 278,874 | 311,024 | 360,402 | 385,446 | 392,855 | 373,649 | 395,722 | 420,002 |
| Vote 6 - Rate and General Engineers | 441,426 | 514,012 | 707,740 | 614,648 | 573,470 | 624,164 | 636,323 | 701,059 |
| Vote 7 - Water Services | 523,915 | 441,105 | 626,079 | 693,203 | 706,089 | 732,067 | 778,481 | 806,402 |
| Vote 8 - Sanitation Services | 335,738 | 324,697 | 386,144 | 505,654 | 504,451 | 533,397 | 550,901 | 563,677 |
| Vote 9 - Electricity and Energy | 2,653,923 | 2,684,046 | 3,038,195 | 3,444,088 | 3,544,116 | 3,686,463 | 3,973,693 | 4,218,758 |
| Vote 10 - Executive and Council | 173,044 | 169,153 | 221,218 | 244,414 | 266,522 | 271,554 | 281,516 | 291,521 |
| Vote 11 - Safety and Security | 407,279 | 481,652 | 467,355 | 452,496 | 652,421 | 679,220 | 720,388 | 764,648 |
| Vote 12 - Nelson Mandela Bay Stadium | 173,586 | 159,427 | 157,070 | 167,939 | 187,150 | 115,177 | 117,305 | 119,501 |
| Vote 13 - Strategic Programmes Directorate | 25,165 | 31,718 | 33,483 | 20,986 | 27,928 | 13,588 | 14,595 | 15,547 |
| Vote 14 - Sports, Recreation, Arts and Culture | – | 207,843 | 268,940 | 289,205 | 301,177 | 339,743 | 358,889 | 378,239 |
| **Total Expenditure by Vote** | **7,083,719** | **7,436,295** | **8,192,029** | **8,819,839** | **9,321,591** | **9,503,483** | **10,061,073** | **10,639,505** |
| **Surplus/(Deficit) for the year** | **871,867** | **1,126,475** | **771,458** | **1,027,676** | **848,575** | **863,041** | **1,391,509** | **1,725,126** |

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

1. The purpose of the format in which the budget is presented, is to enable the Council to enforce a vote in accordance with the municipality's organisational structure, so as to assign responsibility for the revenue and expenditure recorded against these votes to the Municipal Manager and Executive Directors concerned. Operating revenue and expenditure is thus presented by 'vote'. A 'vote' is defined as one of the main segments into which a budget of a municipality is divided into, for the appropriation of funds.

### Table 12 (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 | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year 2017/18 | Budget Year 2018/19 |
| **Revenue By Source** | | | | | | | | |
| Property rates | 1,058,523 | 1,205,526 | 1,332,135 | 1,504,945 | 1,570,445 | 1,638,304 | 1,793,987 | 1,964,462 |
| Property rates - penalties & collection charges | | | | | | | | |
| Service charges - electricity revenue | 2,819,710 | 2,873,802 | 3,077,764 | 3,519,222 | 3,519,222 | 3,736,584 | 4,019,844 | 4,324,466 |
| Service charges - water revenue | 430,698 | 505,420 | 519,528 | 639,699 | 639,699 | 612,076 | 688,113 | 774,975 |
| Service charges - sanitation revenue | 273,384 | 308,365 | 323,716 | 436,338 | 451,838 | 478,263 | 521,306 | 568,224 |
| Service charges - refuse revenue | 109,483 | 124,745 | 130,907 | 222,076 | 225,664 | 161,097 | 175,601 | 191,410 |
| Service charges - other | | | | | | | | |
| Rental of facilities and equipment | 16,555 | 19,459 | 17,897 | 23,342 | 23,400 | 23,755 | 25,067 | 27,025 |
| Interest earned - external investments | 68,058 | 83,222 | 83,294 | 70,145 | 82,070 | 92,295 | 96,479 | 100,493 |
| Interest earned - outstanding debtors | 166,835 | 217,637 | 151,050 | 159,327 | 159,307 | 168,865 | 178,997 | 189,737 |
| Dividends received | | | | | – | | | |
| Fines | 28,892 | 61,409 | 39,644 | 11,861 | 226,837 | 242,441 | 259,078 | 276,748 |
| Licences and permits | 10,263 | 9,328 | 9,695 | 11,963 | 11,611 | 13,791 | 14,617 | 15,493 |
| Agency services | 1,909 | 2,095 | 2,246 | 2,428 | 2,428 | 2,574 | 2,728 | 2,892 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Transfers recognised - operational | 1,270,308 | 1,299,430 | 1,481,999 | 1,327,271 | 1,515,365 | 1,385,051 | 1,464,154 | 1,581,172 |
| Other revenue | 805,639 | 824,645 | 1,008,578 | 956,838 | 961,007 | 980,732 | 1,065,565 | 1,132,964 |
| Gains on disposal of PPE | – | – | 830 | | 28 | 30 | 31 | 32 |
| **Total Revenue (excluding capital transfers and contributions)** | **7,060,255** | **7,535,084** | **8,179,284** | **8,885,456** | **9,388,921** | **9,535,857** | **10,305,569** | **11,150,093** |
| | | | | | | | | |
| **Expenditure By Type** | | | | | | | | |
| Employee related costs | 1,724,614 | 1,761,674 | 2,176,075 | 2,289,517 | 2,260,427 | 2,501,615 | 2,702,381 | 2,916,106 |
| Remuneration of councillors | 53,010 | 55,918 | 58,161 | 64,429 | 63,286 | 67,716 | 72,456 | 77,528 |
| Debt impairment | 409,754 | 200,767 | 407,410 | 379,384 | 384,462 | 423,346 | 383,454 | 333,543 |
| Depreciation & asset impairment | 774,430 | 1,437,933 | 901,858 | 873,746 | 1,051,246 | 1,023,933 | 1,022,952 | 1,024,973 |
| Finance charges | 201,167 | 192,488 | 206,793 | 168,361 | 171,096 | 158,019 | 146,944 | 137,710 |
| Bulk purchases | 2,179,993 | 2,251,558 | 2,454,439 | 2,742,169 | 2,805,815 | 2,991,096 | 3,278,310 | 3,541,550 |
| Other materials | 472,823 | 490,120 | 555,643 | 524,729 | 515,143 | 457,648 | 494,368 | 520,447 |
| Contracted services | 373,895 | 288,984 | 323,685 | 333,353 | 463,364 | 525,974 | 549,860 | 578,794 |
| Transfers and grants | 18,783 | 20,048 | 25,691 | 430,509 | 420,244 | 73,469 | 76,228 | 79,153 |
| Other expenditure | 780,410 | 735,532 | 1,081,760 | 1,013,642 | 1,186,509 | 1,280,666 | 1,334,120 | 1,429,702 |
| Loss on disposal of PPE | 94,839 | 1,272 | 513 | | | | | |
| **Total Expenditure** | **7,083,719** | **7,436,295** | **8,192,029** | **8,819,839** | **9,321,591** | **9,503,483** | **10,061,073** | **10,639,505** |
| | | | | | | | | |
| **Surplus/(Deficit)** | **(23,463)** | **98,789** | **(12,746)** | **65,617** | **67,330** | **32,375** | **244,495** | **510,588** |
| Transfers recognised - capital | 895,330 | 1,027,686 | 784,204 | 962,059 | 781,245 | 830,667 | 1,147,014 | 1,214,538 |
| Contributions recognised - capital | – | – | – | – | – | – | – | – |
| Contributed assets | | | | | | | | |
| **Surplus/(Deficit) after capital transfers & contributions** | **871,867** | **1,126,475** | **771,458** | **1,027,676** | **848,575** | **863,041** | **1,391,509** | **1,725,126** |
| Taxation | | | | | | | | |
| **Surplus/(Deficit) after taxation** | **871,867** | **1,126,475** | **771,458** | **1,027,676** | **848,575** | **863,041** | **1,391,509** | **1,725,126** |
| Attributable to minorities | | | | | | | | |
| **Surplus/(Deficit) attributable to municipality** | **871,867** | **1,126,475** | **771,458** | **1,027,676** | **848,575** | **863,041** | **1,391,509** | **1,725,126** |
| Share of surplus/ (deficit) of associate | | | | | | | | |
| **Surplus/(Deficit) for the year** | **871,867** | **1,126,475** | **771,458** | **1,027,676** | **848,575** | **863,041** | **1,391,509** | **1,725,126** |

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

## Revenue

1. The Financial Performance Budget is required to be approved concurrently by revenue source and expenditure type, so as to ensure consistency with annual reporting format requirements. A key aim is to facilitate comparison between the annual results and the original budget, so as to assess performance.

2. Total revenue amounts to R9.52 billion in 2016/17 and increases to R11.13 billion in 2018/19. This represents a year-on-year decrease of 1.56% for the 2016/17 financial year, and increases of 8.07% for the 2017/18 financial year and 8.19% for the 2018/19 financial year, respectively.

3. Revenue from property rates amounts to R1.64 billion in the 2016/17 financial year and increases to R1,96 billion in 2018/19. For the 2016/17 financial year property rates amount to 17.18% of the total revenue base and increases to 17.62% for 2018/19. It remains relatively constant over the medium-term, whilst tariff increases of 9.5% have been provided for 2016/17 and have been kept constant at 9.5% for the two outer years.

4. Services charges relating to electricity, water, sanitation and refuse collection and removal constitute the biggest component of the total revenue base, amounting to R4,99 billion for the 2016/17 financial year and increasing to R5.86 billion in 2018/19. For the 2016/17 financial year services charges amount to 52.31% of the total revenue base and increases to 52.55% for 2018/19.

5. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It is to be noted that the grants decreased by 8.60% for 2016/17 and increased by 7.99% for 2018/19.

## Expenditure

6. Bulk purchases have increased significantly over the 2011/12 to 2016/17 period, increasing from R1.9 billion to R2.99 billion. These increases are mainly attributable to the substantial increases in the cost of bulk electricity from Eskom.

**Table 13 (Table A5 – Consolidated 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 | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| **Capital expenditure - Vote** | | | | | | | | |
| **Multi-year expenditure** ***to be appropriated*** | | | | | | | | |
| Vote 1 - Budget and Treasury | 12,862 | 23,542 | 31,028 | 74,000 | 75,872 | 26,616 | 24,000 | – |
| Vote 2 - Public Health | 15,925 | 48,307 | 66,980 | 38,433 | 60,713 | 37,200 | 37,000 | 42,300 |
| Vote 3 - Human Settlements | 148,096 | 175,634 | 201,395 | 175,108 | 175,108 | 211,100 | 244,997 | 228,500 |
| Vote 4 - Economic Development, Tourism and Agriculture | 30,405 | 12,335 | 97,310 | 60,947 | 91,035 | 76,729 | 52,108 | 43,949 |
| Vote 5 - Corporate Services | 19,001 | 43,480 | 38,139 | 27,050 | 27,050 | 23,400 | 20,100 | 23,850 |
| Vote 6 - Rate and General Engineers | 356,082 | 614,033 | 279,693 | 412,220 | 253,128 | 207,539 | 457,929 | 511,408 |
| Vote 7 - Water Services | 264,805 | 184,996 | 169,668 | 165,003 | 180,349 | 173,551 | 190,250 | 223,750 |
| Vote 8 - Sanitation Services | 168,584 | 228,233 | 263,307 | 267,450 | 247,535 | 303,750 | 331,267 | 338,611 |
| Vote 9 - Electricity and Energy | 126,204 | 201,908 | 202,583 | 218,992 | 233,752 | 217,744 | 221,748 | 219,298 |
| Vote 10 - Executive and Council | 10,069 | 2,236 | 2,376 | 6,850 | 6,850 | 10,137 | 19,492 | 17,832 |
| Vote 11 - Safety and Security | 2,873 | 5,709 | 10,209 | 7,300 | 6,600 | 7,550 | 6,394 | 7,700 |
| Vote 12 - Nelson Mandela Bay Stadium | – | 29,442 | 6,832 | – | 13,168 | – | – | – |
| Vote 13 - Strategic Programmes Directorate | 40,912 | 11,034 | 3,333 | 8,060 | 16,745 | 7,285 | 4,000 | – |
| Vote 14 – Sports, Recreation, Arts and Culture | – | – | 17,860 | 104,500 | 116,900 | 56,000 | 47,500 | 41,000 |
| **Capital multi-year expenditure sub-total** | **1,195,817** | **1,580,888** | **1,390,713** | **1,565,912** | **1,504,804** | **1,358,600** | **1,656,785** | **1,698,197** |
| | | | | | | | | |
| **Single-year expenditure** ***to be appropriated*** | | | | | | | | |
| Vote 1 - Budget and Treasury | – | – | 3,527 | 3,000 | 2,850 | 1,850 | 1,800 | 1,800 |
| Vote 2 - Public Health | – | – | 6,960 | 16,200 | 27,820 | 16,650 | 16,000 | 25,850 |
| Vote 3 - Human Settlements | – | – | – | – | 1,200 | – | – | – |
| Vote 4 - Economic Development, Tourism and Agriculture | – | – | – | – | – | – | – | – |
| Vote 5 - Corporate Services | – | – | 818 | – | – | – | – | 500 |
| Vote 6 - Rate and General Engineers | – | – | 4,426 | 6,380 | 10,680 | 14,250 | 12,750 | 13,750 |
| Vote 7 - Water Services | – | – | 1,181 | 2,500 | 4,054 | 3,000 | 2,500 | 2,500 |
| Vote 8 - Sanitation Services | – | – | 25,765 | 2,500 | 5,515 | 3,000 | 2,000 | 4,000 |
| Vote 9 - Electricity and Energy | – | – | – | 10,800 | 10,600 | 10,500 | 8,000 | 9,500 |
| Vote 10 - Executive and Council | – | – | – | – | – | – | – | – |
| Vote 11 - Safety and Security | – | – | 2,717 | 5,218 | 5,918 | 7,050 | 8,200 | 25,390 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Vote 12 - Nelson Mandela Bay Stadium | – | – | – | – | – | – | – | – |
| Vote 13 - Strategic Programmes Directorate | – | – | – | – | – | – | – | – |
| Vote 14 – Sports, Recreation, Arts and Culture | – | – | – | – | – | 1,500 | 1,500 | 500 |
| **Capital single-year expenditure sub-total** | **–** | **–** | **45,394** | **46,598** | **68,637** | **57,800** | **52,750** | **83,790** |
| **Total Capital Expenditure - Vote** | **1,195,817** | **1,580,888** | **1,436,107** | **1,612,510** | **1,573,441** | **1,416,400** | **1,709,535** | **1,781,987** |
| | | | | | | | | |
| **Capital Expenditure - Standard** | | | | | | | | |
| ***Governance and administration*** | **41,932** | **98,700** | **82,720** | **110,900** | **125,790** | **62,003** | **65,392** | **43,982** |
| Executive and council | 10,069 | 31,678 | 9,208 | 6,850 | 20,018 | 10,137 | 19,492 | 17,832 |
| Budget and treasury office | 12,862 | 23,542 | 34,555 | 77,000 | 78,722 | 28,466 | 25,800 | 1,800 |
| Corporate services | 19,001 | 43,480 | 38,957 | 27,050 | 27,050 | 23,400 | 20,100 | 24,350 |
| ***Community and public safety*** | **159,453** | **194,199** | **233,233** | **294,626** | **308,226** | **285,200** | **309,091** | **303,590** |
| Community and social services | – | 999 | 3,585 | 27,000 | 38,400 | 12,000 | 12,000 | 8,500 |
| Sport and recreation | 7,895 | 11,002 | 14,275 | 77,500 | 78,500 | 45,500 | 37,000 | 33,000 |
| Public safety | 2,872 | 5,709 | 12,926 | 12,518 | 12,518 | 14,600 | 14,594 | 33,090 |
| Housing | 148,096 | 175,634 | 201,395 | 175,108 | 176,308 | 211,100 | 244,997 | 228,500 |
| Health | 590 | 856 | 1,052 | 2,500 | 2,500 | 2,000 | 500 | 500 |
| ***Economic and environmental services*** | **431,398** | **657,627** | **448,009** | **522,539** | **411,520** | **340,152** | **560,287** | **615,257** |
| Planning and development | 63,343 | 11,368 | 100,643 | 69,007 | 107,780 | 84,014 | 56,108 | 43,949 |
| Road transport | 356,162 | 614,033 | 284,119 | 418,600 | 263,808 | 221,789 | 470,679 | 525,158 |
| Environmental protection | 11,893 | 32,225 | 63,247 | 34,933 | 39,933 | 34,350 | 33,500 | 46,150 |
| ***Trading services*** | **563,035** | **630,362** | **672,145** | **684,446** | **727,906** | **729,045** | **774,764** | **819,158** |
| Electricity | 126,204 | 201,908 | 228,348 | 229,792 | 244,352 | 228,244 | 229,748 | 228,798 |
| Water | 264,805 | 184,996 | 170,850 | 167,503 | 184,403 | 176,551 | 192,750 | 226,250 |
| Waste water management | 168,584 | 228,233 | 263,307 | 269,950 | 253,050 | 306,750 | 333,267 | 342,611 |
| Waste management | 3,442 | 15,225 | 9,640 | 17,200 | 46,100 | 17,500 | 19,000 | 21,500 |
| ***Other*** | | | **–** | | **–** | | | |
| **Total Capital Expenditure - Standard** | **1,195,817** | **1,580,888** | **1,436,107** | **1,612,510** | **1,573,441** | **1,416,400** | **1,709,535** | **1,781,987** |
| | | | | | | | | |
| **Funded by:** | | | | | | | | |
| National Government | 895,330 | 1,012,405 | 781,938 | 941,157 | 760,343 | 794,191 | 1,120,081 | 1,194,207 |
| Provincial Government | | | – | | – | | | |
| District Municipality | | | – | | – | | | |
| Other transfers and grants | | 14,048 | 2,266 | 20,903 | 39,348 | 36,475 | 26,932 | 20,332 |
| **Transfers recognised - capital** | **895,330** | **1,026,454** | **784,204** | **962,059** | **799,691** | **830,667** | **1,147,014** | **1,214,538** |
| **Public contributions & donations** | 4,410 | 31,987 | 56,854 | 53,000 | 53,000 | 53,000 | 53,000 | 53,000 |
| **Borrowing** | | | – | | – | – | – | – |
| **Internally generated funds** | 296,077 | 522,447 | 595,049 | 597,451 | 720,751 | 532,733 | 509,521 | 514,449 |
| **Total Capital Funding** | **1,195,817** | **1,580,888** | **1,436,107** | **1,612,510** | **1,573,441** | **1,416,400** | **1,709,535** | **1,781,987** |

## 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; 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 capital programme is funded from capital and provincial grants and transfers, public contributions and donations, and internally generated funds. For 2016/17, capital transfers totals R830.67 million (58.65%) and amounts to R1.21 billion for 2018/19 (68.16%). Internally generated funding amounts to R532.73 million, R509.52 million and R514.44 million for each of the respective financial years of the MTREF. The source of the internally generated funding mainly comprises the fuel levy and the equitable share allocation. These funding sources are further discussed in detail in Section 2.6 (Overview of Budget Funding).

## Table 14 (Table A6 – Consolidated Budgeted Financial Position)

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year 2017/18 | Budget Year +2 2018/19 |
| **ASSETS** | | | | | | | | |
| **Current assets** | | | | | | | | |
| Cash | 335,503 | 186,617 | 193,277 | 200,150 | 200,150 | 200,200 | 200,250 | 200,300 |
| Call investment deposits | 1,247,260 | 1,421,480 | 1,252,259 | 994,725 | 1,158,606 | 1,325,729 | 2,046,660 | 2,797,348 |
| Consumer debtors | 611,367 | 1,036,315 | 1,142,034 | 1,174,058 | 1,029,774 | 1,091,560 | 1,157,054 | 1,226,477 |
| Other debtors | 345,029 | 440,414 | 524,913 | 395,588 | 498,721 | 533,541 | 570,889 | 610,851 |
| Current portion of long-term receivables | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Inventory | 105,956 | 104,274 | 124,216 | 115,540 | 126,000 | 128,000 | 130,000 | 132,000 |
| **Total current assets** | **2,645,116** | **3,189,100** | **3,236,700** | **2,880,061** | **3,013,252** | **3,279,030** | **4,104,853** | **4,966,977** |
| | | | | | | | | |
| **Non current assets** | | | | | | | | |
| Long-term receivables | 31,911 | 12,091 | 18,299 | 12,091 | 18,299 | 20,299 | 22,299 | 24,299 |
| Investments | (488) | | – | | – | | | |
| Investment property | 199,262 | 199,439 | 198,169 | 199,262 | 198,169 | 198,169 | 198,169 | 198,169 |
| Investment in Associate | | | | | – | | | |
| Property, plant and equipment | 12,747,056 | 13,082,109 | 13,671,014 | 14,178,812 | 14,411,368 | 14,663,256 | 15,350,388 | 15,937,597 |
| Agricultural | | | | | – | | | |
| Biological | | | | | – | | | |
| Intangible | 207,022 | 167,213 | 144,499 | 240,663 | 172,321 | 175,031 | 162,253 | 137,113 |
| Other non-current assets | | – | – | | – | | | |
| **Total non current assets** | **13,184,762** | **13,460,852** | **14,031,981** | **14,630,829** | **14,800,158** | **15,056,755** | **15,733,109** | **16,297,177** |
| **TOTAL ASSETS** | **15,829,878** | **16,649,953** | **17,268,681** | **17,510,890** | **17,813,409** | **18,335,785** | **19,837,962** | **21,264,154** |
| | | | | | | | | |
| **LIABILITIES** | | | | | | | | |
| **Current liabilities** | | | | | | | | |
| Bank overdraft | | | | | | | | |
| Borrowing | 105,569 | 113,978 | 106,793 | 93,920 | 93,920 | 86,409 | 79,760 | 89,149 |
| Consumer deposits | 93,159 | 100,348 | 111,852 | 100,348 | 116,872 | 118,872 | 120,872 | 122,872 |
| Trade and other payables | 1,871,006 | 1,920,418 | 1,788,963 | 2,097,522 | 2,062,430 | 2,044,465 | 2,250,846 | 2,387,314 |
| Provisions | 254,223 | 160,734 | 158,526 | 180,478 | 168,645 | 178,857 | 190,303 | 202,485 |
| **Total current liabilities** | **2,323,957** | **2,295,477** | **2,166,135** | **2,472,268** | **2,441,867** | **2,428,604** | **2,641,782** | **2,801,820** |
| | | | | | | | | |
| **Non current liabilities** | | | | | | | | |
| Borrowing | 1,718,351 | 1,579,062 | 1,472,471 | 1,318,032 | 1,318,032 | 1,231,623 | 1,151,863 | 1,062,714 |
| Provisions | 1,716,680 | 1,615,915 | 1,699,118 | 1,812,131 | 1,812,131 | 1,920,859 | 2,036,111 | 2,158,277 |
| **Total non current liabilities** | **3,435,031** | **3,194,977** | **3,171,589** | **3,130,164** | **3,130,164** | **3,152,482** | **3,187,973** | **3,220,991** |
| **TOTAL LIABILITIES** | **5,758,988** | **5,490,454** | **5,337,724** | **5,602,432** | **5,572,030** | **5,581,086** | **5,829,755** | **6,022,811** |
| | | | | | | | | |
| **NET ASSETS** | **10,070,890** | **11,159,498** | **11,930,957** | **11,908,458** | **12,241,379** | **12,754,699** | **14,008,207** | **15,241,343** |
| | | | | | | | | |
| **COMMUNITY WEALTH/EQUITY** | | | | | | | | |
| Accumulated Surplus/(Deficit) | 9,843,027 | 10,712,047 | 11,608,633 | 11,854,806 | 12,010,424 | 12,521,745 | 13,773,253 | 15,004,389 |
| Reserves | 227,863 | 447,451 | 322,324 | 53,652 | 230,955 | 232,954 | 234,954 | 236,954 |
| | | | | | | | | |
| **TOTAL COMMUNITY WEALTH/EQUITY** | **10,070,890** | **11,159,498** | **11,930,957** | **11,908,458** | **12,241,379** | **12,754,699** | **14,008,207** | **15,241,343** |

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

1. The table presents Assets less Liabilities as Community Wealth. The order of items within each group is also aligned to the convention of showing items in order of liquidity; i.e. assets readily converted to cash or liabilities immediately required to be met from cash appear first.

2. Any movement on the Budgeted Financial Performance or the Capital Budget will invariably impact on the Budgeted Financial Position. For example, the collection rate assumption will impact on the cash position of the municipality and consequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption informs the budget provision for debt impairment, which in turn impacts on the provision for bad debts. 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 directly informed by forecasting the statement of financial position.

**Table 15 (Table A7 – Consolidated Budget cash flow statement)**

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | 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 | 987,192 | 1,079,793 | 1,209,351 | 1,335,680 | 1,406,313 | 1,540,006 | 1,704,287 | 1,885,884 |
| Service charges | 3,484,912 | 3,629,747 | 3,767,086 | 4,228,898 | 4,247,426 | 4,688,738 | 5,134,622 | 5,624,712 |
| Other revenue | 469,621 | 478,576 | 1,127,901 | 983,348 | 1,009,817 | 1,056,063 | 1,140,387 | 1,216,244 |
| Government - operating | 1,299,677 | 1,504,855 | 1,173,071 | 1,355,719 | 1,454,915 | 1,391,004 | 1,468,027 | 1,592,202 |
| Government - capital | 895,330 | 920,097 | 999,637 | 1,093,822 | 887,694 | 940,707 | 1,305,854 | 1,383,874 |
| Interest | 67,639 | 284,512 | 222,532 | 70,045 | 82,070 | 91,495 | 95,279 | 98,793 |
| Dividends | | | 220 | | – | – | – | – |
| **Payments** | | | | | | | | |
| Suppliers and employees | (5,270,485) | (5,859,331) | (6,882,544) | (6,889,818) | (7,158,440) | (7,756,281) | (8,382,204) | (9,017,898) |
| Finance charges | (205,109) | (192,715) | (208,860) | (168,361) | (170,896) | (158,019) | (146,944) | (137,710) |
| Transfers and Grants | (15,118) | (22,372) | (23,392) | (27,993) | (33,015) | (73,469) | (76,228) | (79,153) |
| **NET CASH FROM/(USED) OPERATING ACTIVITIES** | **1,713,660** | **1,823,162** | **1,385,002** | **1,981,340** | **1,725,884** | **1,720,244** | **2,243,081** | **2,566,947** |
| | | | | | | | | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | | | | |
| **Receipts** | | | | | | | | |
| Proceeds on disposal of PPE | | | | | | – | – | – |
| Decrease (Increase) in non-current debtors | | | | | (6,208) | – | – | – |
| Decrease (increase) other non-current receivables | 9,779 | | | | | (2,000) | (2,000) | (2,000) |
| Decrease (increase) in non-current investments | | | | | | – | – | – |
| **Payments** | | | | | | | | |
| Capital assets | (1,268,937) | (1,681,359) | (1,435,786) | (1,596,933) | (1,718,889) | (1,459,151) | (1,435,690) | (1,736,448) |
| **NET CASH FROM/(USED) INVESTING ACTIVITIES** | **(1,259,158)** | **(1,681,359)** | **(1,435,786)** | **(1,596,933)** | **(1,725,096)** | **(1,461,151)** | **(1,437,690)** | **(1,736,448)** |
| | | | | | | | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | | | | |
| **Receipts** | | | | | | | | |
| Short term loans | | | | | | – | – | – |
| Borrowing long term/refinancing | | | | | | – | – | – |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Increase (decrease) in consumer deposits | 7,995 | | | | 16,524 | 2,000 | 2,000 | 2,000 |
| **Payments** | | | | | | | | |
| Repayment of borrowing | (96,595) | (114,587) | (111,777) | (104,093) | (104,093) | (93,920) | (86,409) | (79,760) |
| **NET CASH FROM/(USED) FINANCING ACTIVITIES** | **(88,600)** | **(114,587)** | **(111,777)** | **(104,093)** | **(87,568)** | **(91,920)** | **(84,409)** | **(77,760)** |
| | | | | | | | | |
| **NET INCREASE/ (DECREASE) IN CASH HELD** | **365,902** | **27,216** | **(162,561)** | **280,314** | **(86,780)** | **167,173** | **720,981** | **750,738** |
| Cash/cash equivalents at the year begin: | **1,214,979** | **1,580,882** | **1,608,097** | **914,561** | **1,445,536** | **1,358,756** | **1,525,929** | **2,246,910** |
| Cash/cash equivalents at the year end: | **1,580,882** | **1,608,097** | **1,445,536** | **1,194,875** | **1,358,756** | **1,525,929** | **2,246,910** | **2,997,648** |

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

1. The budgeted cash flow statement represents the first measurement in determining whether the budget is funded.

2. It reflects the expected cash in-flows versus cash outflows that is likely to result from the implementation of the budget.

