

SENQU

MUNICIPALITY

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK

2015/2016 TO 2017/2018



ANNUAL BUDGET OF
SENQU
MUNICIPALITY

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

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Abbreviations and Acronyms

MM	Municipal Manager	MIG	Municipal Infrastructure Grant
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DoRA	Division of Revenue Act	MTEF	Medium-term Expenditure Framework
FBS	Free basic services	MTREF	Medium-term Revenue and Expenditure Framework
GDP	Gross domestic product	NERSA	National Electricity Regulator South Africa
IDP	Integrated Development Strategy	PMS	Performance Management System
KPA	Key Performance Area	PPE	Property Plant and Equipment
KPI	Key Performance Indicator	SDBIP	Service Delivery Budget Implementation Plan
kWh	kilowatt		
LED	Local Economic Development		
MFMA	Municipal Financial Management Act Programme		



Part 1 – Annual Budget

1.1 Mayor's Report

It gives me great pleasure to submit the 2015/2016 Medium Term Revenue and Expenditure Framework (The MTREF or Budget) to the Council for consideration.

In spite of the challenges that the Municipality has experienced, Senqu has performed tremendously well to improve the livelihoods of its people especially the rural communities by delivering better services. The municipality has been proven to be one of the best performing municipalities in South Africa. In addition we have recently received a clean audit opinion from the Auditor-General and I must thank my fellow Councillors and all the staff involved for this achievement.

For the past few years, Senqu has received several Vuna awards, an annual event organized by the Department of Local Government and Traditional Affairs; the ceremony which recognizes good governance and excellent performance by municipalities. In 2014, Senqu municipality was the biggest winner and won five (5) awards. The five categories which the municipality won are service delivery, financial management and viability, good governance and public participation. Senqu also received an award for continuous unqualified audit opinions for five years in succession. Senqu municipality also received an award for overall performance on Key Performance Indicators (KPI). This is attributed to unity in action amongst all the people involved. We need to keep up the good work to attain the clean audit opinion.

Notwithstanding these successes, it was not a walk in the park. The challenges in Sterkpruit overshadowed the above-listed successes.

We do not live in isolation, but exist in the world economy that has gone through its deepest recession in over 70 years, but recovered slightly in the past two years. It is an indication that South Africa's economy has continued to grow. Gross Domestic Product (GDP) growth accelerated by much more than the markets expected in the final quarter of 2014, growing by a seasonally adjusted and annualised 4.1 per cent quarter-on-quarter, up from 2.1 per cent and 0.5 per cent in the third and second quarters respectively and better than the consensus market forecast of 3.7 per cent. Consumer price inflation peaked at 6.6 per cent in June 2014 and has subsequently declined to just 4.4 per cent in the first quarter of 2015, and is expected to average 4.3 per cent in 2015, laying a foundation for economic growth.

Senqu Municipality was in no way immune to the harsh economic realities associated with the recession. Among the impacts is the high unemployment rate, which directly affects payment levels to the municipality as well as increased financial assistance in the form of subsidized services. For the budget year we are providing for free services to the indigent an amount of R13,35 million and over the MTREF an amount of R42,56 million. However, we also need to recognise those people staying in the mountainous areas and the services they need. It will put additional pressure on our financial resources.

Management within local government has a significant role to play in strengthening the link between the citizens and government's overall priorities and spending plans. The new National Development Plan (NDP) sets out an integrated strategy for accelerating growth, eliminating poverty and reducing inequality by 2030. Local Government is required to incorporate the objectives of the NDP and the National Growth Path in its budgets. Senqu municipality is supporting the goals of the NDP.



Our tariffs are competitive and are in line with NERSA approved guidelines and intensive research of national, provincial and regional economic outlooks and national prescripts. We also have a balance between electricity increases and other increases.

The goal should be to enhance service delivery aimed at improving the quality of life for all people within the Senqu Municipality. Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities. During February 2015 the Council and Management did an extensive review of its past performance in order to put strategies in place for the future. During this process critical issues were identified to be addressed in this- and future budgets and I will discuss them later in this report.