3. The cash position of the Municipality increased significantly over the 2011/12 to 2014/15 period, from R1.16 billion to R1.61 billion. The budgeted projection for the 2015/16 Financial Year indicates pressure and risk to the cash flow of the municipality. It is however anticipated at risk that the cash flow position of the municipality will improve over the 2016/17 MTREF depending on at least achieving debtors collection rates of revenue of 94%, 95% and 96% for the 2016/17, 2017/18 and 2018/19 financial years respectively.

4. The 2016/17 MTREF has been informed by the planning principle of striving to ensure adequate cash reserves over the medium-term.

5. Cash and cash equivalents amounts to R1.36 billion as at the end of the 2015/16 financial year and increases to R2.998 billion in 2018/19.

**Table 16 (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 | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | 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 | 1,580,882 | 1,608,097 | 1,445,536 | 1,194,875 | 1,358,756 | 1,525,929 | 2,246,910 | 2,997,648 |
| Other current investments > 90 days | 1,882 | – | – | (0) | – | – | – | – |
| Non current assets - Investments | (488) | – | – | – | – | – | – | – |
| **Cash and investments available:** | **1,582,276** | **1,608,097** | **1,445,536** | **1,194,875** | **1,358,756** | **1,525,929** | **2,246,910** | **2,997,648** |
| | | | | | | | | |
| **Application of cash and investments** | | | | | | | | |
| Unspent conditional transfers | 364,675 | 260,756 | 171,309 | 270,075 | 347,716 | 226,868 | 324,194 | 345,062 |
| Unspent borrowing | – | – | – | – | – | – | – | – |
| Statutory requirements | | | | | | | | |
| Other working capital requirements | 652,777 | 404,194 | 62,073 | 444,295 | 391,835 | 330,167 | 329,643 | 326,426 |
| Other provisions | | | | 212,008 | 212,008 | 496,485 | 526,989 | 559,372 |
| Long term investments committed | – | – | – | – | – | – | – | – |
| Reserves to be backed by cash/investments | 227,863 | | | 53,652 | 230,955 | 232,954 | 534,954 | 736,954 |
| **Total Application of cash and investments:** | **1,245,315** | **664,951** | **233,381** | **980,031** | **1,182,514** | **1,286,474** | **1,715,779** | **1,967,813** |
| **Surplus(shortfall)** | **336,961** | **943,146** | **1,212,155** | **214,844** | **176,242** | **239,455** | **531,131** | **1,029,835** |

**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. The table assesses 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. As part of the budgeting and planning guidelines that informed the compilation of the 2015/16 MTREF, the end objective of the medium-term framework was to ensure the budget is funded as required in accordance with section 18 of the MFMA.

4. It is to be noted that the budget moves from a funding surplus of R239.45 million in 2016/17 to a surplus of R1.03 billion in 2018/19.

5. Provisions to be cash backed incorporate all current provisions as well as the provision for the rehabilitation of landfill sites.

6. Reserves to be cash backed incorporate the Housing revolving Fund, COIDA, Self Insurance Fund and the Capital Replacement Reserve. Amounts of R300 million and R500 million has been provided for the 2017/18 and 2018/19 financial years respectively.

**Table 17 (Table A9 - Asset Management)**

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| **CAPITAL EXPENDITURE** | | | | | | | | |
| **Total New Assets** | **587,029** | **931,838** | **678,736** | **859,952** | **803,508** | **622,139** | **836,374** | **861,933** |
| *Infrastructure - Road transport* | 122,457 | 560,697 | 146,622 | 282,670 | 136,186 | 105,589 | 357,229 | 397,158 |
| *Infrastructure - Electricity* | 40,468 | 38,215 | 57,916 | 63,140 | 83,700 | 45,202 | 55,088 | 55,588 |
| *Infrastructure - Water* | 203,869 | 63,339 | 61,476 | 83,103 | 95,103 | 53,000 | 34,000 | 36,250 |
| *Infrastructure - Sanitation* | – | – | – | – | – | – | – | – |
| *Infrastructure - Other* | 147,782 | 179,556 | 205,303 | 172,678 | 175,978 | 245,312 | 243,002 | 229,698 |
| Infrastructure | *514,577* | *841,807* | *471,317* | *601,591* | *490,967* | *449,103* | *689,319* | *718,694* |
| Community | 44,903 | 19,932 | 128,163 | 100,963 | 120,177 | 68,961 | 46,788 | 33,500 |
| Heritage assets | – | – | – | – | – | 13,575 | 5,000 | 3,849 |
| Investment properties | – | – | – | – | – | – | – | – |
| Other assets | 9,147 | 47,876 | 49,693 | 80,298 | 115,138 | 64,300 | 71,167 | 103,340 |
| Agricultural Assets | – | – | – | – | – | – | – | – |
| Biological assets | – | – | – | – | – | – | – | – |
| Intangibles | 18,401 | 22,223 | 29,563 | 77,100 | 77,226 | 26,200 | 24,100 | 2,550 |
| | | | | | | | | |
| **Total Renewal of Existing Assets** | **608,788** | **649,050** | **757,371** | **752,558** | **769,934** | **794,261** | **873,160** | **920,054** |
| *Infrastructure - Road transport* | 225,405 | 44,148 | 117,317 | 125,800 | 121,962 | 99,700 | 104,200 | 99,750 |
| *Infrastructure - Electricity* | 82,270 | 132,928 | 148,094 | 145,852 | 141,052 | 150,042 | 150,160 | 147,710 |
| *Infrastructure - Water* | 57,568 | 117,255 | 106,350 | 76,900 | 83,553 | 107,000 | 151,050 | 180,100 |
| *Infrastructure - Sanitation* | 166,478 | 218,543 | 263,189 | 264,450 | 247,450 | 300,750 | 327,267 | 335,611 |
| *Infrastructure - Other* | 22,972 | 18,148 | 14,197 | 23,126 | 34,793 | 17,053 | 26,840 | 50,333 |
| Infrastructure | *554,692* | *531,022* | *649,147* | *636,128* | *628,810* | *674,545* | *759,517* | *813,504* |
| Community | 17,074 | 49,524 | 42,463 | 34,583 | 38,965 | 51,000 | 53,650 | 49,500 |
| Heritage assets | – | – | – | 7,000 | 23,881 | – | 5,000 | – |
| Investment properties | – | – | – | – | 3,080 | – | – | – |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Other assets | 31,710 | 58,148 | 62,553 | 63,348 | 63,898 | 52,216 | 47,994 | 46,550 |
| Agricultural Assets | – | – | – | – | – | – | – | – |
| Biological assets | – | – | – | – | – | – | – | – |
| Intangibles | 5,312 | 10,356 | 3,209 | 11,500 | 11,300 | 16,500 | 6,000 | 6,500 |
| | | | | | | | | |
| **Total Capital Expenditure** | | | | | | | | |
| *Infrastructure - Road transport* | 347,862 | 604,845 | 263,939 | 408,470 | 258,147 | 205,289 | 461,429 | 496,908 |
| *Infrastructure - Electricity* | 122,738 | 171,144 | 206,010 | 208,992 | 224,752 | 195,244 | 205,248 | 203,298 |
| *Infrastructure - Water* | 261,437 | 180,594 | 167,826 | 160,003 | 178,656 | 160,000 | 185,050 | 216,350 |
| *Infrastructure - Sanitation* | 166,478 | 218,543 | 263,189 | 264,450 | 247,450 | 300,750 | 327,267 | 335,611 |
| *Infrastructure - Other* | 170,754 | 197,703 | 219,500 | 195,803 | 210,771 | 262,366 | 269,842 | 280,032 |
| Infrastructure | *1,069,269* | *1,372,829* | *1,120,464* | *1,237,719* | *1,119,776* | *1,123,648* | *1,448,835* | *1,532,198* |
| Community | 61,977 | 69,456 | 170,626 | 135,545 | 159,142 | 119,961 | 100,438 | 87,000 |
| Heritage assets | – | – | – | 7,000 | 23,881 | 13,575 | 10,000 | 3,849 |
| Investment properties | – | – | – | – | 3,080 | – | – | – |
| Other assets | 40,858 | 106,023 | 112,246 | 143,646 | 179,036 | 116,516 | 120,161 | 149,890 |
| Agricultural Assets | – | – | – | – | – | – | – | – |
| Biological assets | – | – | – | – | – | – | – | – |
| Intangibles | 23,713 | 32,580 | 32,772 | 88,600 | 88,526 | 42,700 | 30,100 | 9,050 |
| **TOTAL CAPITAL EXPENDITURE - Asset class** | **1,195,817** | **1,580,888** | **1,436,107** | **1,612,510** | **1,573,441** | **1,416,400** | **1,709,535** | **1,781,987** |
| | | | | | | | | |
| **ASSET REGISTER SUMMARY - PPE (WDV)** | | | | | | | | |
| *Infrastructure - Road transport* | 3,151,916 | 3,543,793 | 3,591,393 | 3,179,916 | 3,574,844 | 3,539,391 | 3,740,862 | 3,953,680 |
| *Infrastructure - Electricity* | 1,506,836 | 1,594,701 | 1,658,746 | 1,804,662 | 1,786,880 | 1,863,497 | 1,944,900 | 2,038,636 |
| *Infrastructure - Water* | 1,531,624 | 1,797,787 | 2,051,133 | 1,677,766 | 2,100,204 | 2,133,754 | 2,189,618 | 2,264,672 |
| *Infrastructure - Sanitation* | 973,237 | 1,120,310 | 1,300,786 | 1,489,501 | 1,449,524 | 1,626,843 | 1,833,408 | 2,045,686 |
| *Infrastructure - Other* | 2,225,658 | 1,672,151 | 1,751,005 | 2,621,022 | 2,009,372 | 2,257,173 | 2,512,451 | 2,777,728 |
| Infrastructure | *9,389,271* | *9,728,742* | *10,353,064* | *10,772,867* | *10,920,823* | *11,420,659* | *12,220,739* | *13,080,402* |
| Community | 2,642,681 | 2,638,179 | 2,599,146 | 2,554,049 | 2,612,089 | 2,631,199 | 2,585,878 | 2,542,171 |
| Heritage assets | 197,423 | 203,660 | 205,362 | 196,703 | 204,931 | 218,327 | 214,571 | 208,240 |
| Investment properties | 199,262 | 199,439 | 198,169 | 199,262 | 198,169 | 198,169 | 198,169 | 198,169 |
| Other assets | 517,682 | 511,557 | 513,443 | 655,193 | 673,525 | 393,071 | 323,200 | 106,783 |
| Agricultural Assets | – | – | – | – | – | – | – | – |
| Biological assets | – | – | – | – | – | – | – | – |
| Intangibles | 207,022 | 167,213 | 144,499 | 240,663 | 172,321 | 175,031 | 162,253 | 137,113 |
| **TOTAL ASSET REGISTER SUMMARY - PPE (WDV)** | **13,153,340** | **13,448,790** | **14,013,682** | **14,618,738** | **14,781,859** | **15,036,455** | **15,710,810** | **16,272,878** |
| | | | | | | | | |
| **EXPENDITURE OTHER ITEMS** | | | | | | | | |
| **Depreciation & asset impairment** | 774,430 | 1,437,933 | 901,858 | 873,746 | 1,051,246 | 1,023,933 | 1,022,952 | 1,024,973 |
| **Repairs and Maintenance by Asset Class** | 472,823 | 490,120 | 555,643 | 524,729 | 515,143 | 457,648 | 494,368 | 520,447 |
| *Infrastructure - Road transport* | 65,924 | 120,057 | 120,640 | 83,270 | 84,275 | 64,572 | 71,095 | 65,979 |
| *Infrastructure - Electricity* | 40,431 | 42,813 | 45,200 | 54,923 | 54,070 | 56,409 | 61,414 | 66,218 |
| *Infrastructure - Water* | 126,349 | 106,758 | 150,517 | 126,176 | 128,761 | 105,960 | 114,690 | 123,724 |
| *Infrastructure - Sanitation* | 139,770 | 120,412 | 126,406 | 127,739 | 126,943 | 112,616 | 120,595 | 129,250 |
| *Infrastructure - Other* | 4,600 | 5,948 | 8,122 | 12,169 | 13,848 | 11,489 | 12,409 | 13,383 |
| Infrastructure | *377,073* | *395,988* | *450,884* | *404,276* | *407,897* | *351,046* | *380,204* | *398,554* |
| Community | 38,196 | 33,850 | 46,186 | 60,309 | 51,445 | 61,226 | 65,235 | 69,130 |
| Heritage assets | – | – | – | – | – | – | – | – |
| Investment properties | – | – | 174 | – | – | – | – | – |
| Other assets | 57,554 | 60,283 | 58,399 | 60,143 | 55,802 | 45,376 | 48,930 | 52,763 |
| **TOTAL EXPENDITURE OTHER ITEMS** | **1,247,253** | **1,928,054** | **1,457,501** | **1,398,476** | **1,566,390** | **1,481,581** | **1,517,320** | **1,545,420** |
| | | | | | | | | |
| ***Renewal of Existing Assets as % of total capex*** | *50.9%* | *41.1%* | *52.7%* | *46.7%* | *48.9%* | *56.1%* | *51.1%* | *51.6%* |
| ***Renewal of Existing Assets as % of depreciation"*** | *78.6%* | *45.1%* | *84.0%* | *86.1%* | *73.2%* | *77.6%* | *85.4%* | *89.8%* |
| ***R&M as a % of PPE*** | *3.7%* | *3.7%* | *4.1%* | *3.7%* | *3.6%* | *3.1%* | *3.2%* | *3.3%* |
| ***Renewal and R&M as a % of PPE*** | *8.0%* | *8.0%* | *9.0%* | *9.0%* | *9.0%* | *8.0%* | *9.0%* | *9.0%* |

## Explanatory notes to Table A9 - Asset Management

1. The table provides a summarised version of the capital programme divided into new assets and renewal of existing assets; and also reflects the relevant asset categories. The associated repairs and maintenance and depreciation is also reflected.

   It also provides an indication of the resources deployed for maintaining and renewing existing assets, as well as the extent of asset expansion.

2. National Treasury has suggested that municipalities should allocate at least 40% of their capital budget to the renewal/rehabilitation of existing assets, and allocations to repairs and maintenance should be 8% of PPE. In this regard the expenditure relating to the renewal/rehabilitation of existing assets amounts to 56.1% of the capital budget, whilst repairs and maintenance constitute 3.1% of PPE.

**Table 18 (Table A10 – Consolidated 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 | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| **Household service targets** | | | | | | | | |
| ***Water:*** | | | | | | | | |
| Piped water inside dwelling | 268,545 | 276,850 | 294,090 | 323,499 | 323,499 | 323,499 | 323,499 | 323,499 |
| Piped water inside yard (but not in dwelling) | – | – | – | – | – | – | – | – |
| Using public tap (at least min.service level) | 29,296 | 30,202 | 30,202 | 33,222 | 33,222 | 33,222 | 33,222 | 33,222 |
| Other water supply (at least min.service level) | – | – | – | – | – | – | – | – |
| *Minimum Service Level and Above sub-total* | 297,841 | 307,052 | 324,292 | 356,721 | 356,721 | 356,721 | 356,721 | 356,721 |
| Using public tap (< min.service level) | – | – | – | – | – | – | – | – |
| Other water supply (< min.service level) | – | – | – | – | – | – | – | – |
| No water supply | – | – | – | – | – | – | – | – |
| *Below Minimum Service Level sub-total* | – | – | – | – | – | – | – | – |
| **Total number of households** | **297,841** | **307,052** | **324,292** | **356,721** | **356,721** | **356,721** | **356,721** | **356,721** |
| ***Sanitation/sewerage:*** | | | | | | | | |
| Flush toilet (connected to sewerage) | 266,527 | 274,690 | 290,710 | 319,781 | 319,781 | 319,781 | 319,781 | 319,781 |
| Flush toilet (with septic tank) | 3,060 | 2,160 | 3,060 | 3,366 | 3,366 | 3,366 | 3,366 | 3,366 |
| Chemical toilet | – | – | – | 204 | 204 | 204 | 204 | 204 |
| Pit toilet (ventilated) | – | – | – | 149 | 149 | 149 | 149 | 149 |
| Other toilet provisions (> min.service level) | – | – | – | – | – | – | – | – |
| *Minimum Service Level and Above sub-total* | 269,587 | 276,850 | 293,770 | 323,499 | 323,499 | 323,499 | 323,499 | 323,499 |
| Bucket toilet | 29,296 | 30,202 | 30,202 | 22,413 | 22,413 | 22,413 | 22,413 | 22,413 |
| Other toilet provisions (< min.service level) | – | 17,240 | – | – | – | – | – | – |
| No toilet provisions | – | – | – | – | – | – | – | – |
| *Below Minimum Service Level sub-total* | 29,296 | 47,442 | 30,202 | 22,413 | 22,413 | 22,413 | 22,413 | 22,413 |
| **Total number of households** | **298,883** | **324,292** | **323,972** | **345,912** | **345,912** | **345,912** | **345,912** | **345,912** |
| ***Energy:*** | | | | | | | | |
| Electricity (at least min.service level) | 28,813 | 27,926 | 26,748 | 26,891 | 26,400 | 26,891 | 26,400 | 26,400 |
| Electricity - prepaid (min.service level) | 283,637 | 235,303 | 248,905 | 290,272 | 254,226 | 290,272 | 254,226 | 254,226 |
| *Minimum Service Level and Above sub-total* | 312,450 | 263,229 | 275,653 | 317,163 | 280,626 | 317,163 | 280,626 | 280,626 |
| Electricity (< min.service level) | – | – | – | – | – | – | – | – |
| Electricity - prepaid (< min. service level) | – | – | – | – | – | – | – | – |
| Other energy sources | – | – | – | – | – | – | – | – |
| *Below Minimum Service Level sub-total* | – | – | – | – | – | – | – | – |
| **Total number of households** | **312,450** | **263,229** | **275,653** | **317,163** | **280,626** | **317,163** | **280,626** | **280,626** |
| ***Refuse:*** | | | | | | | | |
| Removed at least once a week | 131,980 | 168,429 | 168,430 | 216,382 | 208,011 | 216,382 | 208,011 | 263,478 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| *Minimum Service Level and Above sub-total* | 131,980 | 168,429 | 168,430 | 216,382 | 208,011 | 216,382 | 208,011 | 263,478 |
| Removed less frequently than once a week | 139,082 | 133,308 | 133,308 | 85,356 | 94,399 | 85,356 | 94,399 | 38,932 |
| Using communal refuse dump | 17,546 | 15,662 | 15,559 | 15,558 | 15,765 | 15,558 | 15,765 | 15,765 |
| Using own refuse dump | – | – | – | – | – | – | – | – |
| Other rubbish disposal | – | 6,852 | 6,852 | 6,852 | 6,852 | 6,852 | 6,852 | 6,852 |
| No rubbish disposal | 392 | 40 | 143 | 143 | 853 | 143 | 853 | 853 |
| *Below Minimum Service Level sub-total* | 157,020 | 155,862 | 155,862 | 107,909 | 117,869 | 107,909 | 117,869 | 62,402 |
| **Total number of households** | **289,000** | **324,291** | **324,292** | **324,291** | **325,880** | **324,291** | **325,880** | **325,880** |
| | | | | | | | | |
| **Households receiving Free Basic Service** | | | | | | | | |
| Water (6 kilolitres per household per month) | 71,500 | 73,058 | 76,272 | 75,071 | 75,071 | 75,071 | 75,071 | 75,071 |
| Sanitation (free minimum level service) | 71,740 | 73,433 | 76,272 | 75,309 | 75,309 | 75,309 | 75,309 | 75,309 |
| Electricity/other energy (50kwh per household per month) | 62,831 | 64,854 | 67,214 | 64,747 | 64,747 | 64,747 | 64,747 | 64,747 |
| Refuse (removed at least once a week) | 65,648 | 65,878 | 67,214 | 66,898 | 66,898 | 66,898 | 66,898 | 66,898 |
| | | | | | | | | |
| **Cost of Free Basic Services provided - Formal Settlements (R'000)** | | | | | | | | |
| Water (6 kilolitres per **indigent** household per month) | 42,500 | 51,172 | 64,530 | 58,762 | 58,762 | 58,762 | 58,762 | 58,762 |
| Sanitation (free sanitation service to **indigent households**) | 78,606 | 59,884 | 93,064 | 115,302 | 115,302 | 115,302 | 115,302 | 115,302 |
| Electricity/other energy (50kwh per **indigent** household per month) | 29,067 | 24,744 | 26,926 | 30,519 | 30,935 | 30,519 | 30,935 | 30,935 |
| Refuse (removed once a week **for indigent households**) | 48,044 | 55,150 | 70,741 | 78,453 | 78,453 | 78,453 | 78,453 | 78,453 |
| **Cost of Free Basic Services provided - Informal Formal Settlements (R'000)** | – | – | – | – | – | – | – | – |
| **Total cost of FBS provided** | **198,216** | **190,950** | **255,261** | **283,037** | **283,452** | **283,037** | **283,452** | **283,452** |
| | | | | | | | | |
| **Highest level of free service provided per household** | | | | | | | | |
| Property rates (R value threshold) | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 |
| Water (kilolitres per household per month) | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Sanitation (kilolitres per household per month) | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Sanitation (Rand per household per month) | 59 | 66 | 74 | 83 | 83 | 83 | 83 | 83 |
| Electricity (kwh per household per month) | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 |
| Refuse (average litres per week) | 240 | 240 | 240 | 240 | 240 | 240 | 240 | 240 |
| **Revenue cost of subsidised services provided (R'000)** | | | | | | | | |
| Property rates **(tariff adjustment)** ( **impermissable values per section 17 of MPRA**) | – | – | – | 31,937 | 31,937 | 31,937 | 31,937 | 31,937 |
| Property rates exemptions, reductions and rebates **and impermissable values in excess of section 17 of MPRA)** | 106,735 | 139,117 | 142,171 | 186,304 | 206,304 | 186,304 | 206,304 | 206,304 |
| Water **(in excess of 6 kilolitres per indigent household per month)** | 14,167 | 17,057 | 21,510 | 19,587 | 19,587 | 19,587 | 19,587 | 19,587 |
| Sanitation **(in excess of free sanitation service to indigent households)** | – | – | – | – | – | – | – | – |
| Electricity/other energy **(in excess of 50 kwh per indigent household per month)** | 14,534 | 12,372 | 13,463 | 15,260 | 15,467 | 15,260 | 15,467 | 15,467 |
| Refuse **(in excess of one removal a week for indigent households)** | – | – | – | – | – | – | – | – |
| Municipal Housing - rental rebates | | | | | | | | |
| Housing - top structure subsidies | | | | | | | | |
| Other | | | | | | | | |
| **Total revenue cost of subsidised services provided** | **135,435** | **168,547** | **177,144** | **253,089** | **273,296** | **253,089** | **273,296** | **273,296** |

## Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

## 1.8 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY

The ten main budget tables, as required in terms of the Municipal Budget and Reporting Regulations, are included in this section. These tables set out the Municipality's and the Entity's 2015/16 budget and MTREF to be noted by Council.

### Table 19 (Table A1 - Budget Summary)

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| R thousands | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| **Financial Performance** | | | | | | | | |
| Property rates | 1,058,523 | 1,205,526 | 1,332,135 | 1,504,945 | 1,570,445 | 1,638,304 | 1,793,987 | 1,964,462 |
| Service charges | 3,633,445 | 3,812,473 | 4,052,102 | 4,817,334 | 4,836,422 | 4,988,019 | 5,404,865 | 5,859,075 |
| Investment revenue | 65,458 | 80,682 | 79,961 | 66,845 | 78,070 | 88,295 | 91,979 | 95,493 |
| Transfers recognised - operational | 1,269,882 | 1,299,283 | 1,481,999 | 1,320,241 | 1,508,335 | 1,385,051 | 1,464,154 | 1,581,172 |
| Other own revenue | 1,027,831 | 1,128,987 | 1,218,634 | 1,165,560 | 1,384,418 | 1,431,738 | 1,545,583 | 1,644,341 |
| **Total Revenue (excluding capital transfers and contributions)** | **7,055,139** | **7,526,951** | **8,164,832** | **8,874,926** | **9,377,691** | **9,531,407** | **10,300,569** | **11,144,543** |
| Employee costs | 1,716,617 | 1,751,332 | 2,164,384 | 2,274,784 | 2,244,119 | 2,482,307 | 2,681,528 | 2,893,644 |
| Remuneration of councillors | 53,010 | 55,918 | 58,161 | 64,429 | 63,286 | 67,716 | 72,456 | 77,528 |
| Depreciation & asset impairment | 774,245 | 1,437,774 | 901,662 | 873,646 | 1,050,946 | 1,023,615 | 1,022,615 | 1,024,615 |
| Finance charges | 201,008 | 192,321 | 206,596 | 168,258 | 170,793 | 157,804 | 146,716 | 137,469 |
| Materials and bulk purchases | 2,652,765 | 2,741,602 | 3,009,984 | 3,266,898 | 3,320,958 | 3,448,744 | 3,772,678 | 4,061,997 |
| Transfers and grants | 37,470 | 43,287 | 56,964 | 507,605 | 497,341 | 160,192 | 168,154 | 176,595 |
| Other expenditure | 1,643,349 | 1,205,326 | 1,780,419 | 1,679,170 | 1,970,635 | 2,186,208 | 2,225,266 | 2,300,167 |
| **Total Expenditure** | **7,078,464** | **7,427,559** | **8,178,170** | **8,834,791** | **9,318,077** | 9,526,585 | 10,089,412 | 10,672,014 |
| **Surplus/(Deficit)** | **(23,326)** | **99,392** | **(13,339)** | **40,135** | **59,614** | **4,822** | **211,156** | **472,529** |
| Transfers recognised - capital | 895,330 | 1,027,126 | 784,204 | 941,157 | 760,343 | 804,613 | 1,134,573 | 1,209,538 |
| Contributions recognised - capital & contributed assets | – | – | – | – | – | – | – | – |
| **Surplus/(Deficit) after capital transfers & contributions** | **872,004** | **1,126,518** | **770,865** | **981,292** | **819,957** | **809,435** | **1,345,729** | **1,682,067** |
| Share of surplus/ (deficit) of associate | – | – | – | – | – | – | – | – |
| **Surplus/(Deficit) for the year** | **872,004** | **1,126,518** | **770,865** | **981,292** | **819,957** | **809,435** | **1,345,729** | **1,682,067** |
| | | | | | | | | |
| **Capital expenditure & funds sources** | | | | | | | | |
| **Capital expenditure** | 1,193,483 | 1,580,770 | 1,435,284 | 1,557,889 | 1,488,554 | 1,347,671 | 1,659,927 | 1,738,038 |
| Transfers recognised - capital | 895,330 | 1,026,454 | 784,204 | 941,157 | 778,788 | 804,613 | 1,134,573 | 1,209,538 |
| Public contributions & donations | 4,410 | 31,987 | 56,854 | 53,000 | 53,000 | 53,000 | 53,000 | 53,000 |
| Borrowing | – | – | – | – | – | – | – | – |
| Internally generated funds | 293,743 | 522,329 | 594,226 | 563,733 | 656,766 | 490,058 | 472,354 | 475,500 |
| **Total sources of capital funds** | **1,193,483** | **1,580,770** | **1,435,284** | **1,557,889** | **1,488,554** | **1,347,671** | **1,659,927** | **1,738,038** |
| | | | | | | | | |
| **Financial position** | | | | | | | | |
| Total current assets | 2,633,781 | 3,180,487 | 3,224,046 | 2,839,155 | 2,984,697 | 3,260,445 | 4,085,218 | 4,948,292 |
| Total non current assets | 13,184,323 | 13,459,948 | 14,030,484 | 14,561,858 | 14,659,088 | 14,985,144 | 15,624,456 | 16,256,516 |
| Total current liabilities | 2,314,792 | 2,287,869 | 2,153,986 | 2,471,661 | 2,441,260 | 2,428,539 | 2,641,714 | 2,801,745 |
| Total non current liabilities | 3,432,861 | 3,193,972 | 3,171,084 | 3,130,164 | 3,130,164 | 3,152,482 | 3,187,973 | 3,220,991 |
| **Community wealth/Equity** | **10,070,451** | **11,158,595** | **11,929,460** | **11,799,188** | **12,072,362** | **12,664,568** | **13,879,986** | **15,182,072** |
| | | | | | | | | |
| **Cash flows** | | | | | | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Net cash from (used) operating | 1,709,703 | 1,788,784 | 1,399,152 | 1,922,199 | 1,685,420 | 1,648,399 | 2,191,775 | 2,539,959 |
| Net cash from (used) investing | (1,258,852) | (1,661,008) | (1,441,180) | (1,529,889) | (1,659,444) | (1,379,423) | (1,387,434) | (1,710,510) |
| Net cash from (used) financing | (89,509) | (97,970) | (112,968) | (104,093) | (87,568) | (91,920) | (84,409) | (77,760) |
| **Cash/cash equivalents at the year end** | **1,520,229** | **1,550,035** | **1,395,039** | **1,154,054** | **1,330,287** | **1,507,344** | **2,227,275** | **2,978,963** |
| | | | | | | | | |
| **Cash backing/surplus reconciliation** | | | | | | | | |
| Cash and investments available | 1,522,131 | 1,552,562 | 1,394,594 | 1,154,054 | 1,330,287 | 1,507,344 | 2,227,275 | 2,978,963 |
| Application of cash and investments | 1,196,171 | 1,108,158 | 508,866 | 768,252 | 1,182,127 | 1,290,435 | 1,718,196 | 1,970,424 |
| **Balance - surplus (shortfall)** | **325,960** | **444,404** | **885,728** | **385,802** | **148,160** | **216,909** | **509,079** | **1,008,539** |
| | | | | | | | | |
| **Asset management** | | | | | | | | |
| Asset register summary (WDV) | 13,152,392 | 13,447,857 | 14,012,185 | 14,549,767 | 14,640,789 | 14,964,845 | 15,602,157 | 16,232,217 |
| Depreciation & asset impairment | 774,245 | 1,437,774 | 901,662 | 873,646 | 1,050,946 | 1,023,615 | 1,022,615 | 1,024,615 |
| Renewal of Existing Assets | 608,789 | 649,050 | 757,371 | 723,940 | 727,040 | 774,261 | 846,511 | 905,054 |
| Repairs and Maintenance | 472,773 | 490,044 | 555,544 | 524,729 | 515,143 | 457,648 | 494,368 | 520,447 |
| | | | | | | | | |
| **Free services** | | | | | | | | |
| Cost of Free Basic Services provided | 198,216 | 190,950 | 255,261 | 282,303 | 282,718 | 303,676 | 332,082 | 363,176 |
| Revenue cost of free services provided | 135,435 | 168,547 | 177,144 | 221,884 | 232,451 | 268,180 | 290,502 | 314,986 |
| **Households below minimum service level** | | | | | | | | |
| Water: | – | – | – | – | – | – | – | – |
| Sanitation/sewerage: | 29 | 47 | 30 | 22 | 22 | 22 | 24 | 25 |
| Energy: | – | – | – | – | – | – | – | – |
| Refuse: | 157 | 156 | 156 | 108 | 118 | 62 | 65 | 67 |

## Table 20 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 | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year 2017/18 | Budget Year 2018/19 |
| **Revenue - Standard** | | | | | | | | |
| ***Governance and administration*** | **2,136,804** | **2,371,174** | **2,550,500** | **2,480,327** | **2,552,977** | **2,637,914** | **2,835,953** | **3,086,610** |
| Executive and council | 809 | 272 | 650 | 37 | 66 | 67 | 71 | 75 |
| Budget and treasury office | 2,121,501 | 2,362,511 | 2,523,626 | 2,452,237 | 2,511,398 | 2,611,549 | 2,809,531 | 3,058,532 |
| Corporate services | 14,494 | 8,391 | 26,224 | 28,052 | 41,513 | 26,298 | 26,351 | 28,002 |
| ***Community and public safety*** | **566,009** | **644,511** | **793,646** | **429,443** | **789,539** | **821,912** | **852,033** | **909,617** |
| Community and social services | 16,252 | 25,227 | 26,983 | 23,252 | 28,663 | 30,200 | 30,904 | 31,625 |
| Sport and recreation | 40,212 | 24,586 | 22,912 | 26,527 | 26,496 | 27,810 | 29,316 | 30,585 |
| Public safety | 28,264 | 61,850 | 40,503 | 10,240 | 224,765 | 242,449 | 259,363 | 277,458 |
| Housing | 474,983 | 525,909 | 701,604 | 366,447 | 503,993 | 520,644 | 531,940 | 569,409 |
| Health | 6,297 | 6,939 | 1,643 | 2,976 | 5,621 | 810 | 510 | 539 |
| ***Economic and environmental services*** | **685,269** | **765,829** | **522,801** | **878,658** | **716,029** | **606,973** | **956,996** | **999,329** |
| Planning and development | 393,167 | 212,183 | 200,295 | 397,133 | 402,725 | 464,344 | 504,364 | 491,259 |
| Road transport | 287,924 | 544,632 | 305,815 | 473,756 | 305,599 | 136,466 | 446,172 | 501,096 |
| Environmental protection | 4,178 | 9,014 | 16,692 | 7,770 | 7,705 | 6,162 | 6,459 | 6,974 |
| ***Trading services*** | **4,545,484** | **4,755,648** | **5,065,991** | **6,009,402** | **6,060,025** | **6,249,678** | **6,770,598** | **7,338,962** |
| Electricity | 2,935,959 | 3,051,991 | 3,280,766 | 3,729,081 | 3,750,891 | 3,940,040 | 4,234,851 | 4,558,984 |
| Water | 785,182 | 818,135 | 805,052 | 959,791 | 982,361 | 954,627 | 1,062,251 | 1,197,528 |
| Waste water management | 619,093 | 650,175 | 724,253 | 965,986 | 963,875 | 1,049,935 | 1,142,701 | 1,223,727 |
| Waste management | 205,249 | 235,347 | 255,920 | 354,543 | 362,899 | 305,077 | 330,795 | 358,722 |
| ***Other*** | **16,902** | **16,915** | **16,098** | **18,253** | **19,464** | **19,543** | **19,563** | **19,563** |
| **Total Revenue - Standard** | **7,950,469** | **8,554,077** | **8,949,036** | **9,816,083** | **10,138,034** | **10,336,020** | **11,435,142** | **12,354,081** |
| | | | | | | | | |
| **Expenditure - Standard** | | | | | | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| ***Governance and administration*** | **952,813** | **706,754** | **1,102,575** | **1,267,034** | **1,248,879** | **1,381,034** | **1,452,196** | **1,518,942** |
| Executive and council | 143,223 | 160,594 | 181,798 | 208,398 | 218,769 | 214,394 | 229,661 | 236,453 |
| Budget and treasury office | 591,437 | 309,679 | 612,455 | 653,584 | 669,944 | 691,342 | 719,664 | 748,203 |
| Corporate services | 218,154 | 236,481 | 308,322 | 405,051 | 360,167 | 475,298 | 502,871 | 534,285 |
| ***Community and public safety*** | **1,295,936** | **1,363,066** | **1,540,037** | **1,411,549** | **1,606,679** | **1,856,136** | **1,948,535** | **2,072,473** |
| Community and social services | 140,412 | 151,330 | 180,473 | 174,913 | 221,630 | 204,060 | 214,186 | 228,358 |
| Sport and recreation | 134,565 | 145,224 | 187,736 | 185,646 | 191,099 | 223,023 | 237,218 | 247,806 |
| Public safety | 392,079 | 466,477 | 455,474 | 441,352 | 448,914 | 665,305 | 705,544 | 748,739 |
| Housing | 361,554 | 420,687 | 517,836 | 420,516 | 555,226 | 574,719 | 589,416 | 630,696 |
| Health | 267,326 | 179,348 | 198,519 | 189,122 | 189,810 | 189,028 | 202,169 | 216,875 |
| ***Economic and environmental services*** | **1,068,954** | **1,641,676** | **1,209,749** | **1,128,965** | **1,321,514** | **1,105,410** | **1,138,994** | **1,233,618** |
| Planning and development | 635,499 | 1,094,738 | 490,647 | 497,101 | 714,847 | 532,966 | 553,638 | 584,681 |
| Road transport | 168,431 | 431,622 | 586,199 | 475,652 | 446,659 | 405,417 | 404,083 | 455,248 |
| Environmental protection | 265,024 | 115,316 | 132,904 | 156,212 | 160,008 | 167,026 | 181,273 | 193,689 |
| ***Trading services*** | **3,748,229** | **3,703,822** | **4,307,050** | **5,012,969** | **5,125,480** | **5,167,615** | **5,532,122** | **5,828,157** |
| Electricity | 2,654,306 | 2,683,977 | 3,038,264 | 3,444,088 | 3,544,116 | 3,686,463 | 3,973,692 | 4,218,758 |
| Water | 516,328 | 449,036 | 626,083 | 693,203 | 706,089 | 732,067 | 778,481 | 806,402 |
| Waste water management | 392,906 | 376,032 | 442,230 | 563,621 | 564,515 | 532,694 | 550,018 | 561,515 |
| Waste management | 184,689 | 194,777 | 200,472 | 312,057 | 310,760 | 216,392 | 229,930 | 241,482 |
| ***Other*** | **12,532** | **12,241** | **18,759** | **14,274** | **15,524** | **16,391** | **17,565** | **18,824** |
| **Total Expenditure - Standard** | **7,078,464** | **7,427,559** | **8,178,170** | **8,834,791** | **9,318,077** | **9,526,585** | **10,089,412** | **10,672,014** |
| **Surplus/(Deficit) for the year** | **872,004** | **1,126,518** | **770,865** | **981,292** | **819,957** | **809,435** | **1,345,729** | **1,682,067** |

## Table 21 (Table A3 – Budget Financial Performance by Vote)

| Vote Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| **R thousand** | **Audited Outcome** | **Audited Outcome** | **Audited Outcome** | **Original Budget** | **Adjusted Budget** | **Budget Year 2016/17** | **Budget Year +1 2017/18** | **Budget Year +2 2018/19** |
| **Revenue by Vote** | | | | | | | | |
| Vote 1 - Budget and Treasury | 2,121,642 | 2,362,165 | 2,523,856 | 2,452,249 | 2,511,411 | 2,611,556 | 2,809,539 | 3,058,540 |
| Vote 2 - Public Health | 219,044 | 258,714 | 283,326 | 369,305 | 381,687 | 317,525 | 343,397 | 372,028 |
| Vote 3 - Human Settlements | 494,238 | 547,394 | 729,209 | 595,215 | 729,204 | 785,395 | 836,851 | 857,127 |
| Vote 4 - Economic Development,Tourism and Agriculture | 206,230 | 112,590 | 115,713 | 117,075 | 120,551 | 134,872 | 134,990 | 138,890 |
| Vote 5 - Corporate Services | 10,213 | 11,477 | 19,828 | 19,503 | 32,087 | 17,166 | 16,608 | 17,606 |
| Vote 6 - Rate and General Engineers | 423,490 | 532,035 | 297,661 | 454,311 | 287,198 | 116,921 | 425,537 | 479,315 |
| Vote 7 - Water Services | 785,183 | 818,135 | 805,052 | 959,791 | 982,361 | 954,627 | 1,062,251 | 1,197,528 |
| Vote 8 - Sanitation Services | 619,093 | 649,915 | 716,759 | 965,986 | 963,875 | 1,049,935 | 1,142,701 | 1,223,727 |
| Vote 9 - Electricity and Energy | 2,935,959 | 3,051,991 | 3,280,766 | 3,729,081 | 3,750,891 | 3,940,040 | 4,234,851 | 4,558,984 |
| Vote 10 - Executive and Council | 1,610 | 887 | 2,639 | 1,317 | 6,631 | 21,410 | 20,412 | 21,639 |
| Vote 11 - Safety and Security | 48,948 | 79,604 | 60,570 | 33,812 | 247,832 | 266,903 | 285,285 | 304,935 |
| Vote 12 - Nelson Mandela Bay Stadium | 59,887 | 46,902 | 42,112 | 48,500 | 48,500 | 51,410 | 54,495 | 57,764 |
| Vote 13 - Strategic Programmes Directorate | 24,932 | 49,714 | 37,689 | 31,362 | 33,308 | 22,984 | 21,445 | 17,974 |
| Vote 14 – Sport, Recreation, Arts & Culture | – | 32,554 | 33,856 | 38,573 | 42,499 | 45,275 | 46,780 | 48,022 |
| **Total Revenue by Vote** | **7,950,469** | **8,554,077** | **8,949,036** | **9,816,083** | **10,138,034** | **10,336,020** | **11,435,142** | **12,354,081** |
| | | | | | | | | |
| **Expenditure by Vote *to be appropriated*** | | | | | | | | |
| Vote 1 - Budget and Treasury | 547,070 | 309,679 | 594,493 | 632,490 | 643,369 | 665,987 | 692,768 | 719,815 |
| Vote 2 - Public Health | 693,360 | 483,577 | 531,249 | 680,753 | 681,274 | 592,989 | 635,275 | 675,604 |
| Vote 3 - Human Settlements | 499,669 | 1,183,542 | 679,544 | 566,695 | 698,264 | 734,397 | 759,615 | 812,901 |
| Vote 4 - Economic Development, Tourism and Agriculture | 325,415 | 126,084 | 106,258 | 136,773 | 138,989 | 164,190 | 173,942 | 184,340 |
| Vote 5 - Corporate Services | 278,874 | 311,024 | 360,402 | 385,446 | 392,855 | 373,649 | 395,722 | 420,002 |
| Vote 6 - Rate and General Engineers | 441,426 | 514,012 | 707,740 | 614,648 | 573,470 | 624,164 | 636,323 | 701,059 |
| Vote 7 - Water Services | 523,915 | 441,105 | 626,079 | 693,203 | 706,089 | 732,067 | 778,481 | 806,402 |
| Vote 8 - Sanitation Services | 335,738 | 324,697 | 386,144 | 505,654 | 504,451 | 533,397 | 550,901 | 563,677 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Vote 9 - Electricity and Energy | 2,653,923 | 2,684,046 | 3,038,195 | 3,444,088 | 3,544,116 | 3,686,463 | 3,973,693 | 4,218,758 |
| Vote 10 - Executive and Council | 173,044 | 169,153 | 221,218 | 244,414 | 266,522 | 271,554 | 281,516 | 291,521 |
| Vote 11 - Safety and Security | 407,279 | 481,652 | 467,355 | 452,496 | 652,421 | 679,220 | 720,388 | 764,648 |
| Vote 12 - Nelson Mandela Bay Stadium | 173,586 | 159,427 | 157,070 | 167,939 | 187,150 | 115,177 | 117,305 | 119,501 |
| Vote 13 - Strategic Programmes Directorate | 25,165 | 31,718 | 33,483 | 20,986 | 27,928 | 13,588 | 14,595 | 15,547 |
| Vote 14 – Sport, Recreation, Arts & Culture | – | 207,843 | 268,940 | 289,205 | 301,177 | 339,743 | 358,889 | 378,239 |
| **Total Expenditure by Vote** | **7,078,464** | **7,427,559** | **8,178,170** | **8,834,791** | **9,318,077** | **9,526,585** | **10,089,412** | **10,672,014** |
| **Surplus/(Deficit) for the year** | **872,004** | **1,126,518** | **770,865** | **981,292** | **819,957** | **809,435** | **1,345,729** | **1,682,067** |

## Table 22 (Table A4 – Budget Financial Performance Revenue and Expenditure)

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| **R thousand** | **Audited Outcome** | **Audited Outcome** | **Audited Outcome** | **Original Budget** | **Adjusted Budget** | **Budget Year 2016/17** | **Budget Year 2017/18** | **Budget Year 2018/19** |
| **Revenue By Source** | | | | | | | | |
| Property rates | 1,058,523 | 1,205,526 | 1,332,135 | 1,504,945 | 1,570,445 | 1,638,304 | 1,793,987 | 1,964,462 |
| Property rates - penalties & collection charges | – | | | | | | | |
| Service charges - electricity revenue | 2,819,880 | 2,873,943 | 3,077,951 | 3,519,222 | 3,519,222 | 3,736,584 | 4,019,844 | 4,324,466 |
| Service charges - water revenue | 430,698 | 505,420 | 519,528 | 639,699 | 639,699 | 612,076 | 688,113 | 774,975 |
| Service charges - sanitation revenue | 273,384 | 308,365 | 323,716 | 436,338 | 451,838 | 478,263 | 521,306 | 568,224 |
| Service charges - refuse revenue | 109,483 | 124,745 | 130,907 | 222,076 | 225,664 | 161,097 | 175,601 | 191,410 |
| Service charges - other | – | | | | | | | |
| Rental of facilities and equipment | 16,555 | 19,459 | 17,897 | 23,342 | 23,400 | 23,755 | 25,067 | 27,025 |
| Interest earned - external investments | 65,458 | 80,682 | 79,961 | 66,845 | 78,070 | 88,295 | 91,979 | 95,493 |
| Interest earned - outstanding debtors | 166,835 | 217,637 | 151,050 | 159,327 | 159,307 | 168,865 | 178,997 | 189,737 |
| Dividends received | – | | | | – | | | |
| Fines | 28,892 | 61,409 | 39,644 | 11,861 | 226,837 | 242,441 | 259,078 | 276,748 |
| Licences and permits | 10,263 | 9,328 | 9,695 | 11,963 | 11,611 | 13,791 | 14,617 | 15,493 |
| Agency services | 1,909 | 2,095 | 2,246 | 2,428 | 2,428 | 2,574 | 2,728 | 2,892 |
| Transfers recognised - operational | 1,269,882 | 1,299,283 | 1,481,999 | 1,320,241 | 1,508,335 | 1,385,051 | 1,464,154 | 1,581,172 |
| Other revenue | 803,378 | 819,059 | 997,271 | 956,638 | 960,807 | 980,282 | 1,065,065 | 1,132,414 |
| Gains on disposal of PPE | – | | 830 | | 28 | 30 | 31 | 32 |
| **Total Revenue (excluding capital transfers and contributions)** | **7,055,139** | **7,526,951** | **8,164,832** | **8,874,926** | **9,377,691** | **9,531,407** | **10,300,569** | **11,144,543** |
| | | | | | | | | |
| **Expenditure By Type** | | | | | | | | |
| Employee related costs | 1,716,617 | 1,751,332 | 2,164,384 | 2,274,784 | 2,244,119 | 2,482,307 | 2,681,528 | 2,893,644 |
| Remuneration of councillors | 53,010 | 55,918 | 58,161 | 64,429 | 63,286 | 67,716 | 72,456 | 77,528 |
| Debt impairment | 409,730 | 200,711 | 407,361 | 379,334 | 384,412 | 423,296 | 383,396 | 333,478 |
| Depreciation & asset impairment | 774,245 | 1,437,774 | 901,662 | 873,646 | 1,050,946 | 1,023,615 | 1,022,615 | 1,024,615 |
| Finance charges | 201,008 | 192,321 | 206,596 | 168,258 | 170,793 | 157,804 | 146,716 | 137,469 |
| Bulk purchases | 2,179,993 | 2,251,558 | 2,454,439 | 2,742,169 | 2,805,815 | 2,991,096 | 3,278,310 | 3,541,550 |
| Other materials | 472,773 | 490,044 | 555,544 | 524,729 | 515,143 | 457,648 | 494,368 | 520,447 |
| Contracted services | 373,895 | 288,984 | 323,685 | 333,353 | 463,364 | 525,974 | 549,860 | 578,794 |
| Transfers and grants | 37,470 | 43,287 | 56,964 | 507,605 | 497,341 | 160,192 | 168,154 | 176,595 |
| Other expenditure | 764,885 | 714,359 | 1,048,860 | 966,483 | 1,122,859 | 1,236,938 | 1,292,010 | 1,387,895 |
| Loss on disposal of PPE | 94,839 | 1,272 | 513 | | | | | |
| **Total Expenditure** | **7,078,464** | **7,427,559** | **8,178,170** | **8,834,791** | **9,318,077** | **9,526,585** | **10,089,412** | **10,672,014** |
| | | | | | | | | |
| **Surplus/(Deficit)** | **(23,326)** | **99,392** | **(13,339)** | **40,135** | **59,614** | **4,822** | **211,156** | **472,529** |
| Transfers recognised - capital | 895,330 | 1,027,126 | 784,204 | 941,157 | 760,343 | 804,613 | 1,134,573 | 1,209,538 |
| Contributions recognised - capital | – | – | – | – | – | – | – | – |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Contributed assets | | | | | | | | |
| **Surplus/(Deficit) after capital transfers & contributions** | **872,004** | **1,126,518** | **770,865** | **981,292** | **819,957** | **809,435** | **1,345,729** | **1,682,067** |
| Taxation | | | | | | | | |
| **Surplus/(Deficit) after taxation** | **872,004** | **1,126,518** | **770,865** | **981,292** | **819,957** | **809,435** | **1,345,729** | **1,682,067** |
| Attributable to minorities | | | | | | | | |
| **Surplus/(Deficit) attributable to municipality** | **872,004** | **1,126,518** | **770,865** | **981,292** | **819,957** | **809,435** | **1,345,729** | **1,682,067** |
| Share of surplus/ (deficit) of associate | | | | | | | | |
| **Surplus/(Deficit) for the year** | **872,004** | **1,126,518** | **770,865** | **981,292** | **819,957** | **809,435** | **1,345,729** | **1,682,067** |

## Table 23 (Table A5 – Budget Capital Expenditure – Standard Classification)

| Vote Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| **R thousand** | **Audited Outcome** | **Audited Outcome** | **Audited Outcome** | **Original Budget** | **Adjusted Budget** | **Budget Year 2016/17** | **Budget Year 2017/18** | **Budget Year 2018/19** |
| **Capital expenditure - Vote** | | | | | | | | |
| **Multi-year expenditure** ***to be appropriated*** | | | | | | | | |
| Vote 1 - Budget and Treasury | 12,862 | 23,542 | 31,028 | 74,000 | 75,872 | 26,616 | 24,000 | – |
| Vote 2 - Public Health | 15,925 | 48,307 | 66,980 | 38,433 | 60,713 | 37,200 | 37,000 | 42,300 |
| Vote 3 - Human Settlements | 148,096 | 175,634 | 201,395 | 175,108 | 175,108 | 211,100 | 244,997 | 228,500 |
| Vote 4 - Economic Development, Tourism and Agriculture | 28,072 | 12,217 | 96,486 | 6,326 | 6,148 | 8,000 | 2,500 | – |
| Vote 5 - Corporate Services | 19,001 | 43,480 | 38,139 | 27,050 | 27,050 | 23,400 | 20,100 | 23,850 |
| Vote 6 - Rate and General Engineers | 356,082 | 614,033 | 279,693 | 412,220 | 253,128 | 207,539 | 457,929 | 511,408 |
| Vote 7 - Water Services | 264,805 | 184,996 | 169,668 | 165,003 | 180,349 | 173,551 | 190,250 | 223,750 |
| Vote 8 - Sanitation Services | 168,584 | 228,233 | 263,307 | 267,450 | 247,535 | 303,750 | 331,267 | 338,611 |
| Vote 9 - Electricity and Energy | 126,204 | 201,908 | 202,583 | 218,992 | 233,752 | 217,744 | 221,748 | 219,298 |
| Vote 10 - Executive and Council | 10,069 | 2,236 | 2,376 | 6,850 | 6,850 | 10,137 | 19,492 | 17,832 |
| Vote 11 - Safety and Security | 2,873 | 5,709 | 10,209 | 7,300 | 6,600 | 7,550 | 6,394 | 7,700 |
| Vote 12 - Nelson Mandela Bay Stadium | – | 29,442 | 6,832 | – | 13,168 | – | – | – |
| Vote 13 - Strategic Programmes Directorate | 40,912 | 11,034 | 3,333 | 8,060 | 16,745 | 7,285 | 4,000 | – |
| Vote 14 – Sports, Recreation, Arts & Culture | – | – | 17,860 | 104,500 | 116,900 | 56,000 | 47,500 | 41,000 |
| **Capital multi-year expenditure sub-total** | **1,193,484** | **1,580,770** | **1,389,890** | **1,511,291** | **1,419,917** | **1,289,871** | **1,607,177** | **1,654,248** |
| | | | | | | | | |
| **Single-year expenditure** ***to be appropriated*** | | | | | | | | |
| Vote 1 - Budget and Treasury | – | – | 3,527 | 3,000 | 2,850 | 1,850 | 1,800 | 1,800 |
| Vote 2 - Public Health | – | – | 6,960 | 16,200 | 27,820 | 16,650 | 16,000 | 25,850 |
| Vote 3 - Human Settlements | – | – | – | – | 1,200 | – | – | – |
| Vote 4 - Economic Development, Tourism and Agriculture | – | – | – | – | – | – | – | – |
| Vote 5 - Corporate Services | – | – | 818 | – | – | – | – | 500 |
| Vote 6 - Rate and General Engineers | – | – | 4,426 | 6,380 | 10,680 | 14,250 | 12,750 | 13,750 |
| Vote 7 - Water Services | – | – | 1,181 | 2,500 | 4,054 | 3,000 | 2,500 | 2,500 |
| Vote 8 - Sanitation Services | – | – | – | 2,500 | 5,515 | 3,000 | 2,000 | 4,000 |
| Vote 9 - Electricity and Energy | – | – | 25,765 | 10,800 | 10,600 | 10,500 | 8,000 | 9,500 |
| Vote 10 - Executive and Council | – | – | – | – | – | – | – | – |
| Vote 11 - Safety and Security | – | – | 2,717 | 5,218 | 5,918 | 7,050 | 8,200 | 25,390 |
| Vote 12 - Nelson Mandela Bay Stadium | – | – | – | – | – | – | – | – |
| Vote 13 - Strategic Programmes Directorate | – | – | – | – | – | – | – | – |
| Vote 14 – Sports, Recreation, Arts & Culture | – | – | – | – | – | 1,500 | 1,500 | 500 |
| **Capital single-year expenditure sub-total** | **–** | **–** | **45,394** | **46,598** | **68,637** | **57,800** | **52,750** | **83,790** |
| **Total Capital Expenditure - Vote** | **1,193,484** | **1,580,770** | **1,435,284** | **1,557,889** | **1,488,554** | **1,347,671** | **1,659,927** | **1,738,038** |
| | | | | | | | | |
| **Capital Expenditure - Standard** | | | | | | | | |
| ***Governance and administration*** | **41,932** | **98,700** | **82,720** | **110,900** | **125,790** | **62,003** | **65,392** | **43,982** |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Executive and council | 10,069 | 31,678 | 9,208 | 6,850 | 20,018 | 10,137 | 19,492 | 17,832 |
| Budget and treasury office | 12,862 | 23,542 | 34,555 | 77,000 | 78,722 | 28,466 | 25,800 | 1,800 |
| Corporate services | 19,001 | 43,480 | 38,957 | 27,050 | 27,050 | 23,400 | 20,100 | 24,350 |
| ***Community and public safety*** | **159,453** | **194,199** | **233,233** | **294,626** | **308,226** | **285,200** | **309,091** | **303,590** |
| Community and social services | – | 999 | 3,585 | 27,000 | 38,400 | 12,000 | 12,000 | 8,500 |
| Sport and recreation | 7,895 | 11,002 | 14,275 | 77,500 | 78,500 | 45,500 | 37,000 | 33,000 |
| Public safety | 2,872 | 5,709 | 12,926 | 12,518 | 12,518 | 14,600 | 14,594 | 33,090 |
| Housing | 148,096 | 175,634 | 201,395 | 175,108 | 176,308 | 211,100 | 244,997 | 228,500 |
| Health | 590 | 856 | 1,052 | 2,500 | 2,500 | 2,000 | 500 | 500 |
| ***Economic and environmental services*** | **429,064** | **657,508** | **447,186** | **467,918** | **326,633** | **271,424** | **510,679** | **571,308** |
| Planning and development | 61,009 | 11,250 | 99,819 | 14,386 | 22,893 | 15,285 | 6,500 | – |
| Road transport | 356,162 | 614,033 | 284,119 | 418,600 | 263,808 | 221,789 | 470,679 | 525,158 |
| Environmental protection | 11,893 | 32,225 | 63,247 | 34,933 | 39,933 | 34,350 | 33,500 | 46,150 |
| ***Trading services*** | **563,035** | **630,362** | **672,145** | **684,446** | **727,906** | **729,045** | **774,764** | **819,158** |
| Electricity | 126,204 | 201,908 | 228,348 | 229,792 | 244,352 | 228,244 | 229,748 | 228,798 |
| Water | 264,805 | 184,996 | 170,850 | 167,503 | 184,403 | 176,551 | 192,750 | 226,250 |
| Waste water management | 168,584 | 228,233 | 263,307 | 269,950 | 253,050 | 306,750 | 333,267 | 342,611 |
| Waste management | 3,442 | 15,225 | 9,640 | 17,200 | 46,100 | 17,500 | 19,000 | 21,500 |
| ***Other*** | | | | | – | | | |
| **Total Capital Expenditure - Standard** | **1,193,483** | **1,580,770** | **1,435,284** | **1,557,889** | **1,488,554** | **1,347,671** | **1,659,927** | **1,738,038** |
| | | | | | | | | |
| **Funded by:** | | | | | | | | |
| National Government | 895,330 | 1,012,405 | 781,938 | 941,157 | 760,343 | 794,191 | 1,120,081 | 1,194,207 |
| Provincial Government | | | | | | | | |
| District Municipality | | | | | | | | |
| Other transfers and grants | | 14,048 | 2,266 | – | 18,445 | 10,422 | 14,492 | 15,332 |
| **Transfers recognised - capital** | **895,330** | **1,026,454** | **784,204** | **941,157** | **778,788** | **804,613** | **1,134,573** | **1,209,538** |
| **Public contributions & donations** | 4,410 | 31,987 | 56,854 | 53,000 | 53,000 | 53,000 | 53,000 | 53,000 |
| **Borrowing** | | | | | – | – | – | – |
| **Internally generated funds** | 293,743 | 522,329 | 594,226 | 563,733 | 656,766 | 490,058 | 472,354 | 475,500 |
| **Total Capital Funding** | **1,193,483** | **1,580,770** | **1,435,284** | **1,557,889** | **1,488,554** | **1,347,671** | **1,659,927** | **1,738,038** |