When compiling a MTREF one needs to consider all factors which might influence the forecasts and plan accordingly. Our approach this year was to budget conservatively on especially collection rates for rates and services, thereby ensuring what is contained in expenditure will be achieved through revenue. We never, and still, believed in expenditure wish lists and unrealistic revenue budgets which are in any case not allowed but being practiced, and it is exactly for that reason that I believe we are in a financially sound position and our aim is to keep it as such.

It is important that a municipality have sufficient financial resources so that the funding of a new budget is credible. Our focus must be on spending the entire budget in a financial year. Projects must be finished within a financial year and creditors paid within 30 days.

It is the function of the municipality to see what is going on at ground level. There is poverty, under development and disgruntled communities. It is our duty to look at all services, regardless of whose core function it is as people come to the municipality looking for answers and especially from politicians. It is important to look at co-operative governance and co-ordinate all activities around service delivery; guided by the community needs gathered during the outreach.

A lot of work has been done in the rural areas in terms of service delivery, especially regarding electricity provision. The electricity network has improved though there is still room for improvement.

In spite of what has been done, there are poverty stricken areas which have resulted in a high crime rate which can directly be linked to the high unemployment rate, and a key challenge is to assist in creating an environment for job creation, which is also a national government priority.

In local government we have crafted LED days involving government departments and stakeholders so that at the end of the day as the municipality we should be able to link our programs to those of other spheres of government for a better service delivery. I also want us as a municipality to look at our weak and strong points and commit ourselves at delivering better services so that even when we fall short on funds we make it a point that we go an extra mile to source out funds. I acknowledge the fact that as a municipality we have to look at our financial viability, but we also have to work hard collectively to ensure the delivery of services without compromise.



The importance of communication cannot be over emphasized. Public participation in our municipality should be effective, we should go to communities for follow ups, have slots on the radio stations to improve the communication to the public. In an attempt to improve communication within our wards, Council resolved that all new community halls should provide office space for the ward councilor where such councilor can meet with the people in that ward. It will take time to implement due to financial constraints but at least we are starting the process.

Senqu Municipality remains and will always be a non-discrimination municipal organisation by providing equal opportunity when it does business through its SCM process (fair and transparent) and through recruitment drives and will continue to strive to pursue and achieve its employment equity targets as wholly aligned to the aspirations of the freedom charter.

We must all work together to maintain a clean audit in the coming year. The support of both politicians and staff are needed to insure that unauthorised, irregular and wasteful expenditure is eliminated so that our deeds match our words for a clean audit.

The National Treasury is rolling out a new Standard Chart of Accounts (mSCOA) for municipalities, and Senqu Municipality has been elected as one of only a few pilot municipalities chosen to test this new financial reform.. This will standardise all expenditure votes across all municipalities as well as create a link to the Provincial-and National expenditure votes. It is envisaged that spending up to a ward level will be reported on and is a further measure to ensure an equitable division of funds to our communities. The pilot programme with identified municipalities is currently being implemented and we are busy with implementation during this budget cycle.

The importance of the oversight role of Council can't be over emphasised. The Oversight Committee is there to deal with the issue of over and under spending. They must be harsh with the administration if they don't spend. Community, public participation and customer care must also be prioritised.

Some of the key issues identified during our IDP consultation processes and following our strategic planning workshops are listed below:

1. Roads – As one of the main economic drivers within a region and as a tool to bring services to community members the Senqu Municipal Council puts great emphasis on this aspect. Climate change is leading to roads and bridges becoming rapidly eroded. Roads must be properly maintained, therefore an amount of R17,5 million has been provided for road - and bridge projects for the budget year and R63,9 million over the MTREF period.
2. Cemeteries – The dignity of Community members, including those who have passed, is and will remain an important consideration for the Senqu Municipal Council. For the budget year an amount of R5,5 million for cemeteries have been budgeted for and a total of R17.1 million has been allocated over the MTREF period.
3. Community Halls - The building and upgrading of community halls must be accelerated, especially in Sterkspruit. An amount of R10,2 million have been budgeted for and a total of R11.7 million has been allocated over the MTREF period.