## Table 24 (Table A6 – Budget Financial Position)

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| **R thousand** | **Audited Outcome** | **Audited Outcome** | **Audited Outcome** | **Original Budget** | **Adjusted Budget** | **Budget Year 2016/17** | **Budget Year +1 2017/18** | **Budget Year +2 2018/19** |
| **ASSETS** | | | | | | | | |
| **Current assets** | | | | | | | | |
| Cash | 274,851 | 128,555 | 139,620 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 |
| Call investment deposits | 1,247,260 | 1,424,007 | 1,254,974 | 954,054 | 1,130,287 | 1,307,344 | 2,027,275 | 2,778,963 |
| Consumer debtors | 611,367 | 1,036,315 | 1,142,034 | 1,174,058 | 1,029,774 | 1,091,560 | 1,157,054 | 1,226,477 |
| Other debtors | 394,347 | 487,336 | 563,201 | 395,503 | 498,636 | 533,541 | 570,889 | 610,851 |
| Current portion of long-term receivables | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Inventory | 105,956 | 104,274 | 124,216 | 115,540 | 126,000 | 128,000 | 130,000 | 132,000 |
| **Total current assets** | **2,633,781** | **3,180,487** | **3,224,046** | **2,839,155** | **2,984,697** | **3,260,445** | **4,085,218** | **4,948,292** |
| | | | | | | | | |
| **Non current assets** | | | | | | | | |
| Long-term receivables | 31,911 | 12,091 | 18,299 | 12,091 | 18,299 | 20,299 | 22,299 | 24,299 |
| Investments | 20 | – | | | – | | | |
| Investment property | 199,262 | 199,439 | 198,169 | 199,262 | 198,169 | 198,169 | 198,169 | 198,169 |
| Investment in Associate | | | | | – | | | |
| Property, plant and equipment | 12,746,126 | 13,081,229 | 13,669,661 | 14,124,291 | 14,270,675 | 14,595,645 | 15,246,647 | 15,901,810 |
| Agricultural | | | | | | | | |
| Biological | | | | | | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Intangible | 207,004 | 167,189 | 144,355 | 226,213 | 171,946 | 171,031 | 157,341 | 132,238 |
| Other non-current assets | | | | | | | | |
| **Total non-current assets** | **13,184,323** | **13,459,948** | **14,030,484** | **14,561,858** | **14,659,088** | **14,985,144** | **15,624,456** | **16,256,516** |
| **TOTAL ASSETS** | **15,818,104** | **16,640,436** | **17,254,530** | **17,401,013** | **17,643,785** | **18,245,589** | **19,709,674** | **21,204,808** |
| | | | | | | | | |
| **LIABILITIES** | | | | | | | | |
| **Current liabilities** | | | | | | | | |
| Bank overdraft | | | | | | | | |
| Borrowing | 105,159 | 112,968 | 104,093 | 93,920 | 93,920 | 86,409 | 79,760 | 89,149 |
| Consumer deposits | 93,159 | 100,348 | 111,852 | 100,348 | 116,872 | 118,872 | 120,872 | 122,872 |
| Trade and other payables | 1,862,735 | 1,914,468 | 1,780,145 | 2,097,522 | 2,062,430 | 2,044,465 | 2,250,846 | 2,387,314 |
| Provisions | 253,740 | 160,085 | 157,896 | 179,872 | 168,038 | 178,792 | 190,235 | 202,410 |
| **Total current liabilities** | **2,314,792** | **2,287,869** | **2,153,986** | **2,471,661** | **2,441,260** | **2,428,539** | **2,641,714** | **2,801,745** |
| | | | | | | | | |
| **Non current liabilities** | | | | | | | | |
| Borrowing | 1,716,181 | 1,578,058 | 1,471,966 | 1,318,032 | 1,318,032 | 1,231,623 | 1,151,863 | 1,062,714 |
| Provisions | 1,716,680 | 1,615,915 | 1,699,118 | 1,812,131 | 1,812,131 | 1,920,859 | 2,036,111 | 2,158,277 |
| **Total non current liabilities** | **3,432,861** | **3,193,972** | **3,171,084** | **3,130,164** | **3,130,164** | **3,152,482** | **3,187,973** | **3,220,991** |
| **TOTAL LIABILITIES** | **5,747,654** | **5,481,841** | **5,325,069** | **5,601,825** | **5,571,424** | **5,581,021** | **5,829,687** | **6,022,736** |
| | | | | | | | | |
| **NET ASSETS** | **10,070,451** | **11,158,595** | **11,929,460** | **11,799,188** | **12,072,362** | **12,664,568** | **13,879,986** | **15,182,072** |
| | | | | | | | | |
| **COMMUNITY WEALTH/EQUITY** | | | | | | | | |
| Accumulated Surplus/(Deficit) | 9,842,588 | 10,711,143 | 11,607,136 | 11,745,536 | 11,841,408 | 12,431,614 | 13,645,033 | 14,945,118 |
| Reserves | 227,863 | 447,451 | 322,324 | 53,652 | 230,954 | 232,954 | 234,954 | 236,954 |
| | | | | | | | | |
| **TOTAL COMMUNITY WEALTH/EQUITY** | **10,070,451** | **11,158,595** | **11,929,460** | **11,799,188** | **12,072,362** | **12,664,568** | **13,879,986** | **15,182,072** |

## Table 25 (Table A7 – Budgeted Cash Flows)

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| **R thousand** | **Audited Outcome** | **Audited Outcome** | **Audited Outcome** | **Original Budget** | **Adjusted Budget** | **Budget Year 2016/17** | **Budget Year 2017/18** | **Budget Year 2018/19** |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | | | | | | |
| **Receipts** | | | | | | | | |
| Property rates, penalties & collection charges | 987,192 | 1,079,793 | 1,209,351 | 1,335,680 | 1,406,313 | 1,540,006 | 1,704,287 | 1,885,884 |
| Service charges | 3,484,912 | 3,629,747 | 3,767,086 | 4,228,898 | 4,247,426 | 4,688,738 | 5,134,622 | 5,624,712 |
| Other revenue | 458,330 | 308,782 | 1,127,901 | 982,438 | 1,008,907 | 1,035,942 | 1,127,518 | 1,202,076 |
| Government - operating | 1,299,252 | 1,504,855 | 1,173,071 | 1,348,689 | 1,447,884 | 1,379,431 | 1,460,399 | 1,587,202 |
| Government - capital | 895,330 | 920,097 | 999,637 | 1,072,919 | 866,791 | 914,654 | 1,293,414 | 1,378,874 |
| Interest | 65,458 | 80,682 | 222,532 | 66,845 | 78,070 | 88,295 | 91,979 | 95,493 |
| Dividends | | | 220 | – | | – | – | – |
| **Payments** | | | | | | | | |
| Suppliers and employees | (5,192,099) | (5,446,835) | (6,776,643) | (6,839,921) | (7,089,067) | (7,680,671) | (8,305,574) | (8,920,218) |
| Finance charges | (205,109) | (192,715) | (208,860) | (168,258) | (170,793) | (157,804) | (146,716) | (137,469) |
| Transfers and Grants | (83,564) | (95,622) | (115,142) | (105,090) | (110,112) | (160,192) | (168,154) | (176,595) |
| **NET CASH FROM/(USED) OPERATING ACTIVITIES** | **1,709,703** | **1,788,784** | **1,399,152** | **1,922,199** | **1,685,420** | **1,648,399** | **2,191,775** | **2,539,959** |
| | | | | | | | | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | | | | |
| **Receipts** | | | | | | | | |
| Proceeds on disposal of PPE | | | | | | – | – | – |
| Decrease (Increase) in non-current debtors | | | | | | – | – | – |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Decrease (increase) other non-current receivables | 9,779 | 19,819 | (6,208) | | (6,208) | (2,000) | (2,000) | (2,000) |
| Decrease (increase) in non-current investments | | | | | | – | – | – |
| **Payments** | | | | | | | | |
| Capital assets | (1,268,632) | (1,680,827) | (1,434,973) | (1,529,889) | (1,653,237) | (1,377,423) | (1,385,434) | (1,708,510) |
| **NET CASH FROM/(USED) INVESTING ACTIVITIES** | **(1,258,852)** | **(1,661,008)** | **(1,441,180)** | **(1,529,889)** | **(1,659,444)** | **(1,379,423)** | **(1,387,434)** | **(1,710,510)** |
| | | | | | | | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | | | | |
| **Receipts** | | | | | | | | |
| Short term loans | | | | | | – | – | – |
| Borrowing long term/refinancing | | | | | | – | – | – |
| Increase (decrease) in consumer deposits | 7,935 | 7,189 | | | 16,524 | 2,000 | 2,000 | 2,000 |
| **Payments** | | | | | | | | |
| Repayment of borrowing | (97,444) | (105,159) | (112,968) | (104,093) | (104,093) | (93,920) | (86,409) | (79,760) |
| **NET CASH FROM/(USED) FINANCING ACTIVITIES** | **(89,509)** | **(97,970)** | **(112,968)** | **(104,093)** | **(87,568)** | **(91,920)** | **(84,409)** | **(77,760)** |
| | | | | | | | | |
| **NET INCREASE/ (DECREASE) IN CASH HELD** | **361,342** | **29,806** | **(154,996)** | **288,217** | **(61,593)** | **177,057** | **719,931** | **751,688** |
| Cash/cash equivalents at the year begin: | **1,158,887** | **1,520,229** | **1,550,035** | **865,837** | **1,391,879** | **1,330,287** | **1,507,344** | **2,227,275** |
| Cash/cash equivalents at the year end: | **1,520,229** | **1,550,035** | **1,395,039** | **1,154,054** | **1,330,287** | **1,507,344** | **2,227,275** | **2,978,963** |

## Table 26 (Table A8 – Cash backed Reserves)

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | 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 | 1,520,229 | 1,550,035 | 1,395,039 | 1,154,054 | 1,330,287 | 1,507,344 | 2,227,275 | 2,978,963 |
| Other current investments > 90 days | 1,882 | 2,527 | (445) | (0) | – | – | – | – |
| Non current assets - Investments | 20 | – | – | – | – | – | – | – |
| **Cash and investments available:** | **1,522,131** | **1,552,562** | **1,394,594** | **1,154,054** | **1,330,287** | **1,507,344** | **2,227,275** | **2,978,963** |
| | | | | | | | | |
| **Application of cash and investments** | | | | | | | | |
| Unspent conditional transfers | 364,675 | 260,756 | 171,309 | 270,075 | 347,716 | 226,868 | 324,194 | 345,062 |
| Unspent borrowing | – | – | – | – | – | – | – | – |
| Statutory requirements | | | | | | | | |
| Other working capital requirements | 603,633 | 399,951 | 15,233 | 444,525 | 392,055 | 334,193 | 332,128 | 329,112 |
| Other provisions | | | | | 211,402 | 496,420 | 526,921 | 559,297 |
| Long term investments committed | – | – | – | – | – | – | – | – |
| Reserves to be backed by cash/investments | 227,863 | 447,451 | 322,324 | 53,652 | 230,954 | 232,954 | 534,954 | 736,954 |
| **Total Application of cash and investments:** | **1,196,171** | **1,108,158** | **508,866** | **768,252** | **1,182,127** | **1,290,435** | **1,718,196** | **1,970,424** |
| **Surplus(shortfall)** | **325,960** | **444,404** | **885,728** | **385,802** | **148,160** | **216,909** | **509,079** | **1,008,539** |

## Table 27 (Table A9 – Asset Management)

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| **CAPITAL EXPENDITURE** | | | | | | | | |
| **Total New Assets** | **584,695** | **931,719** | **677,913** | **833,949** | **761,514** | **573,410** | **813,417** | **832,984** |
| *Infrastructure - Road transport* | 122,457 | 560,697 | 146,622 | 280,670 | 134,186 | 105,589 | 357,229 | 397,158 |
| *Infrastructure - Electricity* | 40,468 | 38,215 | 57,916 | 63,140 | 83,700 | 45,202 | 55,088 | 55,588 |
| *Infrastructure - Water* | 203,869 | 63,339 | 61,476 | 83,103 | 95,103 | 53,000 | 34,000 | 36,250 |
| *Infrastructure - Sanitation* | – | – | – | – | – | – | – | – |
| *Infrastructure - Other* | 147,782 | 179,556 | 205,303 | 172,678 | 174,478 | 245,312 | 243,002 | 224,698 |
| Infrastructure | *514,577* | *841,807* | *471,317* | *599,591* | *487,467* | *449,103* | *689,319* | *713,694* |
| Community | 42,570 | 19,932 | 127,340 | 78,060 | 85,745 | 34,907 | 29,348 | 13,500 |
| Heritage assets | – | – | – | – | – | – | – | – |
| Investment properties | – | – | – | – | – | – | – | – |
| Other assets | 9,147 | 47,757 | 49,693 | 79,448 | 111,452 | 63,400 | 70,750 | 103,290 |
| Agricultural Assets | – | – | – | – | – | – | – | – |
| Biological assets | – | – | – | – | – | – | – | – |
| Intangibles | 18,401 | 22,223 | 29,563 | 76,850 | 76,850 | 26,000 | 24,000 | 2,500 |
| | | | | | | | | |
| **Total Renewal of Existing Assets** | **608,789** | **649,050** | **757,371** | **723,940** | **727,040** | **774,261** | **846,511** | **905,054** |
| *Infrastructure - Road transport* | 225,405 | 44,148 | 117,317 | 113,800 | 104,997 | 89,700 | 94,200 | 99,750 |
| *Infrastructure - Electricity* | 82,270 | 132,928 | 148,094 | 145,852 | 141,052 | 150,042 | 150,160 | 147,710 |
| *Infrastructure - Water* | 57,568 | 117,255 | 106,350 | 76,900 | 83,553 | 107,000 | 151,050 | 180,100 |
| *Infrastructure - Sanitation* | 166,478 | 218,543 | 263,189 | 264,450 | 247,450 | 300,750 | 327,267 | 335,611 |
| *Infrastructure - Other* | 22,972 | 18,148 | 14,197 | 18,126 | 29,793 | 17,053 | 26,840 | 45,333 |
| Infrastructure | *554,692* | *531,022* | *649,147* | *619,128* | *606,845* | *664,545* | *749,517* | *808,504* |
| Community | 17,075 | 49,524 | 42,463 | 31,583 | 46,615 | 41,000 | 42,000 | 43,500 |
| Heritage assets | – | – | – | – | – | – | – | – |
| Investment properties | – | – | – | – | – | – | – | – |
| Other assets | 31,710 | 58,148 | 62,553 | 61,730 | 62,280 | 52,216 | 48,994 | 46,550 |
| Agricultural Assets | – | – | – | – | – | – | – | – |
| Biological assets | – | – | – | – | – | – | – | – |
| Intangibles | 5,312 | 10,356 | 3,209 | 11,500 | 11,300 | 16,500 | 6,000 | 6,500 |
| | | | | | | | | |
| **Total Capital Expenditure** | | | | | | | | |
| *Infrastructure - Road transport* | 347,862 | 604,845 | 263,939 | 394,470 | 239,182 | 195,289 | 451,429 | 496,908 |
| *Infrastructure - Electricity* | 122,738 | 171,144 | 206,010 | 208,992 | 224,752 | 195,244 | 205,248 | 203,298 |
| *Infrastructure - Water* | 261,437 | 180,594 | 167,826 | 160,003 | 178,656 | 160,000 | 185,050 | 216,350 |
| *Infrastructure - Sanitation* | 166,478 | 218,543 | 263,189 | 264,450 | 247,450 | 300,750 | 327,267 | 335,611 |
| *Infrastructure - Other* | 170,754 | 197,703 | 219,500 | 190,803 | 204,271 | 262,366 | 269,842 | 270,032 |
| Infrastructure | *1,069,269* | *1,372,829* | *1,120,464* | *1,218,719* | *1,094,312* | *1,113,648* | *1,438,835* | *1,522,198* |
| Community | 59,645 | 69,456 | 169,803 | 109,642 | 132,360 | 75,907 | 71,348 | 57,000 |
| Heritage assets | – | – | – | – | – | – | – | – |
| Investment properties | – | – | – | – | – | – | – | – |
| Other assets | 40,858 | 105,905 | 112,246 | 141,178 | 173,732 | 115,616 | 119,744 | 149,840 |
| Agricultural Assets | – | – | – | – | – | – | – | – |
| Biological assets | – | – | – | – | – | – | – | – |
| Intangibles | 23,713 | 32,580 | 32,772 | 88,350 | 88,150 | 42,500 | 30,000 | 9,000 |
| **TOTAL CAPITAL EXPENDITURE - Asset class** | **1,193,484** | **1,580,770** | **1,435,284** | **1,557,889** | **1,488,554** | **1,347,671** | **1,659,927** | **1,738,038** |
| | | | | | | | | |
| **ASSET REGISTER SUMMARY - PPE (WDV)** | | | | | | | | |
| *Infrastructure - Road transport* | 3,151,916 | 3,539,207 | 3,591,393 | 3,179,916 | 3,574,844 | 3,529,391 | 3,730,362 | 3,953,680 |
| *Infrastructure - Electricity* | 1,506,836 | 1,594,517 | 1,658,746 | 1,804,662 | 1,786,880 | 1,863,497 | 1,944,900 | 2,038,636 |
| *Infrastructure - Water* | 1,531,624 | 1,797,787 | 2,051,133 | 1,677,766 | 2,100,204 | 2,133,754 | 2,189,618 | 2,264,672 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| *Infrastructure - Sanitation* | 973,237 | 1,120,310 | 1,300,786 | 1,489,501 | 1,449,524 | 1,626,843 | 1,833,408 | 2,045,686 |
| *Infrastructure - Other* | 2,225,658 | 1,673,620 | 1,751,005 | 2,621,022 | 2,009,372 | 2,257,173 | 2,512,451 | 2,767,728 |
| Infrastructure | *9,389,271* | *9,725,441* | *10,353,064* | *10,772,867* | *10,920,823* | *11,410,659* | *12,210,739* | *13,070,402* |
| Community | 2,642,681 | 2,637,805 | 2,599,146 | 2,554,049 | 2,612,089 | 2,587,146 | 2,556,787 | 2,512,171 |
| Heritage assets | 197,423 | 203,410 | 205,111 | 196,703 | 204,931 | 204,751 | 204,571 | 204,392 |
| Investment properties | 199,262 | 199,439 | 198,169 | 199,262 | 198,169 | 198,169 | 198,169 | 198,169 |
| Other assets | 516,752 | 514,574 | 512,341 | 600,672 | 532,831 | 393,089 | 274,549 | 114,846 |
| Agricultural Assets | – | – | – | – | – | – | – | – |
| Biological assets | – | – | – | | – | – | – | – |
| Intangibles | 207,004 | 167,189 | 144,355 | 226,213 | 171,946 | 171,031 | 157,341 | 132,238 |
| **TOTAL ASSET REGISTER SUMMARY - PPE (WDV)** | **13,152,392** | **13,447,857** | **14,012,185** | **14,549,767** | **14,640,789** | **14,964,845** | **15,602,157** | **16,232,217** |
| | | | | | | | | |
| **EXPENDITURE OTHER ITEMS** | | | | | | | | |
| **Depreciation & asset impairment** | 774,245 | 1,437,774 | 901,662 | 873,646 | 1,050,946 | 1,023,615 | 1,022,615 | 1,024,615 |
| **Repairs and Maintenance by Asset Class** | 472,773 | 490,044 | 555,544 | 524,729 | 515,143 | 457,648 | 494,368 | 520,447 |
| *Infrastructure - Road transport* | 65,924 | 120,057 | 120,640 | 83,270 | 84,275 | 64,572 | 71,095 | 65,979 |
| *Infrastructure - Electricity* | 40,431 | 42,813 | 45,200 | 54,923 | 54,070 | 56,409 | 61,414 | 66,218 |
| *Infrastructure - Water* | 126,349 | 106,758 | 150,517 | 126,176 | 128,761 | 105,960 | 114,690 | 123,724 |
| *Infrastructure - Sanitation* | 139,770 | 120,412 | 126,406 | 127,739 | 126,943 | 112,616 | 120,595 | 129,250 |
| *Infrastructure - Other* | 4,600 | 5,948 | 8,122 | 12,169 | 13,848 | 11,489 | 12,409 | 13,383 |
| Infrastructure | *377,073* | *395,988* | *450,884* | *404,276* | *407,897* | *351,046* | *380,204* | *398,554* |
| Community | 38,145 | 33,774 | 46,261 | 60,309 | 51,445 | 61,226 | 65,235 | 69,130 |
| Heritage assets | – | – | – | – | – | – | – | – |
| Investment properties | – | – | – | – | – | – | – | – |
| Other assets | 57,554 | 60,283 | 58,399 | 60,143 | 55,802 | 45,376 | 48,930 | 52,763 |
| **TOTAL EXPENDITURE OTHER ITEMS** | **1,247,018** | **1,927,818** | **1,457,207** | **1,398,376** | **1,566,090** | **1,481,263** | **1,516,983** | **1,545,062** |
| | | | | | | | | |
| ***Renewal of Existing Assets as % of total capex*** | *51.0%* | *41.1%* | *52.8%* | *46.5%* | *48.8%* | *57.5%* | *51.0%* | *52.1%* |
| ***Renewal of Existing Assets as % of deprecn"*** | *78.6%* | *45.1%* | *84.0%* | *82.9%* | *69.2%* | *75.6%* | *82.8%* | *88.3%* |
| ***R&M as a % of PPE*** | *3.7%* | *3.7%* | *4.1%* | *3.7%* | *3.6%* | *3.1%* | *3.2%* | *3.3%* |
| ***Renewal and R&M as a % of PPE*** | *8.0%* | *8.0%* | *9.0%* | *9.0%* | *8.0%* | *8.0%* | *9.0%* | *9.0%* |
| | | | | | | | | |

## Table 28 (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 | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| **Household service targets** | | | | | | | | |
| ***Water:*** | | | | | | | | |
| Piped water inside dwelling | 268,545 | 276,850 | 294,090 | 323,499 | 323,499 | 323,499 | 323,499 | 323,499 |
| Piped water inside yard (but not in dwelling) | – | – | – | – | – | – | – | – |
| Using public tap (at least min.service level) | 29,296 | 30,202 | 30,202 | 33,222 | 33,222 | 33,222 | 33,222 | 33,222 |
| Other water supply (at least min.service level) | – | – | – | – | – | – | – | – |
| *Minimum Service Level and Above sub-total* | 297,841 | 307,052 | 324,292 | 356,721 | 356,721 | 356,721 | 356,721 | 356,721 |
| Using public tap (< min.service level) | – | – | – | – | – | – | – | – |
| Other water supply (< min.service level) | – | – | – | – | – | – | – | – |
| No water supply | – | – | – | – | – | – | – | – |
| *Below Minimum Service Level sub-total* | – | – | – | – | – | – | – | – |
| **Total number of households** | **297,841** | **307,052** | **324,292** | **356,721** | **356,721** | **356,721** | **356,721** | **356,721** |
| ***Sanitation/sewerage:*** | | | | | | | | |
| Flush toilet (connected to sewerage) | 266,527 | 274,690 | 290,710 | 319,781 | 319,781 | 319,781 | 319,781 | 319,781 |
| Flush toilet (with septic tank) | 3,060 | 2,160 | 3,060 | 3,366 | 3,366 | 3,366 | 3,366 | 3,366 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Chemical toilet | – | – | – | 204 | 204 | 204 | 204 | 204 |
| Pit toilet (ventilated) | – | – | – | 149 | 149 | 149 | 149 | 149 |
| Other toilet provisions (> min.service level) | – | – | – | – | – | – | – | – |
| *Minimum Service Level and Above sub-total* | 269,587 | 276,850 | 293,770 | 323,499 | 323,499 | 323,499 | 323,499 | 323,499 |
| Bucket toilet | 29,296 | 30,202 | 30,202 | 22,413 | 22,413 | 22,413 | 22,413 | 22,413 |
| Other toilet provisions (< min.service level) | – | 17,240 | – | – | – | – | – | – |
| No toilet provisions | – | – | – | – | – | – | – | – |
| *Below Minimum Service Level sub-total* | 29,296 | 47,442 | 30,202 | 22,413 | 22,413 | 22,413 | 22,413 | 22,413 |
| **Total number of households** | **298,883** | **324,292** | **323,972** | **345,912** | **345,912** | **345,912** | **345,912** | **345,912** |
| ***Energy:*** | | | | | | | | |
| Electricity (at least min.service level) | 28,813 | 27,926 | 26,748 | 26,891 | 26,400 | 26,891 | 26,400 | 26,400 |
| Electricity - prepaid (min.service level) | 283,637 | 235,303 | 248,905 | 290,272 | 254,226 | 290,272 | 254,226 | 254,226 |
| *Minimum Service Level and Above sub-total* | 312,450 | 263,229 | 275,653 | 317,163 | 280,626 | 317,163 | 280,626 | 280,626 |
| Electricity (< min.service level) | – | – | – | – | – | – | – | – |
| Electricity - prepaid (< min. service level) | – | – | – | – | – | – | – | – |
| Other energy sources | – | – | – | – | – | – | – | – |
| *Below Minimum Service Level sub-total* | – | – | – | – | – | – | – | – |
| **Total number of households** | **312,450** | **263,229** | **275,653** | **317,163** | **280,626** | **317,163** | **280,626** | **280,626** |
| ***Refuse:*** | | | | | | | | |
| Removed at least once a week | 131,980 | 168,429 | 168,430 | 216,382 | 208,011 | 216,382 | 208,011 | 263,478 |
| *Minimum Service Level and Above sub-total* | 131,980 | 168,429 | 168,430 | 216,382 | 208,011 | 216,382 | 208,011 | 263,478 |
| Removed less frequently than once a week | 139,082 | 133,308 | 133,308 | 85,356 | 94,399 | 85,356 | 94,399 | 38,932 |
| Using communal refuse dump | 17,546 | 15,662 | 15,559 | 15,558 | 15,765 | 15,558 | 15,765 | 15,765 |
| Using own refuse dump | – | – | – | – | – | – | – | – |
| Other rubbish disposal | – | 6,852 | 6,852 | 6,852 | 6,852 | 6,852 | 6,852 | 6,852 |
| No rubbish disposal | 392 | 40 | 143 | 143 | 853 | 143 | 853 | 853 |
| *Below Minimum Service Level sub-total* | 157,020 | 155,862 | 155,862 | 107,909 | 117,869 | 107,909 | 117,869 | 62,402 |
| **Total number of households** | **289,000** | **324,291** | **324,292** | **324,291** | **325,880** | **324,291** | **325,880** | **325,880** |
| | | | | | | | | |
| **Households receiving Free Basic Service** | | | | | | | | |
| Water (6 kilolitres per household per month) | 71,500 | 73,058 | 76,272 | 75,071 | 75,071 | 75,071 | 75,071 | 75,071 |
| Sanitation (free minimum level service) | 71,740 | 73,433 | 76,272 | 75,309 | 75,309 | 75,309 | 75,309 | 75,309 |
| Electricity/other energy (50kwh per household per month) | 62,831 | 64,854 | 67,214 | 64,747 | 64,747 | 64,747 | 64,747 | 64,747 |
| Refuse (removed at least once a week) | 65,648 | 65,878 | 67,214 | 66,898 | 66,898 | 66,898 | 66,898 | 66,898 |
| | | | | | | | | |
| **Cost of Free Basic Services provided - Formal Settlements (R'000)** | | | | | | | | |
| Water (6 kilolitres per **indigent** household per month) | 42,500 | 51,172 | 64,530 | 58,762 | 58,762 | 58,762 | 58,762 | 58,762 |
| Sanitation (free sanitation service to **indigent households**) | 78,606 | 59,884 | 93,064 | 115,302 | 115,302 | 115,302 | 115,302 | 115,302 |
| Electricity/other energy (50kwh per **indigent** household per month) | 29,067 | 24,744 | 26,926 | 30,519 | 30,935 | 30,519 | 30,935 | 30,935 |
| Refuse (removed once a week **for indigent households**) | 48,044 | 55,150 | 70,741 | 78,453 | 78,453 | 78,453 | 78,453 | 78,453 |
| **Cost of Free Basic Services provided - Informal Formal Settlements (R'000)** | – | – | – | – | – | – | – | – |
| **Total cost of FBS provided** | **198,216** | **190,950** | **255,261** | **283,037** | **283,452** | **283,037** | **283,452** | **283,452** |
| | | | | | | | | |
| **Highest level of free service provided per household** | | | | | | | | |
| Property rates (R value threshold) | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 |
| Water (kilolitres per household per month) | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Sanitation (kilolitres per household per month) | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Sanitation (Rand per household per month) | 59 | 66 | 74 | 83 | 83 | 83 | 83 | 83 |
| Electricity (kwh per household per month) | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 |
| Refuse (average litres per week) | 240 | 240 | 240 | 240 | 240 | 240 | 240 | 240 |
| **Revenue cost of subsidised services provided (R'000)** | | | | | | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Property rates **(tariff adjustment)** ( **impermissible values per section 17 of MPRA**) | – | – | – | 31,937 | 31,937 | 31,937 | 31,937 | 31,937 |
| Property rates exemptions, reductions and rebates **and impermissible values in excess of section 17 of MPRA)** | 106,735 | 139,117 | 142,171 | 186,304 | 206,304 | 186,304 | 206,304 | 206,304 |
| Water **(in excess of 6 kilolitres per indigent household per month)** | 14,167 | 17,057 | 21,510 | 19,587 | 19,587 | 19,587 | 19,587 | 19,587 |
| Sanitation **(in excess of free sanitation service to indigent households)** | – | – | – | – | – | – | – | – |
| Electricity/other energy **(in excess of 50 kwh per indigent household per month)** | 14,534 | 12,372 | 13,463 | 15,260 | 15,467 | 15,260 | 15,467 | 15,467 |
| Refuse **(in excess of one removal a week for indigent households)** | – | – | – | – | – | – | – | – |
| Municipal Housing - rental rebates | | | | | | | | |
| Housing - top structure subsidies | | | | | | | | |
| Other | | | | | | | | |
| **Total revenue cost of subsidised services provided** | **135,435** | **168,547** | **177,144** | **253,089** | **273,296** | **253,089** | **273,296** | **273,296** |

### 1.9 CONSOLIDATED BUDGET SUPPORTING TABLES

The relevant supporting tables, are reflected in **Annexure "B"**.

# PART 2 – SUPPORTING DOCUMENTATION

### 2.1 OVERVIEW OF ANNUAL BUDGET PROCESS

The Budget process started in September 2015 after the approval of a timetable and strategy to guide the preparation of the 2016/17 to 2018/19 Operating and Capital Budgets.

The timetable provides broad timeframes for the IDP and Budget preparation process. It allows for consultation with stakeholders, such as the elected public representatives, employees of the Municipality, Civil Society, State departments, business and labour, during the period April to May 2016. The main aims of the timetable are to ensure that a revised IDP and a balanced Budget are tabled on or before end March 2016 for noting (adoption) and on or before end May 2016 for approval. The draft Budget will be tabled by the Executive Mayor at a Council meeting to be held on the 29 March 2016.

After the meeting, the draft budget will be submitted to National Treasury in compliance with Chapter 4 of the Municipal Finance Management Act as well as being subjected to a consultation process with stakeholders, such as the elected public representatives, employees of the Municipality, Civil Society, business, labour, National and Provincial Governments.

The consultation will take the form of a series of public meetings in the various wards under the direction and leadership of the Executive Mayor and his Mayoral Committee. Taking the inputs of the aforementioned consultations into account, the Executive Mayor will table the IDP and Budget for consideration and approval at a Council meeting to be held on or before end May 2016.

### 2.1.1 IDP & Budget Timetable 2016/17 to 2018/19

The preparation of the 2016/17 to 2018/19 IDP and Budget was guided by the following schedule of key deadlines as approved by Council on 6 August 2015.

| Activity | Date |
|---|---|
| IDP/Budget Schedule approved by Council | 6 August 2015 |
| Budget Strategy and Assumptions approved by Council | 17 September 2015 |
| Tabling of draft IDP and Budget in Council | 31 March 2016 |
| Public Participation | 7 to 28 April 2016 |
| Final adoption of IDP and Budget by Council | 26 May 2016 |
| Approval of SDBIP by Executive Mayor | 23 June 2016 |

## 2.2 ALIGNMENT OF ANNUAL BUDGET WITH INTEGRATED DEVELOPMENT PLAN

The Integrated Development Plan (IDP) determines and prioritises the needs of the community.

The review of the IDP, in accordance with the Municipal Systems Act, was guided and informed by the following principles:

- Achievement of the five strategic priorities of the NMBM.
- Focusing on service delivery backlogs and the maintenance of infrastructure.
- Addressing community priorities (needs) as identified in the IDP.

The review of the IDP focused on establishing measurable performance indicators and targets. These targets informed the preparation of the multi-year budget, as well as the Service Delivery and Budget Implementation Plan (SDBIP).

The 2016/17 to 2018/19 Operating and Capital Budgets were prepared in accordance with the IDP. The key strategic focus areas of the IDP are as follows:

- Municipal transformation and development
- Service delivery and infrastructure development
- Local economic development
- Financial sustainability and viability
- Good governance and public participation

The abovementioned strategic focus areas informed the preparation of the Budget.

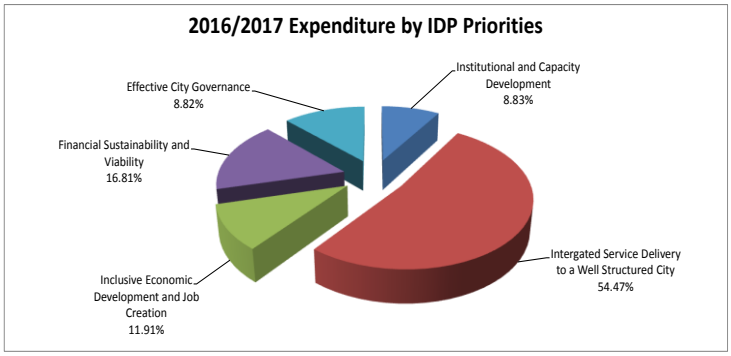
After the tabling of the Budget, a series of meetings will be held throughout the municipal area to consult with the elected public representatives, employees of the Municipality, Civil Society, business, labour, National and Provincial Governments on how the budget addresses the IDP priorities and objectives. The feedback flowing from these meetings will be referred to the relevant Directorates for their attention.

Below is a table, which illustrates the link between the Budget and the IDP.

## Table 29 - BUDGET ALLOCATION ACCORDING TO IDP PRIORITIES

| | Institutional and Capacity Development | Integrated Service Delivery to a Well Structured City | Inclusive Economic Development and Job Creation | Financial Sustainability and Viability | Effective City Governance | Total |
|---|---|---|---|---|---|---|
| | R '000 | R '000 | R '000 | R '000 | R '000 | R '000 |
| **2016/17 Budget** | | | | | | |
| Capital Expenditure | 11,000 | 1,279,832 | 85,067 | 25,500 | 15,000 | **1,416,400** |
| Operating Expenditure | 952,659 | 4,668,027 | 1,215,354 | 1,810,051 | 857,393 | **9,503,483** |
| **Total** | **963,659** | **5,947,859** | **1,300,421** | **1,835,551** | **972,393** | **10,919,883** |
| | | | | | | |
| **2017/18 Budget** | | | | | | |
| Capital Expenditure | 12,000 | 1,449,640 | 221,395 | 20,500 | 6,000 | **1,709,535** |
| Operating Expenditure | 1,008,941 | 4,943,812 | 1,283,285 | 1,916,988 | 908,047 | **10,061,073** |
| **Total** | **1,020,941** | **6,393,452** | **1,504,680** | **1,937,488** | **914,047** | **11,770,608** |
| | | | | | | |
| **2018/19 Budget** | | | | | | |
| Capital Expenditure | 11,500 | 1,536,558 | 229,929 | 500 | 3,500 | **1,781,987** |
| Operating Expenditure | 1,067,201 | 5,229,287 | 1,355,123 | 2,027,683 | 960,211 | **10,639,505** |
| **Total** | **1,078,701** | **6,765,845** | **1,585,052** | **2,028,183** | **963,711** | **12,421,492** |

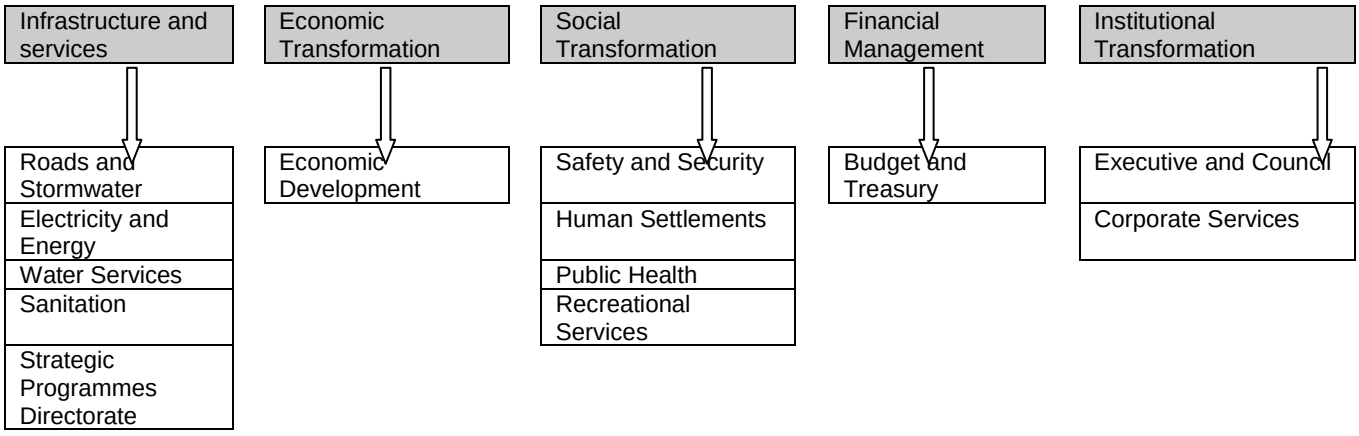
## Figure 3 – 2016/17 Expenditure by IDP Priorities



### 2.2.1 Alignment with National and Provincial Priorities

The Municipality's priorities are aligned to those of the National and Provincial Governments.

The matrix below shows the alignment with National and Provincial Government priorities




The above is an indication of NMBM's alignment to the National and Provincial Key Performance Areas and how Directorates are aligned thereto. It should, however, be noted that in terms of implementation all Directorates are focusing on the five areas. In order to monitor and evaluate service delivery and financial performance, key performance indicators are included in all Executive Directors' performance agreements.

## 2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

This section contains the key performance indicators.

**Table 30 – Measurable performance objectives and indicators**

| 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 | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| **Borrowing Management** | | | | | | | | | |
| | | | | | | | | | |
| Credit Rating | | A1.za | A1.za | A1.za | A1.za | A1.za | Baa2 | Baa2 | Baa2 |
| Capital Charges to Operating Expenditure | Interest & Principal Paid /Operating Expenditure | 4.2% | 4.1% | 3.9% | 3.1% | 3.0% | 2.7% | 2.3% | 2.0% |
| Capital Charges to Own Revenue | Finance charges & Repayment of borrowing /Own Revenue | 5.1% | 4.9% | 4.8% | 3.6% | 3.5% | 3.1% | 2.6% | 2.3% |
| Borrowed funding of 'own' capital expenditure | Borrowing/Capital expenditure excl. transfers and grants and contributions | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| **Safety of Capital** | | | | | | | | | |
| Gearing | Long Term Borrowing/ Funds & Reserves | 754.1% | 352.9% | 456.8% | 2456.6% | 570.7% | 528.7% | 490.3% | 448.5% |
| **Liquidity** | | | | | | | | | |
| Current Ratio | Current assets/current liabilities | 1.1 | 1.4 | 1.5 | 1.2 | 1.2 | 1.4 | 1.6 | 1.8 |
| Current Ratio adjusted for aged debtors | Current assets less debtors > 90 days/current liabilities | 1.1 | 1.4 | 1.5 | 1.2 | 1.2 | 1.4 | 1.6 | 1.8 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Liquidity Ratio | Monetary Assets/Current Liabilities | 0.7 | 0.7 | 0.7 | 0.5 | 0.6 | 0.6 | 0.9 | 1.1 |
| **Revenue Management** | | | | | | | | | |
| Annual Debtors Collection Rate (Payment Level %) | Last 12 Mths Receipts/Last 12 Mths Billing | | 95.5% | 93.9% | 92.4% | 88.0% | 88.1% | 94.0% | 95.0% |
| Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue) | | 95.3% | 93.9% | 92.4% | 88.0% | 88.2% | 94.0% | 95.0% | 96.0% |
| Outstanding Debtors to Revenue | Total Outstanding Debtors to Annual Revenue | 14.0% | 19.8% | 20.6% | 17.8% | 16.5% | 17.3% | 17.0% | 16.7% |
| **Creditors Management** | | | | | | | | | |
| Creditors System Efficiency | % of Creditors Paid Within Terms (within`MFMA' s 65(e)) | 75.0% | 75.0% | 59.0 | 75.0 | 75.0 | 80.0% | 85.0% | 90.0% |
| Creditors to Cash and Investments | | 95.3% | 103.2% | 111.9% | 152.9% | 126.2% | 119.1% | 85.7% | 68.1% |
| | | | | | | | | | |
| **Other Indicators** | | | | | | | | | |
| Electricity Distribution Losses (2) | Total Volume Losses (kW) | 385,117 | 392,115 | 434,939 | 353,816 | 353,816 | 358,502 | 354,917 | 351,368 |
| | Total Cost of Losses (Rand '000) | 224.600 | 234,700 | 244,375 | 187,523 | 187,523 | 236,970 | 253,056 | 270,202 |
| | % Volume (units purchased and generated less units sold)/units purchased and generated | 10.7% | 11.0% | 12.3% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% |
| Water Distribution Losses (2) | Total Volume Losses (kℓ) | 27,933 | 39,756 | 46,643 | 23,201 | 23,201 | 26,000 | 25,000 | 23,000 |
| | Total Cost of Losses (Rand '000) | 208.400 | 135,000 | 148,000 | 219,022 | 219,022 | 177,107 | 122,550 | 81,092 |
| | % Volume (units purchased and generated less units sold)/units purchased and generated | 28.2% | 36.9% | 42.7% | 38.4% | 38.4% | 46.0% | 42.0% | 38.0% |
| Employee costs | Employee costs/(Total Revenue - capital revenue) | 24.4% | 23.4% | 26.6% | 25.8% | 24.1% | 26.2% | 26.2% | 26.2% |
| Remuneration | Total remuneration/(Total Revenue - capital revenue) | 25.2% | 24.1% | 27.3% | 26.5% | 24.7% | 26.9% | 26.9% | 26.8% |
| Repairs & Maintenance | R&M/(Total Revenue excluding capital revenue) | 6.7% | 6.5% | 6.8% | 5.9% | 5.5% | 4.8% | 4.8% | 4.7% |
| Finance charges & Depreciation | FC&D/(Total Revenue - capital revenue) | 13.8% | 21.6% | 13.6% | 11.7% | 13.0% | 12.4% | 11.4% | 10.4% |
| **IDP regulation financial viability indicators** | - | | | | | | | | |
| i. Debt coverage | (Total Operating Revenue - Operating Grants)/Debt service payments due within financial year) | 14.5 | 18.7 | 38.5 | 40.6 | 40.6 | 44.9 | 49.5 | 53.6 |
| ii.O/S Service Debtors to Revenue | Total outstanding service debtors/annual revenue received for services | 20.3% | 29.3% | 30.9% | 24.7% | 23.8% | 24.4% | 23.9% | 23.4% |
| iii. Cost coverage | (Available cash + Investments)/monthly fixed operational expenditure | 3.1 | 3.3 | 2.4 | 1.9 | 2.1 | 2.2 | 3.0 | 3.8 |

### 2.3.1 Performance indicators and benchmarks

#### *2.3.1.1 Borrowing Management*

Capital expenditure may be funded from capital grants, internal sources and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on

its creditworthiness and financial position. The following financial performance indicators formed part of the compilation of the 2016/17 MTREF:

- *Capital charges to operating expenditure* is a measure of the cost of borrowing, compared to the total operating expenditure. The cost of borrowing is decreasing from 2.7% in 2016/17 to 2.0% in 2018/19. The decrease is attributable to no further borrowing being planned over the MTREF period.

#### *2.3.1.2 Liquidity*

- The c*urrent ratio* is a measure of the current assets divided by the current liabilities. The Municipality has set a benchmark limit of 1.5. For the 2016/17 MTREF, the current ratio increases from 1.4 in 2016/17 to 1.8 in 2018/19.

- *The liquidity ratio* is a measure of the municipality's ability to utilise cash and cash equivalents to meets its current liabilities. A liquidity ratio of 1 should be maintained. For the 2016/17 MTREF, the liquidity ratio increases from 0,6 in 2016/17 to 1.1 in 2018/19. This represents a significant risk for the Municipality, as any under collection of revenue will result in serious financial challenges for the Municipality. As part of the medium term financial planning objectives, this ratio must be maintained at a minimum of 1.

#### *2.3.1.3 Revenue Management*

- As part of the Financial Recovery Plan, an aggressive revenue management framework is being implemented to increase cash inflows from current billings, as well as from debtors that are in arrears in excess of 120 days.

### 2.3.2 Drinking Water Quality and Waste Water Management

The Municipality performs the dual roles of a Water Service Authority (WSA) and a Water Service Provider (WSP), in managing the provision of drinking water and the treatment of wastewater.

As consistently reported to the Infrastructure, Electricity and Engineering Portfolio Committee (IEEC) the water supplied to the communities of NMBM is 100% compliant with SANS241.

Similarly, as reported to the IEEC the treated wastewater treated at the various Wastewater Treatment Works on average complies with the required standards.
The detailed reports relating to the above are available for any required scrutiny.

### 2.3.3 Basic social services package for indigent households

The Constitution stipulates that a municipality must structure and manage its administration, budgeting and planning so as to give priority to the basic needs of the community and to promote their social and economic development. The basic social package is an affirmation of the Municipality's commitment to push back the frontiers of poverty by providing social welfare to those residents who cannot afford to pay, as a result of adverse social and economic conditions.

The initiatives carried out by the Municipality in this regard are detailed below.

**Table 31 – Basic social service package for indigent households**

| Service | Social Package | Approximate Cost R'000 | Est. No. of Housholds |
|---|---|---|---|
| Assessment Rates | All residential property owners are exempted from paying rates on the first R15 000 of their property values. | 35,769 | 334,007 |

| | | | |
|---|---|---|---|
| | Full credit for property rates for indigent consumers | 81,337 | 66,370 |
| Water | The first 8kl of water per month provided free to indigent consumers | 102,779 | 77,230 |
| Electricity | The first 75kwh of electricity provided free to indigent consumers | 51,506 | 64 747 |
| Refuse removal | Full credit for the monthly charge. | 85,832 | 66 898 |
| Sewerage | Full credit for monthly charge of sewerage to indigent consumers (For waterborne sewerage removal the maximum credit is based on 11kl per month) | 107,155 | 75 309 |
| Internal leaks: indigent | Cost to repair leaks | 9,767 | |
| Indigent control admin costs | Costs to administer and monitor indigent customers | 19,179 | |
| Water maintenance | Maintenance provided in Wards where the majority are indigent consumers | 12 691 | |
| Litter picking | Co-ops to clean indigent and informal residential areas | 18,932 | |
| **Total Operating Costs** | | **524,947** | |

In addition to the aforementioned operating costs, the Equitable Share allocation is fully utilised towards capital projects linked to the Wards where the majority of the indigent consumers reside.

The Municipality thus fully utilises the Equitable Share allocation towards assisting the poor. It is however clear that the Equitable Share allocation is not sufficient to assist in addressing all the needs of the communities and the pressure on this vital funding source is ever increasing due to the high increases in specifically the electricity tariffs.

## 2.4 OVERVIEW OF BUDGET RELATED POLICIES

The MFMA and the Budget and Reporting Regulations require budget related policies to be reviewed, and where applicable, be updated on an annual basis.

### 2.4.1 Financial Management Policies (FMP)

The policies were adopted by the Council in May 2010. The policies govern the financial management functions of the Municipality, such as budgeting, virements, financial statements, etc. There are no anticipated amendments that are required to the FMP, a section that deals with virements has recently been amended.

### 2.4.2 Review of credit control and debt collection policies

The Collection Policy was reviewed and approved by Council in March 2011. A review of certain components of the policy was considered necessary to achieve a higher collection rate.

The 2016/17 MTREF has been prepared on the basis of achieving an average revenue collection rate of 95% on current billings, excluding ATTP subsidies. In addition, the collection of debt in excess of 120 days has been prioritised as a specific strategy, in order to improve the Municipality's cash position. The NMBM has recently appointed a service provider in order to enhance the municipality's revenue collection strategies.

### 2.4.3 Budget Adjustment Policy (part of Financial Management Policies)

The adjustments budget process is regulated by the MFMA and is aimed at entrenching increased levels of discipline, responsibility and accountability in the financial management practices of the

Municipality. In order to ensure that the Municipality continues to deliver on its core service delivery mandate, the mid-year review and adjustments budget processes are utilised to ensure that underperforming functional areas are identified and funds redirected to performing functional areas.

### 2.4.4 Supply Chain Management Policy

A revised Supply Chain Management Policy was adopted by Council in September 2013.

### 2.4.5 Cash Management and Investments Policy

The Cash Management and Investments Policy was amended by Council in December 2005. The aim of the policy is to ensure that surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves.

### 2.4.6 Assistance to the Poor Policy (ATTP) or Indigent Policy

Budget and Treasury is currently working on implementing automatic qualifying criteria for accountholders who can be considered as indigent or the ATTP beneficiaries. The qualifying criteria is to be based on the value of the property (e.g. R200 000) in terms of the current valuation roll. This approach will obviously require amendment of the current policy, which must be approved by Council prior implementation and also ensuring that the current financial position of the NMBM will afford this approach. A revised Policy must serve before Council on or before end May 2016, having followed due processes, in order for Council to approve same for implementation w.e.f. 1 July 2016.

### 2.4.7 Tariff Policies

The different tariff policies provide a broad framework for the determination of tariffs. The different policies were approved on various dates.

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

- Asset Management Policy;
- Property Rates Policy;
- Basic Social Services Package (Assistance to the Poor Policy).

## 2.5 OVERVIEW OF BUDGET ASSUMPTIONS

Budget assumptions/parameters are determined in advance of the budget process to allow budgets to be constructed to support the achievement of the longer-term financial and strategic targets.

The municipal fiscal environment is influenced by a variety of macroeconomic control measures. National Treasury provides guidelines on the ceiling of year-on-year increases in the total Operating Budget, whilst the National Electricity Regulator of South Africa (NERSA) regulates bulk electricity tariff increases and the Department of Water Affairs (DWA) regulates bulk water tariff increases. The Municipality's employee related costs are also influenced by collective agreements concluded in the South African Local Government Bargaining Council. Various government departments also affect municipal service delivery through the level of grants and subsidies.

The following principles and guidelines directly informed the compilation of the Budget:

- The priorities and targets, relating to the key strategic focus areas, as determined in the IDP.
- The need to enhance the municipality's revenue base.

- The level of property rates and tariff increases to take into account the need to address maintenance and infrastructural backlogs, including the expansion of services.
- The level of property rates and tariff increases to ensure the delivery of services on a financially sustainable basis.
- No budget allocations have been made to programmes and projects, unless the respective programme and project plans have been submitted by the relevant Acting/Executive Directors.
- An assessment of the relative human resources capacity to implement the Budget.
- No growth in revenue sources has been provided for in view of current consumption trends in municipal services.

The Municipality faced the following significant challenges in preparing the 2016/17 – 2018/19 Budget:

- Budgeting for a surplus on the Operating Budget;
- Fully implementing cost containment measures and removing non-core expenditure items;
- Maintaining revenue collection rates at the targeted levels;
- Increased costs associated with bulk electricity and water purchases, placing upward pressure on municipal tariff increases. Continued high tariff increases may soon render municipal services financially unaffordable;
- Maintaining electricity and water losses at acceptable levels;
- Allocation of the required operating budget provision for newly created infrastructure and facilities, with a consequential impact on the level of rates and tariff increases;
- Allocation of the required budget provision for the rehabilitation and maintenance of infrastructure;
- Depleted Capital Replacement Reserve, impacting on the Municipality's ability to fund capital expenditure from internal sources;
- Maintaining an acceptable cost coverage ratio;
- Reprioritisation of capital projects and operating expenditure within the financial affordability limits of the Budget, taking the municipality's declining cash position into account.
- All other demands not included in the draft / tabled budget such as (i) Harmonisation of the Long Service Bonus, (ii) Establishment of Metro Police Force, (iii) Critical Vacancies, (iv) Costs relating to the raising of a loan facility, amongst others.

The multi-year budget is therefore underpinned by the following assumptions, as approved by Council in August 2015:

**Table 32 – Budget assumptions**

| | **2016/17** | **2017/18** | **2018/19** |
|---|---|---|---|
| **Income** | % | % | % |
| Tariff Increases for water | 9 | 9 | 9 |
| Tariff Increases for sanitation | 9 | 9 | 9 |
| Tariff Increases for refuse | 9 | 9 | 9 |
| Property rates increase | 9.5 | 9.5 | 9.5 |
| Electricity tariff increase **(Average)** | 7.64 | 7.64 | 7.64 |
| Revenue collection rates (excluding ATTP subsidies) | 94 | 95 | 96 |
| Total expenditure increase allowed (excluding repairs | 6 | 6 | 6 |

| | 2016/17 | 2017/18 | 2018/19 |
|---|---|---|---|
| and maintenance) | | | |
| Salary increase | 8 | 8 | 8 |
| Increase in repairs and maintenance | 8 | 8 | 8 |
| Increase in bulk purchase of power costs | 7.86 | 7.86 | 7.86 |
| Increase in bulk purchase of water costs | 12 | 12 | 12 |

It is to be noted that the Budget has been prepared, based on Generally Recognised Accounting Practice (GRAP).