4. Solid Waste Sites – In an effort to create a healthy environment in which the residents of Senqu can prosper, solid waste sites to the amount of R5,8 million for the budget year and R11 million over the MTREF period has been prioritised to improve the overall surroundings of Senqu Municipality.

5. Sports Facilities - A lack of recreational facilities are mentioned in every ward and the youth don't feel that Senqu Municipality are doing enough for them. An amount of R16,9 million is therefore budgeted for on the capital budget for sports facilities over the MTREF period.

6. Tourism and LED Initiatives – It is Important to create an environment where the residents of Senqu Municipality can prosper and to attract external investments within our municipality, therefore an amount of R5,8 million is budgeted for over the MTREF period for both LED and Tourism activities.

As mentioned above, this budget is very much based on submissions by our communities during the IDP process, Our capital budget totals R62,89 million for the budget year and R162,3 million for the MTREF. A total of 31,7 per cent, or R51.4 million, of the capital budget over the MTREF, and 44 per cent for the budget year, is funded from our own cash-backed Capital Replacement Reserve (or CRR), and despite this the CRR remains in a healthy cash-backed position. The other capital is funded from National grants through the Municipal Infrastructure Grant (or MIG as it is generally known).

Finally, I would like to thank the Community, the Councillors and all officials for their input into this budget. I believe it is really a community driven budget and although much more is needed we can only do what our finances allow us to do. I hope this budget will make a significant difference in our people's lives.

Thank you.



1.2 Draft Council Resolutions

(The following resolutions must be taken at the final budget approval. It is listed here as required by the Regulations)

It is recommended that the Council approves and adopts the following resolutions for the annual budget:

The Council of Senqu Municipality, acting in terms of section 16 of the Municipal Finance Management Act, (Act 56 of 2003) tables:

- 1.1. The draft annual budget of the municipality for the financial year 2015/16 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification);
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote);
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type); and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source.
- 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables attached in the budget documentation:
 - 1.2.1. Budgeted Financial Position;
 - 1.2.2. Budgeted Cash Flows;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation;
 - 1.2.4. Asset management; and
 - 1.2.5. Basic service delivery measurement.
2. The Council of Senqu Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) tables for approval and adoption the following tariffs and related policy changes as attached in the budget documentation, with effect from 1 July 2015:
 - 2.1. the tariffs for property rates and related policy changes
 - 2.2. the tariffs for electricity and related policy changes
 - 2.3. the tariffs for the supply of water on behalf of Joe Gqabi District Municipality;
 - 2.4. the tariffs for sanitation services on behalf of Joe Gqabi District Municipality; and
 - 2.5. the tariffs for solid waste services and related policy changes
 - 2.6. the summary of policy changes
3. The Council of Senqu Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) tables for approval and adoption with effect from 1 July 2015 the tariffs for other services, as set out in the attached budget documentation.



4. To give proper effect to the municipality's annual budget, the Council of Senqu Municipality approves:
 - 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
 - 4.2. That the Draft budget be advertised for public comments in accordance with chapter 4 of the Municipal Systems Act (Act 32 of 2000) and sections 22 & 23 of Municipal Finance Management Act, (Act 56 of 2003)

1.3 Executive Summary

The main objective of a municipal budget is to allocate realistically expected resources to the service delivery goals or performance objectives identified as priorities in the Integrated Development Plan. National Treasury's MFMA Circular No. 74 and No. 75 was also used to guide the compilation of the 2015/16 MTREF.

The Medium Term Budget Policy Statement (MTBPS) 2014 highlights that South Africa's economic performance has deteriorated over the past several years. Gross domestic product (GDP) growth of 1.4 per cent is estimated in 2014, down from 3.6 per cent in 2011. GDP growth is projected to improve over the medium term as infrastructure constraints ease, private investment recovers and exports grow. Economic growth is expected to rise gradually over the medium term, reaching 3 per cent by 2017. Inadequate electricity supply, however, will impose a serious constraint on output and exports over the short term.

Fiscal constraints mean that transfers to municipalities will grow more slowly in the period ahead than they have in the past. Accordingly, municipalities must renew their focus on core service delivery functions and reduce costs without adversely affecting basic services. Furthermore, municipalities must ensure that efficiency gains, eradication of non-priority spending (cost containment measures) and the reprioritization of expenditure relating to core infrastructure continue to inform the planning framework.

The state of the economy has an adverse effect on the consumers. As a result municipalities' revenues and cash flows are expected to remain under pressure. Furthermore municipalities should carefully consider affordability of tariff increases, especially as it relates to domestic consumers while considering the level of services versus the associated cost. To assist municipalities, Government will also provide support to improve revenue collection.

The Medium Term Strategic Framework (MTSF) priorities for structural reform over the period ahead include:

- Building the capacity of local government through the "**back to basics**" approach which will focus on improving service delivery, accountability and financial management. Local government should be effective and efficient; and this will be measured by its ability to perform the basic mandate of service delivery.



The municipality is in a healthy financial position, however, it needs to at least stabilise and further strive to continuously better its financial position, coupled with acceptable levels of service delivery at affordable tariffs. The retention of sufficient cash-backed reserves is critical for the long-term sustainability of the municipality, and to this end the municipality is achieving this objective while also maintaining a balance on the Capital Replacement Reserve to a level where future external funding, excluding grants, be minimised.

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

Table 1 Consolidated Overview of the 2015/16 MTREF (R'000)

R thousand	Adjustments Budget	Budget Year	Budget Year +1	Budget Year +2
	2014/15	2015/16	2016/17	2017/18
Total Operating Revenue	165 406	195 728	195 245	194 762
Total Operating Expenditure	189 054	197 522	210 576	216 030
<i>Surplus/(Deficit) for the year</i>	(23 649)	(1 794)	(15 332)	(21 268)
Total Capital Revenue recognised	36 513	35 399	36 721	38 704
<i>Surplus/(Deficit) for the year</i>	12 865	33 605	21 389	17 436

Total operating revenue has grown by 18,33 per cent or 30,32 million for the 2015/16 financial year when compared to the 2014/15 Adjustments Budget. For the two outer years, operational revenue decrease slightly by 0.25 per cent for both years, equating to a total revenue growth of R29,356 million over the MTREF (2015/2016 to 2017/2018).

Total operating expenditure for the 2015/16 financial year has been appropriated at R197,522 million and translates into a budgeted deficit of R1,794 million before capital transfers. When compared to the 2014/15 Adjustments Budget, operational expenditure has increased by 4,48 per cent in the 2015/16 budget and again increased by 6,61 and 2,59 per cent for each of the respective outer years of the MTREF. The operating surplus, before capital grant transfers, for the two outer years decreases to a deficit of R15,332 million for the 2016/2017 financial year and R21,268 deficit in 2017/2018 as a result of the increasing operating expenditure.