## 2.6 OVERVIEW OF BUDGET FUNDING

### 2.6.1 Medium-term outlook: operating revenue

The following table provides a breakdown of 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 | | | | | |
|---|---|---|---|---|---|---|
| R thousands | Budget Year 2016/17 | % | Budget Year 2017/18 | % | Budget Year 2017/18 | % |
| **Revenue by Source** | | | | | | |
| Property rates | 1,638,304 | 17.18 | 1,793,987 | 17.41 | 1,964,462 | 17.62 |
| Service charges | 4,988,019 | 52.31 | 5,404,865 | 52.45 | 5,859,075 | 52.55 |
| Investment revenue | 92,295 | 0.97 | 96,479 | 0.94 | 100,493 | 0.90 |
| Transfers recognised - operational | 1,385,051 | 14.52 | 1,464,154 | 14.21 | 1,581,172 | 14.18 |
| Other own revenue | 1,432,188 | 15.02 | 1,546,083 | 15.00 | 1,644,891 | 14.75 |
| **Total Revenue (excluding capital transfers and contributions)** | 9,535,857 | **100.00** | 10,305,569 | **100.00** | 11,150,093 | **100.00** |
| **Total Expenditure** | 9,503,483 | | 10,061,073 | | 10,639,505 | |
| **Surplus/** | 32,375 | | 244,495 | | 510,588 | |

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

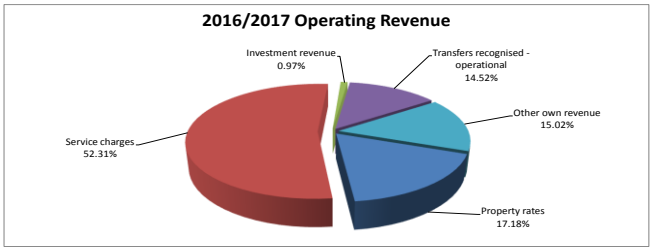



**Figure 4 Breakdown of operating revenue over the 2016/17 MTREF**

Tariff determination is important in ensuring appropriate levels of revenue, in order to achieve a credible and funded budget. Operating revenue is mainly derived from service charges, such as water, electricity, sanitation and refuse collection and disposal, property rates and operating grants.

The revenue management strategy includes the following key components:

- National Treasury's guidelines in this regard;
- The Property Rates Policy;
- The level of property rates and tariff increases must ensure financially sustainable service delivery;
- The level of property rates and tariff increases to provide for the maintenance and replacement of infrastructure, including the expansion of services;
- Ensuring fully cost reflective tariffs for trading services;
- Electricity bulk tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Water bulk tariff increases as approved by the Department of Water Affairs (DWA);
- Efficient revenue management, targeting a 95% annual collection rate for property rates and service charges, after discounting the Assistance to the Poor (ATTP) subsidies. In this regard the municipality has appointed a service in order to enhance revenue collection and achieve the collection rate that is greater than anticipated;
- Growth in the revenue base.

The aforementioned principles guided the annual increases in property rates and tariffs, charged to the consumers.

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

**Table 34 (SA15 – Detail Investment Information)**

| Investment type | 2012/13 | 2013/14 | 2014/154 | 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 2017/18 | Budget Year 2018/19 |
| **R thousand** | | | | | | | | | |
| **Parent municipality** | | | | | | | | | |
| Securities - National Government | | | | | | | | | |
| Listed Corporate Bonds | | | | | | | | | |
| Deposits - Bank | 1,246,772 | 1,421,480 | 1,252,259 | 994,725 | 1,158,606 | 1,158,606 | 1,325,729 | 2,046,660 | 2,797,348 |
| Deposits - Public Investment Commissioners | | | | | | | | | |
| Deposits - Corporation for Public Deposits | | | | | | | | | |
| Bankers Acceptance Certificates | | | | | | | | | |
| Negotiable Certificates of Deposit - Banks | | | | | | | | | |
| Guaranteed Endowment Policies (sinking) | | | | | | | | | |
| Repurchase Agreements - Banks | | | | | | | | | |
| Municipal Bonds | | | | | | | | | |
| **Municipality sub-total** | **1,246,772** | **1,421,480** | **1,252,259** | **994,725** | **1,158,606** | **1,158,606** | **1,325,729** | **2,046,660** | **2,797,348** |
| **Entities** | | | | | | | | | |
| Securities - National Government | | | | | | | | | |
| Listed Corporate Bonds | | | | | | | | | |
| Deposits - Bank | | | | | | | | | |
| Deposits - Public Investment Commissioners | | | | | | | | | |
| Deposits - Corporation for Public Deposits | | | | | | | | | |
| Bankers Acceptance Certificates | | | | | | | | | |
| Negotiable Certificates of Deposit - Banks | | | | | | | | | |
| Guaranteed Endowment Policies (sinking) | | | | | | | | | |
| Repurchase Agreements - Banks | | | | | | | | | |
| **Entities sub-total** | **–** | – | – | – | – | – | – | – | – |
| **Consolidated total:** | **1,246,772** | **1,421,480** | **1,252,259** | **994,725** | **1,158,606** | **1,158,606** | **1,325,729** | **2,046,660** | **2,797,348** |

Investments are anticipated to increase from R1.33 billion in 2016/17 to R2.80 billion in 2018/19.

## Table 35 (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 invest-ment | Opening balance | Interest to be realised | Partial / Premature Withdrawal (4) | Investment Top Up | Closing Balance |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Name of institution & investment ID** | **Yrs/Months** | | | | | | | | | | | | |
| **Parent municipality** | | | | | | | | | | | | | |
| Investec | 1-3 months | Term / deposit | no | variable | | 0 | N/A | 1-3 months | 193,101 | 15,383 | | 12,471 | **220,955** |
| Stanlib | 1-3 months | Term / deposit | no | variable | | 0 | N/A | 1-3 months | 193,101 | 15,382 | | 12,471 | **220,955** |
| Nedbank | 1-3 months | Term / deposit | no | variable | | 0 | N/A | 1-3 months | 193,101 | 15,383 | | 12,471 | **220,955** |
| Standard Bank | 1-3 months | Term / deposit | no | variable | | 0 | N/A | 1-3 months | 193,101 | 15,382 | | 12,471 | **220,955** |
| First National Bank | 1-3 months | Term / deposit | no | variable | | 0 | N/A | 1-3 months | 193,101 | 15,383 | | 12,471 | **220,955** |
| Rand Merchant Bank | 1-3 months | Term / deposit | no | variable | | 0 | N/A | 1-3 months | 193,101 | 15,382 | | 12,471 | **220,955** |
| **TOTAL** | | | | | | | | | **1,158,606** | **92,295** | **–** | **74,828** | **1,325,729** |

### 2.6.2 Medium-term outlook: capital revenue

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

**Table 36 (Sources of capital revenue over the MTREF)**

| Description | Current Year 2016/17 | | 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 | % |
| Capital Transfers and Grants | | | | | | | | |
| National Government: | 760,343 | 48.32 | 794,191 | 56.07 | 1,120,081 | 65.52 | 1,194,207 | 67.02 |
| Provincial Government: | – | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| Other grant providers: | 39,348 | 2.50 | 36,475 | 2.58 | 26,932 | 1.58 | 20,332 | 1.14 |
| **Transfers recognised - capital** | **799,691** | **50.82** | **830,667** | **58.65** | **1,147,014** | **67.10** | **1,214,538** | **68.16** |
| Public contributions and donations | 53,000 | 3.37 | 53,000 | 3.74 | 53,000 | 3.10 | 53,000 | 2.97 |
| External Borrowing | 0 | 0.00 | – | 0.00 | – | 0.00 | – | 0.00 |
| Internally generated funds | 720,751 | 45.07 | 532,733 | 37.61 | 509,521 | 29.80 | 514,449 | 28.87 |
| **Total Capital Transfers and Grants** | **1,573,441** | **100.0** | **1,416,400** | **100.0** | **1,709,535** | **100** | **1,781,987** | **100** |

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

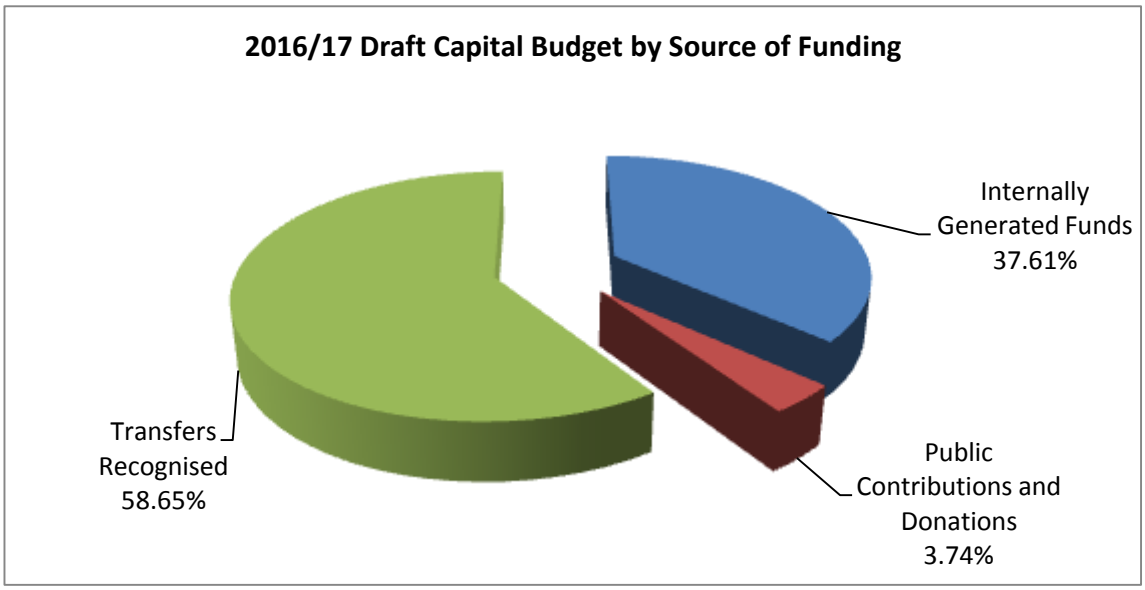



**Figure 5 Sources of Capital Revenue for the 2016/17 financial year**

Capital Grants constitute 58.65% of the total funding sources, amounting to R830.67 million for the 2016/17 financial year and amounting to R1.21 billion or 68.16% in the 2018/19 financial year.
It is to be noted that no borrowing has been incorporated for the 2016/17 MTREF, in view of financial affordability considerations.

The following table provides a detailed analysis of the Municipality's borrowings.

**Table 37 (Table SA 17 - Detail of borrowings)**

| Borrowing – Categorised by type | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year 2017/18 | Budget Year 2018/19 |
| Parent municipality | | | | | | | | | |
| Long-Term Loans (annuity/reducing balance) | 1,718,351 | 1,579,062 | 1,472,471 | 1,318,032 | 1,318,032 | 1,318,032 | 1,231,623 | 1,151,863 | 1,062,714 |
| **Total Borrowing** | **1,718,351** | **1,579,062** | **1,472,471** | **1,318,032** | **1,318,032** | **1,318,032** | **1,231,623** | **1,151,863** | **1,062,714** |

The following graph illustrates the outstanding borrowing for the 2008/09 to 2018/19 period:

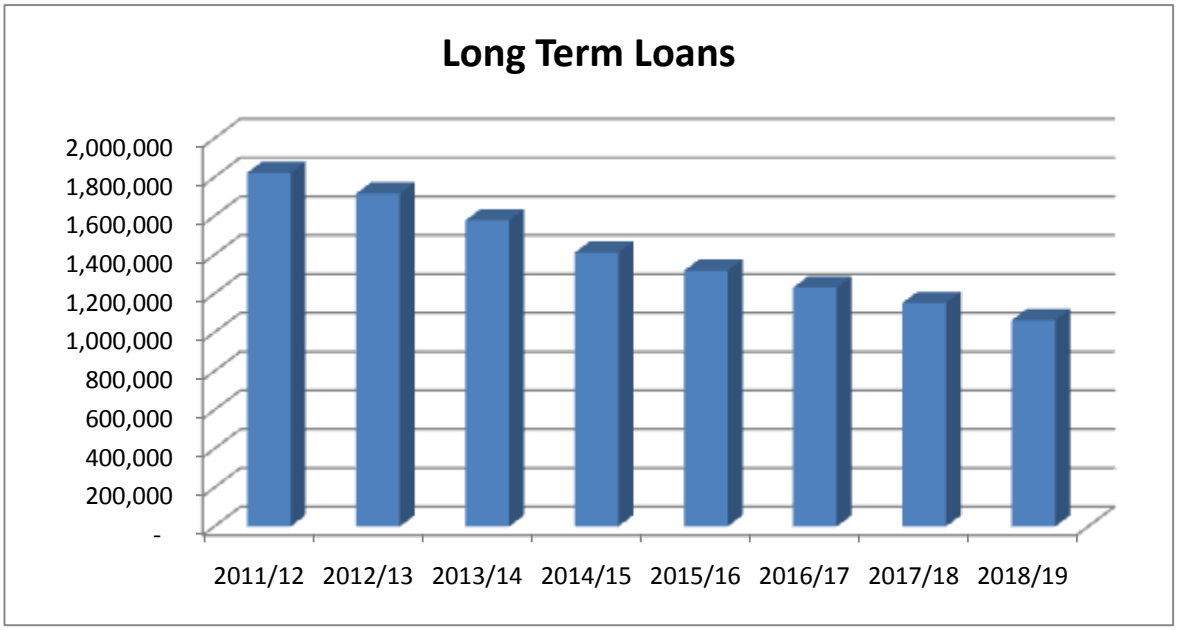



**Figure 6 Growth in outstanding borrowing (long-term liabilities)**

The following table indicates the capital transfers and grants receipts:

**Table 38 (Table SA 18 - Capital transfers and grant receipts)**

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| **Capital Transfers and Grants** | | | | | | | | | |
| **National Government:** | **772,062** | **897,997** | **999,637** | **1,072,919** | **866,791** | **866,791** | **914,654** | **1,293,414** | **1,378,874** |
| Public Transport and Systems | 100,000 | 85,000 | 803,163 | 222,256 | 36,128 | 36,128 | | 301,170 | 340,355 |
| Neighborhood Development Partnership | 64,062 | 32,121 | 167,500 | 20,000 | – | – | 21,476 | 36,133 | 35,000 |
| Urban Settlements Development | 593,000 | 721,816 | 9,000 | 795,163 | 795,163 | 795,163 | 848,902 | 899,590 | 946,041 |
| Integrated National Electrification | 15,000 | 53,585 | 18,000 | 35,500 | 35,500 | 35,500 | 35,000 | 40,000 | 40,000 |
| Integrated City Development | | | | | – | – | | | |
| United Nations Development partnership grant | | 5,475 | 2,250 | | – | – | 9,276 | 16,521 | 17,478 |
| Smart Grid | | | – | | – | – | | | |
| **Other grant providers:** | **–** | **–** | **–** | **20,903** | **20,903** | **20,903** | **26,053** | **12,440** | **5,000** |
| *KFW (MBDA)* | | | | 20,903 | 20,903 | 20,903 | 26,053 | 12,440 | 5,000 |
| **Total Capital Transfers and Grants** | **772,062** | **897,997** | **999,913** | **1,093,821** | **887,693** | **887,693** | **940,707** | **1,305,854** | **1,383,874** |

### 2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining whether the budget is funded over the medium-term. The table includes some specific features:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government; 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 39 (Table A7 – Budgeted cash flow statement)**

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | 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 | 987,192 | 1,079,793 | 1,209,351 | 1,335,680 | 1,406,313 | 1,540,006 | 1,704,287 | 1,885,884 |
| Service charges | 3,484,912 | 3,629,747 | 3,767,086 | 4,228,898 | 4,247,426 | 4,688,738 | 5,134,622 | 5,624,712 |
| Other revenue | 469,621 | 478,576 | 1,127,901 | 983,348 | 1,009,817 | 1,056,063 | 1,140,387 | 1,216,244 |
| Government - operating | 1,299,677 | 1,504,855 | 1,173,071 | 1,355,719 | 1,454,915 | 1,391,004 | 1,468,027 | 1,592,202 |
| Government - capital | 895,330 | 920,097 | 999,637 | 1,093,822 | 887,694 | 940,707 | 1,305,854 | 1,383,874 |
| Interest | 67,639 | 284,512 | 222,532 | 70,045 | 82,070 | 91,495 | 95,279 | 98,793 |
| Dividends | | | 220 | | – | – | – | – |
| **Payments** | | | | | | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Suppliers and employees | (5,270,485) | (5,859,331) | (6,882,544) | (6,889,818) | (7,158,440) | (7,756,281) | (8,382,204) | (9,017,898) |
| Finance charges | (205,109) | (192,715) | (208,860) | (168,361) | (170,896) | (158,019) | (146,944) | (137,710) |
| Transfers and Grants | (15,118) | (22,372) | (23,392) | (27,993) | (33,015) | (73,469) | (76,228) | (79,153) |
| **NET CASH FROM/(USED) OPERATING ACTIVITIES** | **1,713,660** | **1,823,162** | **1,385,002** | **1,981,340** | **1,725,884** | **1,720,244** | **2,243,081** | **2,566,947** |
| | | | | | | | | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | | | | |
| **Receipts** | | | | | | | | |
| Proceeds on disposal of PPE | | | | | | – | – | – |
| Decrease (Increase) in non-current debtors | | | | | (6,208) | – | – | – |
| Decrease (increase) other non-current receivables | 9,779 | | | | | (2,000) | (2,000) | (2,000) |
| Decrease (increase) in non-current investments | | | | | | – | – | – |
| **Payments** | | | | | | | | |
| Capital assets | (1,268,937) | (1,681,359) | (1,435,786) | (1,596,933) | (1,718,889) | (1,459,151) | (1,435,690) | (1,736,448) |
| **NET CASH FROM/(USED) INVESTING ACTIVITIES** | **(1,259,158)** | **(1,681,359)** | **(1,435,786)** | **(1,596,933)** | **(1,725,096)** | **(1,461,151)** | **(1,437,690)** | **(1,738,448)** |
| | | | | | | | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | | | | |
| **Receipts** | | | | | | | | |
| Short term loans | | | | | | – | – | – |
| Borrowing long term/refinancing | | | | | | – | – | – |
| Increase (decrease) in consumer deposits | 7,995 | | | | 16,524 | 2,000 | 2,000 | 2,000 |
| **Payments** | | | | | | | | |
| Repayment of borrowing | (96,595) | (114,587) | (111,777) | (104,093) | (104,093) | (93,920) | (86,409) | (79,760) |
| **NET CASH FROM/(USED) FINANCING ACTIVITIES** | **(88,600)** | **(114,587)** | **(111,777)** | **(104,093)** | **(87,568)** | **(91,920)** | **(84,409)** | **(77,760)** |
| | | | | | | | | |
| **NET INCREASE/ (DECREASE) IN CASH HELD** | **365,902** | **27,216** | **(162,561)** | **280,314** | **(86,780)** | **167,173** | **720,981** | **750,738** |
| Cash/cash equivalents at the year begin: | **1,214,979** | **1,580,882** | **1,608,097** | **914,561** | **1,445,536** | **1,358,756** | **1,552,929** | **2,246,910** |
| Cash/cash equivalents at the year end: | **1,580,882** | **1,608,097** | **1,445,536** | **1,194,875** | **1,358,756** | **1,525,929** | **2,246,910** | **2,997,648** |

For the 2016/17 MTREF, the cash and cash equivalents over the medium-term is anticipated to increase from R1.36 billion to R2.998 billion in 2018/19.

### Table 40 - (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 | | |
|---|---|---|---|---|---|---|---|---|
| **R thousand** | **Audited Outcome** | **Audited Outcome** | **Audited Outcome** | **Original Budget** | **Adjusted Budget** | **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 | 1,580,882 | 1,608,097 | 1,445,536 | 1,194,875 | 1,358,756 | 1,525,929 | 2,246,910 | 2,997,648 |
| Other current investments > 90 days | 1,882 | – | – | (0) | – | – | – | – |
| Noncurrent assets - Investments | (488) | – | – | – | – | – | – | – |
| **Cash and investments available:** | **1,582,276** | **1,608,097** | **1,445,536** | **1,194,875** | **1,358,756** | **1,525,929** | **2,246,910** | **2,997,648** |
| **Application of cash and investments** | | | | | | | | |
| Unspent conditional transfers | 364,675 | 260,756 | 171,309 | 270,075 | 347,716 | 226,868 | 324,194 | 345,062 |
| Unspent borrowing | – | – | – | – | – | – | – | – |
| Statutory requirements | | | | | | | | |
| Other working capital requirements | 652,777 | 404,194 | 62,073 | 444,295 | 391,835 | 330,167 | 329,643 | 326,426 |
| Other provisions | | | | 212,008 | 212,008 | 496,485 | 526,989 | 559,372 |
| Long term investments committed | – | – | – | – | – | – | – | – |
| Reserves to be backed by cash/investments | 227,863 | | | 53,652 | 230,955 | 232,954 | 534,954 | 736,954 |
| **Total Application of cash and investments:** | **1,245,315** | **664,951** | **233,381** | **980,031** | **1,182,514** | **1,286,474** | **1,715,779** | **1,967,813** |
| **Surplus(shortfall)** | **336,961** | **943,146** | **1,212,155** | **214,844** | **176,242** | **239,455** | **531,131** | **1,029,835** |

**The underlying purpose of Table A8 is to reflect the predicted cash and investments that are available at the end of a particular budget year and how these funds were used. A surplus would indicate that sufficient cash and investments were available to meet commitments, whilst a shortfall would indicate inadequate cash and investments were available to meet commitments.**

The available cash and investments amount to R1.53 billion in the 2016/17 financial year and increases to R2.998 billion in 2018/19. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) – unspent grant funding is anticipated over the 2016/17 MTREF.

- There is no unspent borrowing from previous financial years.

- The main purpose of the other working capital requirements is to ensure that sufficient funds are available to meet commitments as and when they fall due. A key challenge is often the mismatch between the timing of receipts from debtors and payments due to employees and creditors. High levels of non-payment by debtors will result in a greater requirement for working capital, ultimately causing cash flow challenges.

  For the purposes of the cash backed reserves and accumulated surplus reconciliation, a provision equivalent to approximately two month's operational expenditure has been provided for. The desired cash levels over the medium term are, however, three months' operational expenditure in order to ensure the continued liquidity of the Municipality. Any underperformance in relation to debtors' collections could place upward pressure on the Municipality's ability to meet its commitments, whilst expenditure must be contained within the levels of the approved budget.

- Reserves must be cash backed in order to support the budget. The reserves requiring cash backing, includes the Self Insurance Fund and COID.

- Current provisions relating to the rehabilitation of landfill sites and post retirement benefits have been provided for.

It is concluded that the Municipality's cash backed and accumulated surpluses reconciliation reflects surpluses of R239.46 million, R531.13 million and R1.03 billion for the 2016/17, 2017/18 and 2018/19 financial years, respectively.

It is to be noted that the 2016/17 MTREF is funded, when considering the funding requirements of section 18 and 19 of the MFMA. The cost coverage ratio is, however, 2.2 months, 3.0 months and 3.8 months for the 2016/17, 2017/18 and 2018/19 financial years, respectively.

### 2.6.5 Funding Compliance Measurement

National Treasury requires the Municipality to assess its financial sustainability against the different measures outlined below:

**Table 41 – Funding compliance measurement**

| Description | MFMA | 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 | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| **Funding measures** | | | | | | | | | |
| Cash/cash equivalents at the year end - R'000 | 18(1)b | 1,580,882 | 1,608,097 | 1,445,536 | 1,194,875 | 1,358,756 | 1,525,929 | 2,246,910 | 2,997,648 |
| Cash + investments at the yr end less applications - R'000 | 18(1)b | 336,961 | 943,146 | 1,212,155 | 214,844 | 176,242 | 239,455 | 531,131 | 1,029,835 |
| Cash year end/monthly employee/supplier payments | 18(1)b | 3.1 | 3.3 | 2.4 | 1.9 | 2.1 | 2.2 | 3.0 | 3.8 |
| Surplus/(Deficit) excluding depreciation offsets: R'000 | 18(1) | 871,867 | 1,126,475 | 771,458 | 655,511 | 684,575 | 703,041 | 1,235,509 | 1,575,126 |
| Service charge rev % change - macro CPIX target exclusive | 18(1)a,(2) | N.A. | 0.9% | 1.3% | 11.4% | (4.7%) | (2.6%) | 2.6% | 2.7% |
| Cash receipts % of Ratepayer & Other revenue | 18(1)a,(2) | 86.4% | 84.3% | 92.3% | 87.4% | 85.5% | 90.4% | 91.2% | 92.2% |
| Debt impairment expense as a % of total billable revenue | 18(1)a,(2) | 8.7% | 4.0% | 7.6% | 6.0% | 6.0% | 6.4% | 5.3% | 4.3% |
| Capital payments % of capital expenditure | 18(1)c;19 | 106.1% | 106.4% | 100.0% | 99.0% | 109.2% | 103.0% | 84.0% | 97.4% |
| Borrowing receipts % of capital expenditure (excl. transfers) | 18(1)c | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Grants % of Govt. legislated/gazetted allocations | 18(1)a | | | | | | 0.0% | 0.0% | 0.0% |
| Current consumer debtors % change - incr(decr) | 18(1)a | N.A. | 54.4% | 12.9% | (5.8%) | (2.6%) | 6.3% | 6.3% | 6.3% |
| Long term receivables % change - incr(decr) | 18(1)a | N.A. | (62.1%) | 51.3% | (33.9%) | 51.3% | 10.9% | 9.9% | 9.0% |
| R&M % of Property Plant & Equipment | 20(1)(vi) | 3.7% | 3.7% | 4.1% | 3.7% | 3.6% | 3.1% | 3.2% | 3.3% |
| Asset renewal % of capital budget | 20(1)(vi) | 50.9% | 41.1% | 52.7% | 46.7% | 48.9% | 56.1% | 51.1% | 51.6% |
| | | | | | | | | | |

Below is a discussion of the different measures.

### *2.6.5.1 Cash/cash equivalent position*

The forecasted cash and cash equivalents for the 2016/17 MTREF amounts to R1.53 billion, R2.25 billion and R3.00 billion for the respective financial years.

### *2.6.5.2 Cash plus investments less application of funds*

For the 2016/17, 2017/18 and 2018/19 budgets, the available cash and investments exceed the application of funds by an amount of R239.46 million, R531.31 million and R1.03 billion respectively.

### *2.6.5.3 Monthly average payments covered by cash or cash equivalents*

As part of the 2016/17 MTREF, the projected cash position causes the ratio to increase from 2.2 months to 3,8 months.

### *2.6.5.4 Surplus/deficit excluding depreciation offsets*

For the 2016/17 MTREF the indicative outcome is a surplus of R703.04 million, R1.24 billion and R1.58 billion. The surplus is made up as follows:

| | 2016/17 | 2017/18 | 2018/19 |
|---|---|---|---|
| | R | R | R |
| Operating Budget Surplus | 32,375 | 244,495 | 510,588 |
| Capital Grants (Transfers) | 830,667 | 1,147,014 | 1,214,538 |
| Depreciation Offsets | (160,000) | (156,000) | (150,000) |
| **Total** | **703,041** | **1,235,509** | **1,575,126** |

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

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

This is calculated by deducting the maximum macro-economic inflation target (which is currently 3 - 6 %), so as to determine the real increase in revenue. The percentage growth totals -2.6%, 2.6% and 2.7% for the respective financial years of the 2016/17 MTREF. The real increases in revenue are more or less in line with the inflation target figures.

#### *2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue*

#### *2.6.5.7 For the 2016/17, 2017/18 and 2018/19 budgets, the cash receipts as a percentage of ratepayer and other revenue are 90.4%, 91.2% and 92.2% respectively.*

#### *2.6.5.8 Debt impairment expense as a percentage of billable revenue*

The provision has been set at 6%, 5% and 4% over the MTREF, in line with the revenue collection trends of 94%, 95% and 96% for the 2016/17, 2017/18 and 2018/19 financial years respectively.

#### *2.6.5.9 Capital payments percentage of capital expenditure*

The purpose of this measure is to determine whether the timing of payments has been taken into account in forecasting the cash position.

#### *2.6.5.10 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)*

As the intention to take up borrowing is still under consideration, no provision for borrowing was made for the 2016/17 MTREF.

#### *2.6.5.11 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. All transfers are included in the budget.

#### *2.6.5.12 Repairs and maintenance expenditure level*

The expenditure constitutes 3.1%, 3.2% and 3.3% of Property, Plant and Equipment respectively, over the 2016/17 MTREF, whilst National Treasury has suggested an 8% level.