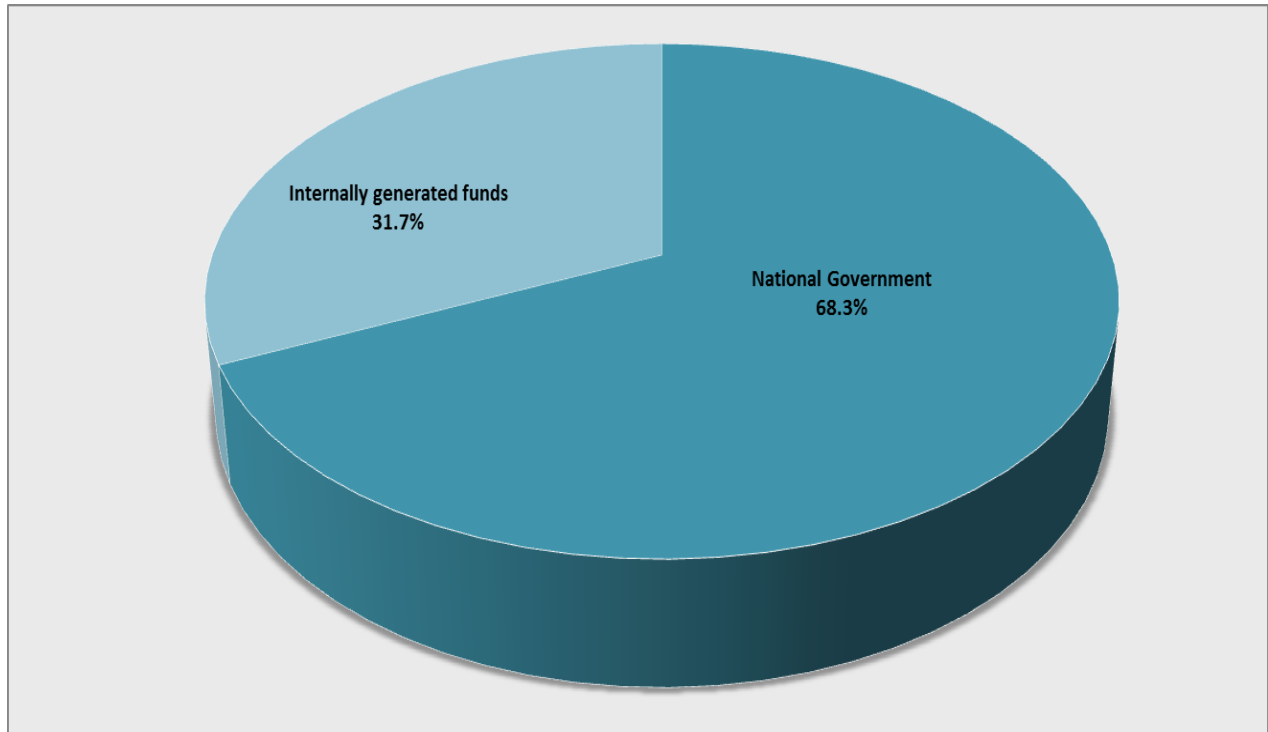
The municipality remains committed to a large capital programme with a significant portion funded by grants from National Government.

Table 2 Total Capital Funding of the 2015/16 MTREF (R'000)

Vote Description R thousand	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Funded by:								
National Government	22 904	20 143	35 686	44 614	36 513	35 399	36 721	38 704
Transfers recognised - capital	22 904	20 143	35 686	44 614	36 513	35 399	36 721	38 704
Internally generated funds	16 056	17 522	17 041	11 592	27 037	27 491	16 765	7 221
Total Capital Funding	38 960	37 665	52 727	56 206	63 550	62 890	53 487	45 925

The capital budget of R62,89 million for 2015/16 is 1,04 per cent less when compared to the 2014/15 Adjustment Budget. The capital programme decreases to R53,49 million in 2016/17 and R45,93 million in 2017/18. The decrease can mainly be attributed to the decrease in proposed expenditure to be financed from internally generated funds – a trend that is set to continue throughout the MTREF.

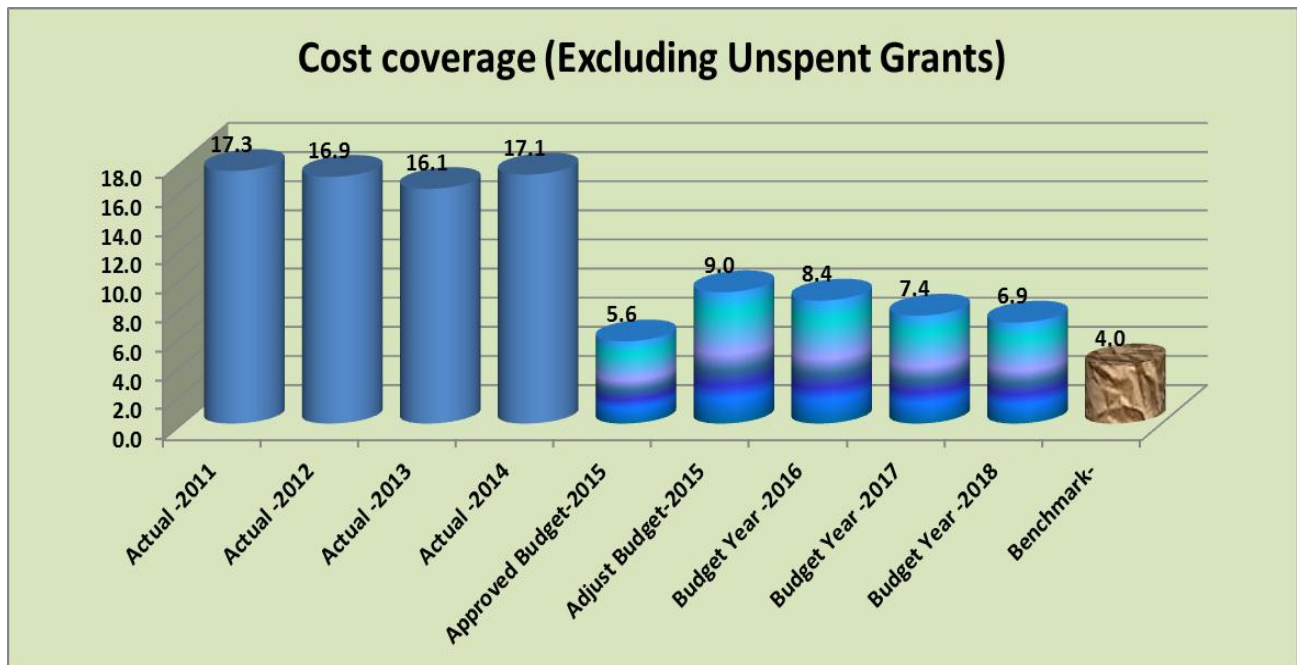
A portion of the capital budget will be funded from own revenue (R51,4 million or 31,7%) over the MTREF with no anticipated borrowings and the main funding source being Grants to the value of R110,8 million (68,3%).



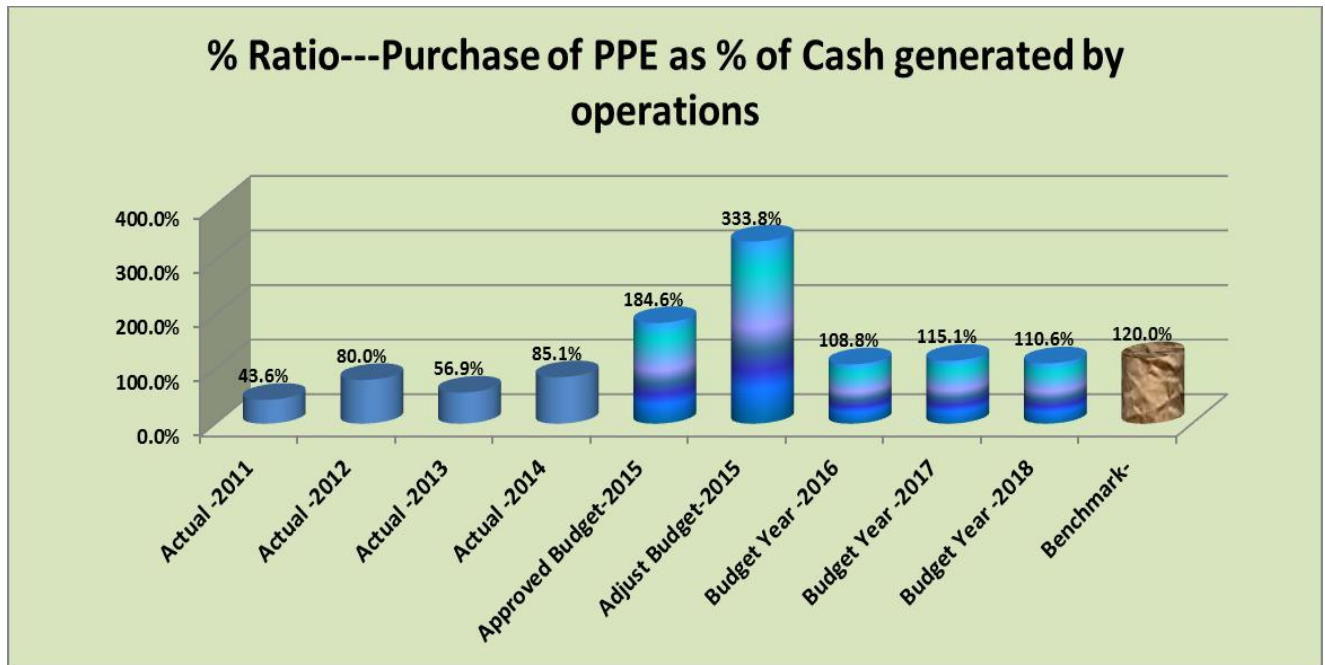
As indicated above no borrowing for capital projects is planned. The municipality is still well within the limits of its borrowing capacity, but will raise very limited loans in the near future in order to curtail possible rising debt servicing costs.