#### *2.6.5.13 Asset renewal/rehabilitation expenditure level*

The expenditure constitutes 56.1%, 51.1% and 51.6% of the capital budget respectively, over the 2016/17 MTREF, whilst National Treasury has suggested a 40% level.

## 2.7 EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

### Table 42 - GRANTS RECEIVED

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| **RECEIPTS:** | | | | | | | | | |
| - | | | | | | | | | |
| **Operating Transfers and Grants** | | | | | | | | | |
| **National Government:** | **981,402** | **993,267** | **930,088** | **1,024,702** | **1,024,702** | **1,024,702** | **842,969** | **912,600** | **1,002,185** |
| Local Government Equitable Share | 729,226 | 742,909 | 761,606 | 774,616 | 774,616 | 774,616 | 798,043 | 843,509 | 921,857 |
| Energy Efficiency and Demand Management | | 12,000 | 10,000 | 10,000 | 10,000 | 10,000 | | 5,236 | 15,024 |
| EPWP Incentive | 14,696 | 20,885 | 13,439 | 8,664 | 8,664 | 8,664 | 8,496 | | |
| Public Transport Network Operations | | 100,000 | 62,500 | 150,000 | 150,000 | 150,000 | | | |
| Finance Management | 1,250 | 1,250 | 1,250 | 1,050 | 1,050 | 1,050 | 1,050 | 1,050 | 1,000 |
| Infrastructure Skills Development | 2,300 | 8,200 | 8,000 | 9,000 | 9,000 | 9,000 | 14,500 | 14,500 | 15,200 |
| Integrated City Development | | 3,193 | 4,133 | 5,708 | 5,708 | 5,708 | – | – | – |
| Municipal Disaster Recovery' | | 71,961 | | | – | – | | | |
| Urban Settlements Development | | 6,170 | 25,700 | 51,317 | 51,317 | 51,317 | 19,380 | 19,380 | 19,380 |
| Municipal Human Settlements Capacity | | | 37,707 | 9,847 | 9,847 | 9,847 | | | |
| LGSETA | 7,576 | 4,699 | 5,753 | 4,500 | 4,500 | 4,500 | 1,500 | | |
| Off- Grid Electrification | | 22,000 | | | | | | | |
| Municipal Disaster | 6,730 | | | | | | | | |
| Water Demand Management | 4,999 | | | | | | | | |
| Integrated Public Transport System | 198,702 | | | | | | | 28,925 | 29,724 |
| Afcon Cup and other | 15,923 | | | | | | | | |
| **Provincial Government:** | **405,349** | **517,172** | **242,061** | **323,144** | **423,182** | **423,182** | **536,462** | **547,798** | **585,017** |
| Sport and Recreation | 3,752 | 3,752 | 7,390 | 9,752 | 9,752 | 9,752 | 15,624 | 15,624 | 15,330 |
| Health subsidy | 63,338 | 6,627 | | 1,957 | 4,500 | 4,500 | | | |
| Human Settlements Development | 333,162 | 480,142 | 221,858 | 310,905 | 401,152 | 401,152 | 517,128 | 528,171 | 565,367 |
| Housing Accreditation | 4,887 | 19,997 | 8,660 | | | | 3,148 | 3,400 | 3,672 |
| DRPW(Maintenance of Roads) | | 5,699 | 3,398 | | | | | | |
| Vuna Awards | | 60 | | | | | | | |
| Swartkops Monitoring | | 265 | | | | | | | |
| Marine and Coastal Management | 210 | 630 | 650 | 530 | 530 | 530 | 562 | 603 | 648 |
| Other | | | | | 7,248 | 7,248 | | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Other grant providers:** | **37,600** | **17,216** | **646** | **7,872** | **7,030** | **7,030** | **11,573** | **7,628** | **5,000** |
| *Lotteries* | | 1,000 | | | | | | | |
| *EU Funding* | 32,010 | | | | | | | | |
| *Groen Sebenza (SANBI)* | | 71 | 440 | 842 | | | | | |
| *Other Grant Providers* | 5,590 | 16,145 | 205 | | | | | | |
| *IDC (MBDA)* | | | – | 2,500 | 2,500 | 2,500 | 1,000 | 1,500 | |
| *KFW (MBDA)* | | | 0 | 4,530 | 4,530 | 4,530 | 10,573 | 6,128 | 5,000 |
| **Total Operating Transfers and Grants** | **1,424,351** | **1,527,655** | **1,172,795** | **1,355,719** | **1,454,915** | **1,454,915** | **1,391,004** | **1,468,027** | **1,592,202** |
| | | | | | | | | | |
| **Capital Transfers and Grants** | | | | | | | | | |
| **National Government:** | **772,062** | **897,997** | **999,913** | **1,072,919** | **866,791** | **866,791** | **914,654** | **1,293,414** | **1,378,874** |
| Public Transport and Systems | 100,000 | 85,000 | 167500 | 222,256 | 36,128 | 36,128 | | 301,170 | 340,355 |
| Neighbourhood Development Partnership | 64,062 | 32,121 | 9,000 | 20,000 | – | – | 21,476 | 36,133 | 35,000 |
| Urban Settlements Development | 593,000 | 721,816 | 803,163 | 795,163 | 795,163 | 795,163 | 848,902 | 899,590 | 946,041 |
| Integrated National Electrification | 15,000 | 53,585 | 18,000 | 35,500 | 35,500 | 35,500 | 35,000 | 40,000 | 40,000 |
| Intergrated City Development | | | | | – | – | 9,276 | 16,521 | 17,478 |
| United Nations Development partnership grant | | 5,475 | 0 | | – | – | | | |
| Smart Grid | | | 2,250 | | – | – | | | |
| **Other grant providers:** | **–** | **–** | **–** | **20,903** | **20,903** | **20,903** | **26,053** | **12,440** | **5,000** |
| *KFW (MBDA)* | | | | 20,903 | 20,903 | 20,903 | 26,053 | 12,440 | 5,000 |
| **Total Capital Transfers and Grants** | **772,062** | **897,997** | **999,637** | **1,093,821** | **887,693** | **887,693** | **940,707** | **1,305,854** | **1,383,874** |
| **TOTAL RECEIPTS OF TRANSFERS & GRANTS** | **2,196,413** | **2,425,651** | **2,172,708** | **2,449,540** | **2,342,608** | **2,342,608** | **2,331,711** | **2,773,881** | **2,976,076** |

## Table 43 - GRANTS EXPENDITURE

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|
| **R thousand** | **Audited Outcome** | **Audited Outcome** | **Audited Outcome** | **Original Budget** | **Adjusted Budget** | **Full Year Forecast** | **Budget Year 2016/17** | **Budget Year +1 2017/18** | **Budget Year +2 2018/19** |
| **EXPENDITURE:** | | | | | | | | | |
| - | | | | | | | | | |
| **Operating expenditure of Transfers and Grants** | | | | | | | | | |
| **National Government:** | **913,139** | **933,972** | **954,158** | **1,024,702** | **1,074,575** | **1,074,575** | **842,969** | **912,600** | **1,002,185** |
| | | | | | | | | | |
| Local Government Equitable Share | 729,226 | 742,909 | 761,606 | 774,616 | 774,616 | 774,616 | 798,043 | 843,509 | 921,857 |
| Energy Efficiency and Demand Management | | 12,000 | 10,000 | 10,000 | 10,000 | 10,000 | | 5,236 | 15,024 |
| EPWP Incentive | 8,000 | 22,052 | 18,968 | 8,664 | 8,664 | 8,664 | 8,496 | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Public Transport Network Operations | | 90,532 | 71,968 | 150,000 | 150,000 | 150,000 | – | 28,925 | 29,724 |
| Finance Management | 1,250 | 1,250 | 1,250 | 1,050 | 1,050 | 1,050 | 1,050 | 1,050 | 1,000 |
| Infrastructure Skills Development | 3,800 | 11,140 | 8,312 | 9,000 | 9,249 | 9,249 | 14,500 | 14,500 | 15,200 |
| Integrated City Development | | – | 7,326 | 5,708 | 5,708 | 5,708 | 0 | 0 | 0 |
| Municipal Disaster Recovery' | | 43,158 | 28,803 | | – | – | | | |
| Urban Settlements Development | | 6,170 | 25,700 | 51,317 | 51,317 | 51,317 | 19,380 | 19,380 | 19,380 |
| Municipal Human Settlements Capacity | | | 14,472 | 9,847 | 33,082 | 33,082 | | | |
| LGSETA | | 4,763 | 5,753 | 4,500 | 8,888 | 8,888 | 1,500 | | |
| Off- Grid Electrification | | – | | – | 22,000 | 22,000 | | | |
| Municipal Disaster | 6,730 | | | | | | | | |
| Afcon Cup and other | 15,923 | | | | | | | | |
| Water Demand Management | 4,999 | | | | | | | | |
| Integrated Public Transport System | 143,211 | | | | | | | | |
| **Provincial Government:** | **394,774** | **405,693** | **356,286** | **328,144** | **446,908** | **446,908** | **536,462** | **547,486** | **585,017** |
| Sport and Recreation | 3,752 | 3,752 | 7,390 | 9,752 | 9,752 | 9,752 | 15,624 | 15,312 | 15,330 |
| Health subsidy | 63,374 | 6,627 | | 1,957 | 4,499 | 4,499 | | | |
| Human Settlements Development | 317,257 | 374,683 | 342,100 | 310,905 | 410,905 | 410,905 | 517,128 | 528,171 | 565,367 |
| Housing Accreditation | 9,766 | 12,127 | 2,557 | | 13,974 | 13,974 | 3,148 | 3,400 | 3,672 |
| DRPW(Maintenance of Roads) | | 5,699 | 3,503 | 5,000 | – | – | | | |
| Vuna Awards | | 45 | | | – | – | | | |
| Swartkops Monitoring | | 265 | | | – | – | | | |
| Elections Infrastructure | | 218 | | | – | – | | | |
| SMME- Textile Hub DEAT | 416 | 1,648 | 21 | | – | – | | | |
| Marine and Coastal Management | 210 | 630 | 715 | 530 | 530 | 530 | 562 | 603 | 648 |
| Other | | | | | 7,248 | 7,248 | | | |
| **District Municipality:** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| *[insert description]* | | | | | | | | | |
| **Other grant providers:** | **16,790** | **20,837** | **9,215** | **3,342** | **13,242** | **12,866** | **11,573** | **7,628** | **5,000** |
| National Lotteries | | 901 | 1,010 | | | | | | |
| European Funding | 413 | 18,436 | 3,080 | | 10,366 | 10,366 | | | |
| Other | | 376 | 4,544 | | 376 | | | | |
| HIV/Aids Columbia University Project | 16,376 | 836 | | | | | | | |
| Groen Sebenza (SANBI) | | 287 | 581 | 842 | | | | | |
| IDC (MBDA) | | | | 2,500 | 2,500 | 2,500 | 1,000 | 1,500 | |
| KFW (MBDA) | | | | | | | 10,573 | 6,128 | 5,000 |
| | | | | | | | | | |
| **Total operating expenditure of Transfers and Grants:** | **1,324,703** | **1,360,502** | **1,319,659** | **1,356,189** | **1,534,725** | **1,534,349** | **1,391,004** | **1,467,715** | **1,592,202** |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Capital expenditure of Transfers and Grants** | | | | | | | | | |
| **National Government:** | **947,794** | **1,169,284** | **992,090** | **1,072,919** | **1,054,729** | **1,054,729** | **914,654** | **1,293,414** | **1,378,874** |
| Public Transport and Systems | 217,069 | 363,422 | 106,018 | 222,256 | 222,256 | 222,256 | | 301,170 | 340,355 |
| Neighbourhood Development Partnership | 64,062 | 24,986 | 15,017 | 20,000 | | | 21,476 | 36,133 | 35,000 |
| Urban Settlements Development | 593,000 | 721,816 | 803,163 | 795,163 | 795,163 | 795,163 | 848,902 | 899,590 | 946,041 |
| Integrated National Electrification | 15,000 | 53,585 | 18,000 | 35,500 | 35,500 | 35,500 | 35,000 | 40,000 | 40,000 |
| Drought Relief | 58,662 | | | | – | – | | | |
| United Nations Development partnership grant | | 5,475 | | | – | – | | | |
| CDC Walmer Intervention Fund | | | 49,453 | | – | – | | | |
| Smart Grid | | | 440 | | 1,810 | 1,810 | | | |
| Integrated City Development | | | | | | | 9,276 | 16,521 | 17,478 |
| **Provincial Government:** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| Other capital transfers/grants [insert description] | | | | | | | | | |
| **District Municipality:** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| *[insert description]* | | | | | | | | | |
| | | | | | | | | | |
| **Other grant providers:** | **–** | **–** | **–** | **20,903** | **20,903** | **20,903** | **26,053** | **12,440** | **5,000** |
| KFW (MBDA) | | | | 20,903 | 20,903 | 20,903 | 26,053 | 12,440 | 5,000 |
| **Total capital expenditure of Transfers and Grants** | **947,794** | **1,169,284** | **992,090** | **1,093,821** | **1,075,631** | **1,075,631** | **940,707** | **1,305,854** | **1,383,874** |
| | | | | | | | | | |
| **TOTAL EXPENDITURE OF TRANSFERS AND GRANTS** | **2,272,497** | **2,529,786** | **2,311,749** | **2,450,010** | **2,610,356** | **2,609,980** | **2,331,711** | **2,773,569** | **2,976,076** |

## Table 44 - RECONCILIATION OF TRANSFERS, GRANT RECEIPTS AND UNSPENT GRANTS

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|
| **R thousand** | **Audited Outcome** | **Audited Outcome** | **Audited Outcome** | **Original Budget** | **Adjusted Budget** | **Full Year Forecast** | **Budget Year 2016/17** | **Budget Year +1 2017/18** | **Budget Year +2 2018/19** |
| **Operating transfers and grants:** | | | | | | | | | |
| **National Government:** | | | | | | | | | |
| Balance unspent at beginning of the year | 5,000 | 10,196 | 69,554 | 37,809 | 51,025 | 51,025 | 1,152 | – | – |
| Current year receipts | 981,402 | 993,267 | 930,088 | 1,024,702 | 1,024,702 | 1,024,702 | 842,969 | 912,600 | 1,002,185 |
| **Conditions met - transferred to revenue** | **976,207** | **933,908** | **954,158** | **1,024,702** | **1,074,575** | **1,074,575** | **844,121** | **912,600** | **1,002,185** |
| Conditions still to be met - transferred to liabilities | 10,196 | 69,554 | 45,484 | 37,809 | 1,152 | 1,152 | – | – | – |
| **Provincial Government:** | | | | | | | | | |
| Balance unspent at beginning of the year | 13,546 | 24,536 | 137,880 | | 23,737 | 23,737 | 11 | – | – |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Current year receipts | 405,349 | 517,172 | 242,061 | 323,144 | 423,182 | 423,182 | 536,462 | 547,798 | 585,017 |
| **Conditions met - transferred to revenue** | **394,359** | **403,828** | **356,199** | **323,144** | **446,908** | **446,908** | **536,473** | **547,798** | **585,017** |
| Conditions still to be met - transferred to liabilities | 24,536 | 137,880 | 23,742 | | 11 | 11 | – | – | – |
| **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 | 23,135 | 51,739 | 46,328 | 1,009 | 17,352 | 17,352 | 905 | – | – |
| Current year receipts | 37,600 | 17,216 | 646 | 7,872 | 7,030 | 7,030 | 11,573 | 7,628 | 5,000 |
| **Conditions met - transferred to revenue** | **9,213** | **22,767** | **9,301** | **7,872** | **23,478** | **23,478** | **12,478** | **7,628** | **5,000** |
| Conditions still to be met - transferred to liabilities | 51,522 | 46,187 | 37,673 | 1,009 | 905 | 905 | – | – | – |
| **Total operating transfers and grants revenue** | **1,379,779** | **1,360,503** | **1,319,659** | **1,355,719** | **1,544,961** | **1,544,961** | **1,393,072** | **1,468,027** | **1,592,202** |
| **Total operating transfers and grants - CTBM** | **86,253** | **253,621** | **106,898** | **38,818** | **2,068** | **2,068** | **–** | **–** | **–** |
| | | | | | | | | | |
| **Capital transfers and grants:** | | | | | | | | | |
| **National Government:** | | | | | | | | | |
| Balance unspent at beginning of the year | 399,078 | 278,422 | 7,135 | 15,930 | 62,601 | 62,601 | – | – | – |
| Current year receipts | 772,062 | 897,997 | 999,913 | 1,072,919 | 866,791 | 866,791 | 914,654 | 1,293,414 | 1,378,874 |
| **Conditions met - transferred to revenue** | **892,719** | **1,169,284** | **992,090** | **1,072,919** | **929,391** | **929,391** | **914,654** | **1,293,414** | **1,378,874** |
| Conditions still to be met - transferred to liabilities | 278,422 | 7,135 | 14,957 | 15,930 | | – | – | – | – |
| **Provincial Government:** | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | | | |
| Current year receipts | | | | | | | | | |
| **Conditions met - transferred to revenue** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| Conditions still to be met - transferred to liabilities | | | | | | | | | |
| **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 | – | – | – | 20,903 | 20,903 | 20,903 | 26,053 | 12,440 | 5,000 |
| **Conditions met - transferred to revenue** | **–** | **–** | **–** | **20,903** | **20,903** | **20,903** | **26,053** | **12,440** | **5,000** |
| Conditions still to be met - transferred to liabilities | | | | | | | | | |
| **Total capital transfers and grants revenue** | **892,719** | **1,169,284** | **992,090** | **1,093,821** | **950,294** | **950,294** | **940,707** | **1,305,854** | **1,383,874** |
| **Total capital transfers and grants - CTBM** | **278,422** | **7,135** | **14,957** | **15,930** | **–** | **–** | **–** | **–** | **–** |
| | | | | | | | | | |
| **TOTAL TRANSFERS AND GRANTS REVENUE** | **2,272,497** | **2,529,787** | **2,311,749** | **2,449,540** | **2,495,255** | **2,495,255** | **2,333,779** | **2,773,881** | **2,976,076** |
| **TOTAL TRANSFERS AND GRANTS - CTBM** | **364,675** | **260,756** | **121,856** | **54,748** | **2,068** | **2,068** | **–** | **–** | **–** |

## 2.8 ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

The table below reflects the grants and allocations made by the Municipality. It includes grants-in-aid made in accordance with the Municipality's grants-in-aid policy and transfers to entities and other organisations to primarily support their operational expenditure.

### Table 45 - ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| | | | | | | | | |
| **Cash Transfers to other municipalities** | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| **Total Cash Transfers To Municipalities:** | – | – | – | – | – | – | – | – |
| | | | | | | | | |
| **Cash Transfers to Entities/Other External Mechanisms** | | | | | | | | |
| *MBDA* | | | | | | – | – | – |
| | | | | | | | | |
| **Total Cash Transfers To Entities/Ems'** | – | – | – | – | – | – | – | – |
| | | | | | | | | |
| **Cash Transfers to other Organs of State** | | | | | | | | |
| *Grants in Aid* | 6,006 | 5,768 | 7,257 | 8,540 | 8,540 | 8,196 | 8,688 | 9,211 |
| Grants to Other Organisations | 12,777 | 14,280 | 18,434 | 19,453 | 19,453 | 65,273 | 67,540 | 69,942 |
| | | | | | | | | |
| **Total Cash Transfers To Other Organs Of State:** | **18,783** | **20,048** | **25,691** | **27,993** | **27,993** | **73,469** | **76,228** | **79,153** |
| | | | | | | | | |
| **Cash Transfers to Organisations** | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| **Total Cash Transfers To Organisations** | – | – | – | – | – | – | – | – |
| | | | | | | | | |
| **Cash Transfers to Groups of Individuals** | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| **Total Cash Transfers To Groups Of Individuals:** | – | – | – | – | – | – | – | – |
| **TOTAL CASH TRANSFERS AND GRANTS** | **18,783** | **20,048** | **25,691** | **27,993** | **27,993** | **73,469** | **76,228** | **79,153** |
| | | | | | | | | |
| **Non-Cash Transfers to other municipalities** | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| **Total Non-Cash Transfers To Municipalities:** | – | – | – | – | – | – | – | – |
| | | | | | | | | |
| **Non-Cash Transfers to Entities/Other External Mechanisms** | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| **Total Non-Cash Transfers To Entities/Ems'** | – | – | – | – | – | – | – | – |
| | | | | | | | | |
| **Non-Cash Transfers to other Organs of State** | | | | | | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |
| | | | | | | | | |
| **Total Non-Cash Transfers To Other Organs Of State:** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| | | | | | | | | |
| **Non-Cash Grants to Organisations** | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| **Total Non-Cash Grants To Organisations** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| | | | | | | | | |
| **Groups of Individuals** | | | | | | | | |
| *Indigent* | | | | 402,515 | 392,251 | | | |
| | | | | | | | | |
| **Total Non-Cash Grants To Groups Of Individuals:** | **–** | **–** | **–** | **402,515** | **392,251** | **–** | **–** | **–** |
| **TOTAL NON-CASH TRANSFERS AND GRANTS** | **–** | **–** | **–** | **402,515** | **392,251** | **–** | **–** | **–** |
| **TOTAL TRANSFERS AND GRANTS** | **18,783** | **20,048** | **25,691** | **430,509** | **420,244** | **73,469** | **76,228** | **79,153** |

## 2.9 COUNCILLORS AND BOARD MEMBERS ALLOWANCES AND EMPLOYEE BENEFITS

### Table 46 - COUNCILLORS AND BOARD MEMBERS ALLOWANCES AND EMPLOYEE BENEFITS

| Summary of Employee and Councilor remuneration | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| | A | B | C | D | E | F | G | H | I |
| **Councillors (Political Office Bearers plus Other)** | | | | | | | | | |
| Basic Salaries and Wages | 50,973 | 52,955 | 55,219 | 61,205 | 60,287 | 60,287 | 64,507 | 69,022 | 73,854 |
| Cellphone Allowance | 1,604 | 2,534 | 2,517 | 2,760 | 2,567 | 2,567 | 2,747 | 2,939 | 3,145 |
| Other benefits and allowances | 432 | 429 | 425 | 464 | 432 | 432 | 462 | 495 | 529 |
| **Sub Total - Councillors** | **53,010** | **55,918** | **58,161** | **64,429** | **63,286** | **63,286** | **67,716** | **72,456** | **77,528** |
| **% increase** | | **5.5%** | **4.0%** | **10.8%** | **(1.8%)** | **–** | **7.0%** | **7.0%** | **7.0%** |
| | | | | | | | | | |
| **Senior Managers of the Municipality** | | | | | | | | | |
| Basic Salaries and Wages | 8,286 | 9,035 | 19,727 | 19,780 | 16,570 | 16,570 | 21,353 | 23,049 | 24,893 |
| Performance Bonus | 36 | (2,428) | (358) | 2,769 | 2,479 | 2,479 | 2,991 | 3,230 | 3,488 |
| **Sub Total - Senior Managers of Municipality** | **8,322** | **6,607** | **19,369** | **22,549** | **19,049** | **19,049** | **24,343** | **26,279** | **28,382** |
| **% increase** | | **(20.6%)** | **193.2%** | **16.4%** | **(15.5%)** | **–** | **27.8%** | **8.0%** | **8.0%** |
| | | | | | | | | | |
| **Other Municipal Staff** | | | | | | | | | |
| Basic Salaries and Wages | 1,076,584 | 1,212,078 | 1,333,392 | 1,484,206 | 1,421,286 | 1,421,286 | 1,568,892 | 1,692,656 | 1,827,947 |
| Pension and UIF Contributions | 187,171 | 202,122 | 227,453 | 249,662 | 247,381 | 247,381 | 270,175 | 291,654 | 314,993 |
| Medical Aid Contributions | 106,482 | 114,914 | 124,667 | 130,517 | 138,934 | 138,934 | 155,346 | 167,744 | 181,165 |
| Overtime | 83,919 | 106,681 | 122,406 | 105,334 | 102,394 | 102,394 | 116,924 | 125,340 | 133,977 |
| Performance Bonus | 19,489 | 23,995 | 27,492 | 31,820 | 31,071 | 31,071 | 33,830 | 36,496 | 39,374 |
| Motor Vehicle Allowance | 58,299 | 60,972 | 63,280 | 67,622 | 57,513 | 57,513 | 90,115 | 97,205 | 104,869 |
| Cellphone Allowance | 33 | 26 | 29 | 56 | 53 | 53 | 56 | 60 | 64 |
| Housing Allowances | 7,325 | 6,542 | 7,188 | 8,351 | 10,420 | 10,420 | 12,359 | 13,347 | 14,416 |
| Other benefits and allowances | 78,702 | 91,341 | 89,334 | 69,300 | 112,800 | 112,800 | 65,543 | 65,330 | 70,585 |
| Payments in lieu of leave | | – | – | 12,841 | 12,841 | 12,841 | 21,868 | 22,978 | 24,176 |
| Long service awards | 32,089 | 39,531 | 35,580 | 40,423 | 38,324 | 38,324 | 82,886 | 92,666 | 100,063 |
| Post-retirement benefit obligations | 58,201 | (113,478) | 114,194 | 52,102 | 52,054 | 52,054 | 39,967 | 49,772 | 53,634 |
| **Sub Total - Other Municipal Staff** | **1,708,294** | **1,744,724** | **2,145,015** | **,252,234** | **2,225,070** | **2,225,070** | **2,457,963** | **2,655,249** | **2,865,262** |
| **% increase** | | **2.1%** | **22.9%** | **5.0%** | **(1.2%)** | **–** | **10.5%** | **8.0%** | **7.9%** |
| | | | | | | | | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Total Parent Municipality** | **1,769,626** | **1,807,250** | **2,222,545** | **2,339,212** | **2,307,404** | **2,307,404** | **2,550,022** | **2,753,984** | **2,971,172** |
| | | **2.1%** | **23.0%** | **5.2%** | **(1.4%)** | **–** | **10.5%** | **8.0%** | **7.9%** |
| | | | | | | | | | |
| **Board Members of Entities** | | | | | | | | | |
| Basic Salaries and Wages | | | | | | | | | |
| **Sub Total - Board Members of Entities** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| **% increase** | | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| | | | | | | | | | |
| **Senior Managers of Entities** | | | | | | | | | |
| Basic Salaries and Wages | 3,223 | 4,151 | 4,846 | 6,445 | 7,145 | 7,145 | 6,960 | 9,685 | 9,716 |
| Pension and UIF Contributions | 497 | 559 | 569 | 640 | 760 | 760 | 737 | 817 | 1,299 |
| Medical Aid Contributions | 370 | 137 | 139 | 157 | 257 | 257 | 233 | 200 | 678 |
| Performance Bonus | 450 | 530 | 540 | 607 | 607 | 607 | 761 | 775 | 75 |
| Motor Vehicle Allowance | 108 | 108 | 110 | 124 | 124 | 124 | 100 | 158 | 163 |
| **Sub Total - Senior Managers of Entities** | **4,647** | **5,485** | **6,204** | **7,972** | **8,892** | **8,892** | **8,791** | **11,635** | **11,932** |
| **% increase** | | **18.0%** | **13.1%** | **28.5%** | **11.5%** | **–** | **(1.1%)** | **32.4%** | **2.6%** |
| | | | | | | | | | |
| **Other Staff of Entities** | | | | | | | | | |
| Basic Salaries and Wages | 2,591 | 3,651 | 4,336 | 5,467 | 5,767 | 5,767 | 8,723 | 8,009 | 8,727 |
| Pension and UIF Contributions | 371 | 498 | 508 | 571 | 661 | 661 | 1,299 | 729 | 1,170 |
| Medical Aid Contributions | 188 | 329 | 335 | 376 | 436 | 436 | 495 | 480 | 633 |
| Other benefits and allowances | 200 | 380 | 309 | 347 | 552 | 552 | 450 | 482 | 515 |
| **Sub Total - Other Staff of Entities** | **3,351** | **4,858** | **5,487** | **6,761** | **7,416** | **7,416** | **10,517** | **9,218** | **10,530** |
| **% increase** | | **45.0%** | **12.9%** | **23.2%** | **9.7%** | **–** | **41.8%** | **(12.4%)** | **14.2%** |
| | | | | | | | | | |
| **Total Municipal Entities** | **7,998** | **10,343** | **11,692** | **14,733** | **16,308** | **16,308** | **19,308** | **20,853** | **22,462** |
| | | | | | | | | | |
| **TOTAL SALARY, ALLOWANCES & BENEFITS** | **1,777,624** | **1,817,593** | **2,234,237** | **2,353,945** | **2,323,712** | **2,323,712** | **2,569,330** | **2,774,837** | **2,993,634** |
| **% increase** | | **2.2%** | **22.9%** | **5.4%** | **(1.3%)** | **–** | **10.6%** | **8.0%** | **7.9%** |
| **TOTAL MANAGERS AND STAFF** | **1,724,614** | **1,761,674** | **2,176,075** | **2,289,517** | **2,260,427** | **2,260,427** | **2,501,615** | **2,702,381** | **2,916,106** |

## Table 47 - DISCLOSURE OF SALARIES, ALLOWANCES & BENEFITS

| **Disclosure of Salaries, Allowances & Benefits 1.** | **Salary** | **Contributions** | **Allowances** | **Performance Bonuses** | **In-kind benefits** | **Total Package** |
|---|---|---|---|---|---|---|
| **Rand per annum** | | **1.** | | | | **2.** |
| **Councillors** | | | | | | |
| Speaker | 1,073,640 | | 48,599 | | | 1,122,239 |
| Chief Whip | 1,006,528 | | 26,181 | | | 1,032,708 |
| Executive Mayor | 1,329,380 | | 48,599 | | | 1,377,979 |
| Deputy Executive Mayor | 1,073,640 | | 48,599 | | | 1,122,239 |
| Executive Committee | 9,998,174 | | 261,808 | | | 10,259,982 |
| Total for all other councillors | 50,025,498 | | 2,775,164 | | | 52,800,662 |
| **Total Councillors** | **64,506,860** | **–** | **3,208,950** | | | **67,715,810** |
| | | | | | | |
| **Senior Managers of the Municipality** | | | | | | |
| Municipal Manager (MM) | 2,322,000 | | | 325,080 | | 2,647,080 |
| Chief Finance Officer | 2,089,800 | | | 292,580 | | 2,382,380 |
| Chief Operating Officer | 2,080,080 | | | 292,580 | | 2,372,660 |
| Executive Director : Corporate Srvices | 1,857,600 | | | 260,070 | | 2,117,670 |
| Executive Director : Sports, Recreation and Cultural Services | 1,857,600 | | | 260,070 | | 2,117,670 |
| Executive Director : Public Health | 1,857,600 | | | 260,070 | | 2,117,670 |
| | | | | | | |
| *List of each offical with packages >= senior manager* | | | | | | |
| Executive Director : Economic Development Services | 1,857,600 | | | 260,070 | | 2,117,670 |
| Executive Director : Electricity and Energy | 1,857,600 | | | 260,070 | | 2,117,670 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Executive Director : Safety and Security | 1,857,600 | | | 260,070 | | 2,117,670 |
| Executive Director : Human Settlements | 1,857,600 | | | 260,070 | | 2,117,670 |
| Executive Director : Infrastructure and Engineering | 1,857,600 | | | 260,070 | | 2,117,670 |
| **Total Senior Managers of the Municipality** | **21,352,680** | **–** | **–** | **2,990,800** | | **24,343,480** |
| | | | | | | |
| **A Heading for Each Entity** | | | | | | |
| List each member of board by designation | | | | | | |
| | | | | | | – |
| **Total for municipal entities** | **–** | **–** | **–** | **–** | | **–** |
| | | | | | | |
| **TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION** | **85,859,540** | **–** | **3,208,950** | **2,990,800** | | **92,059,290** |

## 2.10 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

## Table 48 - MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

| MONTHLY CASH FLOWS | Budget Year 2016/17 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | Jul | Aug | Sept. | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| **Cash Receipts By Source** | | | | | | | | | | | | | 1 | | |
| Property rates | 134,826 | 132,253 | 125,810 | 131,151 | 132,212 | 123,425 | 129,362 | 129,947 | 128,716 | 129,760 | 129,402 | 113,142 | 1,540,006 | 1,704,287 | 1,885,884 |
| Property rates - penalties & collection charges | | | | | – | | – | | | | | – | | | |
| Service charges - electricity revenue | 246,821 | 306,019 | 391,237 | 337,519 | 261,849 | 231,680 | 280,870 | 285,225 | 284,072 | 286,499 | 292,879 | 307,720 | 3,512,389 | 3,818,852 | 4,151,487 |
| Service charges - water revenue | 37,744 | 45,796 | 52,831 | 52,732 | 43,111 | 38,001 | 49,129 | 49,542 | 49,964 | 48,660 | 48,581 | 59,261 | 575,351 | 653,708 | 743,976 |
| Service charges - sanitation revenue | 38,248 | 36,022 | 38,248 | 36,485 | 31,750 | 34,265 | 39,080 | 38,814 | 39,560 | 39,560 | 38,470 | 39,063 | 449,567 | 495,241 | 545,495 |
| Service charges - refuse revenue | 13,410 | 13,305 | 12,100 | 14,392 | 11,561 | 11,337 | 12,436 | 12,436 | 13,088 | 12,103 | 13,199 | 12,064 | 151,431 | 166,821 | 183,754 |
| Service charges - other | | | | | – | | | | | | | – | | | |
| Rental of facilities and equipment | 1,905 | 1,890 | 1,902 | 1,859 | 1,911 | 1,898 | 1,899 | 1,907 | 1,919 | 1,919 | 1,920 | 1,970 | 22,900 | 24,315 | 26,377 |
| Interest earned - external investments | 10,225 | 7,571 | 8,638 | 8,993 | 7,710 | 7,128 | 8,494 | 8,077 | 6,777 | 5,720 | 6,230 | 5,933 | 91,495 | 95,279 | 98,793 |
| Interest earned - outstanding debtors | | | | | – | | | | | | | – | | | |
| Dividends received | | | | | – | | | | | | | – | | | |
| Fines | 2,835 | 2,749 | 2,755 | 2,797 | 2,720 | 2,593 | 2,409 | 2,750 | 2,750 | 2,700 | 2,700 | 2,642 | 32,400 | 34,344 | 36,405 |
| Licences and permits | 1,191 | 1,156 | 1,151 | 1,058 | 1,052 | 1,055 | 1,117 | 1,196 | 1,225 | 1,189 | 1,212 | 1,189 | 13,791 | 14,617 | 15,493 |
| Agency services | 200 | 200 | 200 | 200 | 208 | 208 | 202 | 202 | 202 | 202 | 202 | 348 | 2,574 | 2,728 | 2,892 |
| Transfer receipts - operational | 322,947 | 46,443 | 54,871 | 59,771 | 201,395 | 90,851 | 40,216 | 49,976 | 287,659 | 70,719 | 70,719 | 95,436 | 1,391,004 | 1,468,027 | 1,592,202 |
| Other revenue | 78,139 | 198,088 | 81,490 | 56,941 | 44,192 | 263,226 | 35,139 | 12,526 | 127,021 | 15,607 | 14,607 | 57,423 | 984,398 | 1,064,383 | 1,135,078 |
| **Cash Receipts by Source** | **888,491** | **791,492** | **771,232** | **703,897** | **739,672** | **805,667** | **600,354** | **592,598** | **942,953** | **614,638** | **620,121** | **696,191** | **8,767,306** | **9,542,602** | **10,417,835** |
| | | | | | | | | | | | | | | | |
| **Other Cash Flows by Source** | | | | | | | | | | | | | | | |
| Transfer receipts - capital | 273,143 | – | – | 95,314 | 4,467 | 282,392 | | | 259,338 | | | 26,053 | 940,707 | 1,305,854 | 1,383,874 |
| Contributions recognised - capital & Contributed assets | | | | | | | | | | | | – | | | |
| Proceeds on disposal of PPE | | | | | | | | | | | | – | | | |
| Short term loans | | | | | | | | | | | | – | | | |
| Borrowing long term/refinancing | | | | | | | – | | | | | – | – | – | – |

| | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Increase (decrease) in consumer deposits | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 240 | 2,000 | 2,000 | 2,000 |
| Decrease (Increase) in non-current debtors | | | | | | | | | | | | – | | | |
| Decrease (increase) other non-current receivables | (160) | (160) | (160) | (160) | (160) | (160) | (160) | (160) | (160) | (160) | (160) | (240) | (2,000) | (2,000) | (2,000) |
| Decrease (increase) in non-current investments | | | | | | | | | | | | – | | | |
| **Total Cash Receipts by Source** | **1,161,634** | **791,492** | **771,232** | **799,211** | **744,139** | **1,088,059** | **600,354** | **592,598** | **1,202,291** | **614,638** | **620,121** | **722,244** | **9,708,013** | **10,848,456** | **11,801,709** |
| | | | | | | | | | | | | | | | |
| **Cash Payments by Type** | | | | | | | | | | | | | | | |
| Employee related costs | 192,071 | 178,083 | 215,767 | 200,436 | 257,007 | 204,149 | 200,424 | 209,003 | 207,287 | 208,227 | 208,170 | 218,083 | 2,498,705 | 2,699,038 | 2,912,463 |
| Remuneration of councillors | 5,578 | 4,960 | 4,882 | 4,924 | 5,317 | 5,287 | 7,115 | 5,865 | 5,865 | 5,865 | 5,865 | 6,192 | 67,716 | 72,456 | 77,528 |
| Finance charges | 18 | 33,484 | 21,698 | 18 | 21,638 | 2,750 | 32,558 | 18 | 21,234 | 18 | 21,205 | 3,381 | 158,019 | 146,944 | 137,710 |
| Bulk purchases - Electricity | 293,689 | 362,625 | 333,239 | 205,444 | 210,983 | 203,409 | 204,672 | 212,084 | 199,540 | 201,457 | 202,837 | 211,270 | 2,841,249 | 3,111,256 | 3,355,295 |
| Bulk purchases - Water & Sewer | 10,148 | 7,455 | 9,520 | 10,749 | 11,014 | 10,177 | 9,667 | 9,587 | 9,769 | 9,580 | 9,679 | 9,269 | 116,613 | 130,612 | 146,291 |
| Other materials | 23,148 | 35,349 | 31,058 | 40,844 | 38,916 | 48,280 | 36,149 | 33,981 | 33,787 | 33,790 | 33,940 | 70,938 | 460,180 | 492,750 | 519,298 |
| Contracted services | 45,951 | 46,000 | 36,555 | 38,406 | 36,364 | 36,416 | 37,786 | 37,316 | 36,525 | 45,559 | 46,593 | 69,413 | 512,884 | 544,866 | 572,744 |
| Transfers and grants - other municipalities | | | | | – | | | | | | | – | | | |
| Transfers and grants - other | 11 | 4,953 | 21 | 8,905 | 23,743 | 11,821 | 5,524 | 5,634 | – | 5,967 | | 6,890 | 73,469 | 76,228 | 79,153 |
| Other expenditure | 196,175 | 94,620 | 102,926 | 111,962 | 66,892 | 128,130 | 74,799 | 80,432 | 84,337 | 84,724 | 86,506 | 147,429 | 1,258,933 | 1,331,225 | 1,434,278 |
| **Cash Payments by Type** | **766,788** | **767,531** | **755,666** | **621,687** | **671,875** | **650,420** | **608,694** | **593,920** | **598,343** | **595,187** | **614,795** | **742,865** | **7,987,769** | **8,605,375** | **9,234,762** |
| | | | | | | | | | | | | | | | |
| **Other Cash Flows/Payments by Type** | | | | | | | | | | | | | | | |
| Capital assets | 182,352 | 30,243 | 69,767 | 103,156 | 101,727 | 119,275 | 96,144 | 101,270 | 114,052 | 135,503 | 132,791 | 272,871 | 1,459,151 | 1,435,690 | 1,736,448 |
| Repayment of borrowing | – | 18,918 | 5,971 | | 6,159 | 15,000 | 19,844 | | 6,436 | | 6,592 | 15,000 | 93,920 | 86,409 | 79,760 |
| Other Cash Flows/Payments | | | | | | | | | | | | – | | | |
| **Total Cash Payments by Type** | **949,140** | **816,692** | **831,404** | **724,842** | **779,761** | **784,695** | **724,682** | **695,190** | **718,830** | **730,690** | **754,178** | **1,030,736** | **9,540,840** | **10,127,475** | **11,050,970** |
| | | | | | | | | | | | | | | | |
| **NET INCREASE/(DECREASE) IN CASH HELD** | **212,494** | **(25,200)** | **(60,172)** | **74,369** | **(35,622)** | **303,363** | **(124,328)** | **(102,592)** | **463,461** | **(116,052)** | **(134,057)** | **(308,492)** | **167,173** | **720,981** | **750,738** |
| Cash/cash equivalents at the month/year begin: | 1,358,756 | 1,571,250 | 1,546,051 | 1,485,878 | 1,560,247 | 1,524,625 | 1,827,988 | 1,703,660 | 1,601,068 | 2,084,529 | 1,968,478 | 1,834,421 | 1,358,756 | 1,525,929 | 2,246,910 |
| Cash/cash equivalents at the month/year end: | 1,571,250 | 1,546,051 | 1,485,878 | 1,560,247 | 1,524,625 | 1,827,988 | 1,703,660 | 1,601,068 | 2,084,529 | 1,968,478 | 1834,421 | 1,525,929 | 1,525,929 | 2,246,910 | 2,997,648 |

## 2.11 ANNUAL BUDGETS AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS – DIRECTORATES

In terms of section 53 (1)(c)(ii) of the MFMA, the Service Delivery and Budget Implementation Plan (SDBIP) constitutes a detailed plan for implementing the Municipality's delivery of services and its annual budget, which must include the following:

(a) Monthly projections of

- Revenue to be collected, by source; and
- Operational and capital expenditure, by vote.

(b) Service delivery targets and performance indicators for each quarter.

In accordance with Section 53 of the MFMA, the Executive Mayor is required to approve the SDBIP within 28 days after the "final" approval of the budget (i.e. after the 31 May 2016). Furthermore, the Executive Mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators, as set out in the SDBIP, are made public within 14 days after the approval of the SDBIP.

The SDBIP gives effect to the IDP and Budget of the Municipality. It includes the service delivery targets and performance indicators for each quarter, which forms the basis for the performance agreements of the Executive Directors. It therefore facilitates oversight over the financial and non-financial performance of the Municipality and allows the City Manager to monitor the performance of the Executive Directors, the Executive Mayor/Council to monitor the performance of the City Manager, and the Community to monitor the performance of the Municipality.

The SDBIP relating to the 2016/17 financial year will be approved by the Executive Mayor during June 2016, following the approval of the Budget prior to 30 June 2016.

## 2.12 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

Below the schedule of contracts impacting on future budgets:

### Table 49 - Contracts impacting on the Municipality's revenue

| Description | Preceding Years | Current Year 2015/16 | 2016/17 Medium Term Revenue & Expenditure Framework | | | Forecast 2019/20 | Forecast 2020/21 | Forecast 2021/22 | Forecast 2022/23 | Forecast 2023/24 | Forecast 2024/25 | Forecast 2025/26 | Total Contract Value |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | Total | Original Budget | Budget Year 2016/17 | Budget Year 2017/18 | Budget Year 2018/19 | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate |
| **Parent Municipality:** | | | | | | | | | | | | | |
| **Revenue Obligation By Contract** | | | | | | | | | | | | | |
| *Contract 1* | | | | | | | | | | | | | – |
| **Total Operating Revenue Implication** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | – |
| | | | | | | | | | | | | | |
| **Expenditure Obligation By Contract** | | | | | | | | | | | | | |
| *Absa Bank Costs* | | 4,297 | 4,555 | 4,828 | 5,117 | | | | | | | | 18,797 |
| **Total Operating Expenditure Implication** | – | 4,297 | 4,555 | 4,828 | 5,117 | – | – | – | – | – | – | – | 18,797 |
| | | | | | | | | | | | | | |
| **Capital Expenditure Obligation By Contract** | | | | | | | | | | | | | |
| *Contract 1* | | | | | | | | | | | | | – |
| **Total Capital Expenditure Implication** | – | – | – | – | – | – | – | – | – | – | – | – | – |
| | | | | | | | | | | | | | |
| **Total Parent Expenditure Implication** | **–** | **4,297** | **4,555** | **4,828** | **5,117** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | 18,797 |
| | | | | | | | | | | | | | |
| **Entities:** | | | | | | | | | | | | | |
| **Revenue Obligation By Contract** | | | | | | | | | | | | | |
| *Contract 1* | | | | | | | | | | | | | – |
| **Total Operating Revenue Implication** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | – |
| | | | | | | | | | | | | | |
| **Expenditure Obligation By Contract** | | | | | | | | | | | | | |
| *Contract 1 - Banking Service Contract* | 92 | 17 | 19 | 21 | 23 | 25 | 27 | 30 | 33 | 36 | 40 | 44 | 407 |
| **Total Operating Expenditure Implication** | 92 | 17 | 19 | 21 | 23 | 25 | 27 | 30 | 33 | 36 | 40 | 44 | 407 |
| | | | | | | | | | | | | | |
| **Capital Expenditure Obligation By Contract** | | | | | | | | | | | | | |
| *Contract 1* | | | | | | | | | | | | | – |
| **Total Capital Expenditure Implication** | – | – | – | – | – | – | – | – | – | – | – | – | – |
| | | | | | | | | | | | | | |
| **Total Entity Expenditure Implication** | **92** | **17** | **19** | **21** | **23** | **25** | **27** | **30** | **33** | **36** | **40** | **44** | 407 |

**Contracts Impacting on the Municipality's Expenditure**

No contracts exceeding the R5 million limit in respect of MFMA section 33 expenditure.

| | Description of lease | Start of contract | End of contract | Escal-ation % | Period | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | ABSA Bank Ltd – Primary Bank account | 01-07-12 | 30-06-17 | | 5 years | | | | | |

## 2.13 LEGISLATION COMPLIANCE STATUS

Below a discussion of the Municipality's progress relating to the implementation of the MFMA:

Implementation of the MFMA

The municipality has been implementing the provisions of the MFMA in accordance with a documented Implementation Plan. The municipality monitors its implementation status on an ongoing basis through reporting via its Committees, including the following:

- The City Manager's Management Team includes all Executive Directors, which meets fortnightly and attends to MFMA issues requiring attention.
- The Budget and Treasury Committee – a standing committee of the Council, which meets every six weeks. The committee considers specific MFMA implementation issues and reports via the Mayoral Committee to Council.
- Meetings between the City Manager, COO and CFO to discuss MFMA implementation issues, as and when necessary. Issues requiring attention are monitored so that actions are taken to ensure compliance.
- The NMBM has also established an MPAC (Municipal Public Accounts Committee) which plays an oversight role in as far as all other overarching issues that include legal compliance matters, amongst others.

The following reflects the status of implementation of some of the key MFMA areas:

IDP

A draft revised 2016/17 IDP has been developed, which was will be considered at a Council meeting to be held on 29 March 2016. The IDP includes specific deliverables that forms the basis for the Budget and SDBIP.

Budget

The annual budget document has been developed taking the MFMA and National Treasury (NT) requirements into account. Budgets are being tabled and approved within the required legislated timeframes.

Annual Report

The Annual Report has been developed taking the MFMA and NT requirements into account. The 2014/15 Annual Report was tabled in January 2016.

Oversight Report

The Municipal Public Accounts Committee has considered the 2014/15 Annual report.

In-Year Reporting

The municipality submits the various reports required to the Executive Mayor, Council, and NT on an ongoing basis, in accordance with the MFMA.

Supply Chain Management Policy (SCM)

A Supply Chain Management Policy has been adopted and implemented in accordance with the MFMA and NT requirements.

All the required SCM committee structures are in place. Whilst the municipality is working at making these new processes operate more efficiently and effectively, it is considered that the municipality is currently complying with the MFMA and NT guidelines.

Budget and Treasury

A Budget and Treasury Office has been established in accordance with the MFMA and NT requirements, consisting of a CFO and municipal officials reporting to the CFO.

Audit Committee

An Audit Committee has been established and meets on a quarterly basis.

Internal Audit Function

The Municipality has an Internal Audit sub-directorate reporting to the City Manager and operating in accordance with an audit plan.

Financial Internship Programme

In the 2015/16 financial the Municipality has a total of seven Finance Interns on the Municipal Financial Management Internship programme, as approved by National Treasury. The Finance Interns are rotated within various Sub Directorates of Budget and Treasury in order to capacitate them. So far the institution has been able to recruit many of the Interns into fulltime position due to their relevant work exposure, and such is beneficial to both parties (i.e. NMBM and the Finance Interns).

## 2.14 CAPITAL EXPENDITURE DETAILS

A summary of the budgeted capital expenditure is reflected in **Annexure "A".**

## 2.15 OTHER SALIENT POINTS TO NOTE IN TERMS OF THE 2016/17 TO 2018/19 BUDGET

i. **Generating additional income for the institution: -** It has been suggested that as part of raising income for the municipality a minimum charge for Sanitation Services be introduced in the same manner as the Water availability charge. This minimum charge is fixed at 80% of the Water Availability charge and it is estimated that the introduction of this levy will realise an additional income of R94.3 million (2016/17), R102.7 million (2017/18) and R112 million (2018/19). The second approach for raising revenue is the fixing of the Water Tariff for businesses (not stepped tariff) at 10% higher than the residential properties. Currently businesses are charged the water tariff that is the same as the residential properties and are not subjected to step tariff as compared to residential properties.

ii. **Filling of Vacancies: -** Council will recall that when the 2015/16 adjustment budget was approved on the 22 February 2016 an amount of R12 million was availed in order to commence with administrative processes to fill some of the vacancies that are considered to be critical. Due to the limited financial resources Directorates were given an opportunity to prioritise vacancies that are deemed as critical, out of the list, and ensuring that they are within the available R12 million. The shortlisted list has been quantified / costed after submission and conclusion of the draft budget reports and in terms of the indicative figures amounts of **R51.7 million** (2016/17), **R55.8 million** (2017/18) and **R60.3 million** have been incorporated into this draft budget. It must be emphasised though that the critical vacancies assignment does not include vacancies that continue to occur during the financial year, within Directorates.

iii. **Harmonisation of the Long Service Bonus for all NMBM employees:** - Council must be aware that there are discussions taking place between the employer and employee representatives in attempting to harmonise conditions of employment within the NMBM as it relates to the long outstanding issue of Long Service Bonus. The end results of the discussions must lead to a Collective Agreement between parties being entered into or signed. In terms of one of the Options that could be implemented in order to find a common understanding on dealing with this long outstanding matter, an amount of **R46 million** will be required to finance this allowance in the 2016/17 financial year. This amount will escalate form the financial years 2017/18 (R49.6 million) to 2018/19 (R53.6 million) and beyond based on salary increases and also number of qualifying employees. These financial estimates have been incorporated in the draft budget, subject to the Collective Agreement being entered into between parties prior implementation.

iv. **Old Age Homes: -** Estimation has been made by the MMC: Finance that an amount of around R8 million will be required in the 2016/17 financial year for assisting Old Age Homes with their operational requirements. The same amount has been budgeted for the two outer years (i.e. 2017/18 and 2018/19). The responsible Directorate working in conjunction with Budget and Treasury will have to ensure compliance with section 67 of the MFMA prior transfer of funds and as such detailed Service Level Agreements will have to be prepared and approved by the Acting City Manager prior implementation.

v. **Operationalisation of the Metro Police: -** As the Council will understand that part of ensuring that the Metro Police are operational is to avail budget (i.e. Operating and Capital) in order to finance daily requirements and or necessary infrastructure. Incorporated into this budget is an amount of R20 million (2016/17), R24 million (2017/18) and R28 million (2018/19) in order to cover the operational costs of implementing this project. If approved by Council the Safety and Security Directorate will have to ensure that their plans are within the available resources.

vi. **Contribution to Cricket, Rugby and Soccer (SRAC): -** Incorporated into the draft budget is an amount of R18 million for years 2016/17 to 2018/19 which will be split equally between the three sporting bodies (at R6 million each per financial year) as suggested by the MMC: Finance. This funding is budgeted for under the Sports, Recreation, Arts and Culture Directorate and as such the Directorate will ensure compliance with section 67 of the MFMA prior an transfer of funds. The detailed Service Level Agreements will have to be prepared and approved by the Acting City Manager prior implementation.

vii. **Budget for Economic Forum (EDTA): -** As indicated above an amount of R3 million (2016/17), R3.1 million (2017/18) and R3.3 million (2018/19) has been budgeted for under the

EDTA Directorate in order to establish an Economic Forum during the upcoming financial year, going forward, as part of the NMBM calendar event.

viii. **National Treasury Budget Circulars: -** In line with Section 229 of the Constitution of the RSA Act (108 of 1996) and Chapter 4 (Municipal Budgets) of the Municipal Finance Management Act (56 of 2003), National Treasury issues Budget Circulars that municipalities **must** consider when preparing their annual budgets. The aim of National Treasury Circulars is to ensure that municipalities' fees, taxes, charges etc. that are levied by municipalities may not unreasonably prejudice national economic policies etc. Amongst many important Circulars is Circular 55 which clearly explains the difference between Surplus Budget vs. Funded Budget **(See paragraph 4.3 of Circular 55)**. The recent Circulars issued that guide the preparation of this budget are Circulars 78 and 79. **All these Circulars are attached to this item as separate Annexures.**

ix. **Progress with respect to the implementation of the Municipal Standard Chart of Accounts (mSCOA): -** In response to paragraph 4.3 of National Treasury Circular 78 a separate **Annexure** dealing with the project implementation plan and the status report re mSCOA implementation is attached to this report. mSCOA implementation is reported to various forums within the institution that include the Steering Committee (SteerCo), Portfolio Committee, etc. in order to ensure that the work required in preparation of the key due date / deadline of the 1 July 2017 is undertaken. Where there are red-flags or risks identified are escalated and remedial actions be developed in order to deal with same.

x. **Continuous payment of Scarce Skills Allowance: -** It must be noted that when Council approved the 2015/16 budget on the 18 June 2015 part of the resolution was to do away with the payment of the aforementioned allowance in line with the contents of the TASK Implementation Collective Agreement. During the periods July to September 2015 Council rescinded this decision in order to allow administration to conclude administrative processes leading up to the review and approval of the Policy. The Policy has since been amended / reviewed and approved, what is awaited now is to agree on the employees that meet the criteria and those who do not meet the criteria for the list to be reduced. As it is uncertain as to when this process will be concluded including informing the affected parties, the budget for the Scarce Skills Allowance has been reduced by 50% in the 2016/17 and about 70% for the two outer financial years.

xi. **National Grants availed to the NMBM i.t.o. the Division of Revenue Bill (DOR-Bill):** - It can be confirmed that grant allocations availed to the NMBM i.t.o. the Division of Revenue Bill informed the draft budget. These grants were availed by National Treasury on the same day that the National Minister of Finance was delivering the budget speech. Notable to what is allocated is the fact that IPTS grant is not availed to the NMBM for both Operating and Capital budgets in the 2016/17 financial year, meaning that the NMBM may not be able to fund IPTS operations in the 2016/17 financial unless there are approved rollovers that may save excessively committing the NMBM. Also notable in terms of the Bill is the fact that the national allocation relating to the Accreditation Grant is no longer available. That also means that future commitments will have to be re-examined to see if they won't place the NMBM into high risks.

xii. **Excessive Contract Security costs: -** As reported and resolved in the Council meeting where the 2015/16 to 2017/18 budget was approved (i.e. 18 June 2015), contract security costs are excessively high for the NMBM. The Executive Director – Safety and Security was mandated by Council to look at strategies that can be implemented in order to curtail this high costs and it is not clear if that was achieved. Budget and Treasury was left with no alternative but to adjust the budget for Contract Security upwards when dealing with the 2015/16 Adjustment Budget.

xiii. **BUDGET / IDP ASSESSMENT OR BENCHMARKING EXERCISE BY NATIONAL TREASURY: -** It must be confirmed that as required in terms of Section 23(1)(b) of the MFMA National Treasury conducted the budget benchmarking exercise on the 23 to 24 May 2016 on the tabled budget. An item dealing with this matter is found somewhere in this Agenda and responses to the submission made by National Treasury.

## 2.16 CITY MANAGER'S QUALITY CERTIFICATION

**Quality Certificate**

**I, JOHANN METTLER, Acting City Manager of Nelson Mandela Bay Municipality, hereby certify that the draft annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the draft annual budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.**

**Print Name : JOHANN METTLER**

**ACTING CITY MANAGER OF NELSON MANDELA BAY MUNICIPALITY (EC000)**

**Signature :** _____

**Date :** _____