The municipality should be mindful of the fact that the large capital program, especially from internally generated funds, places enormous pressure on the accumulated cash reserves of the Senqu Municipality. This could significantly impact on the long term sustainability of the entity.

This could also result in a decline in the cost coverage ratio of the municipality although it is still above the benchmark of 4 over the entire MTREF.



As a rule of thumb, capital expenditure should not exceed the cash generated by operations (including capital transfers) in order to maintain cash reserves. It is clear that the municipality's capital program is above the 100% mark (see graph below), but over the MTREF below the 120% benchmark for municipalities in the Western Cape (Unfortunately the Eastern Cape does not have similar benchmarks as yet and for that reason it is being compared to the Western Cape Provincial Treasury's model). The benchmark for the municipalities is set at 120%. This figure is higher than 100% due to the fact that municipalities are encouraged to finance long term infrastructure projects through external funding to ensure that the user of the respective infrastructure projects pays for the use thereof.



The municipality reviews its viability ratios on a continuous basis to ensure that all approved budgets support the long term financial viability of Senqu Municipality. These viability measurement indicators are purely of a financial nature as derived from the annual financial statements and various budgets and were developed in order to determine key areas which will assist the municipality in financial viability.

The ratios include the following:

1) Acid Test Ratio
2) Payment Level (Excluding write-off of bad debts)
3) Cash Generated from Operations as % of Revenue
4) Purchase of PPE as % of Cash Generated
5) Cost Coverage (Excluding Unspent Grants)
6) Debtors Turnover (days) (Before impairment)
7) Long-term debt as % of Revenue
8) Debt servicing cost to Revenue
9) Short-term debt as % of Cash
10) Cash Funded Budget over MTREF

As depicted below, the viability scoring of Senqu municipality is sound and compares with the best of the municipalities in the Western Cape. The only problem area is debtors which have a negative impact on the scoring for “Debtors turnover days” as well as “Payment level scoring”. The ability of the municipality not to collect outstanding debt will have a direct effect on the cash flow of the Municipality and its ability to fully meet its future financial obligations as well as to fund its own capital infrastructure program.



1.4 Operating Revenue Framework

Section 18 of the Municipal Finance Management Act, 2003, which deals with the funding of expenditure, states as follows:

- (1) “An annual budget may only be funded from –
 - (a) Realistically anticipated revenue to be collected from the approved sources of revenue;
 - (b) Cash-backed accumulated funds from previous financial years’ surpluses not committed for other purposes; and
 - (c) Borrowed funds, but only for the capital budget referred to in section 17(2).
- (2) Revenue projections in the budget must be realistic, taking into account –
 - (a) projected revenue for the current year based on collection levels to date; and
 - (b) actual revenue collected in previous years.”



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

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

Table 3 Summary of revenue classified by main revenue source

Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source								
Property rates	4 001	4 312	4 492	4 521	6 201	6 856	7 267	7 695
Service charges - electricity revenue	18 003	22 763	23 428	20 892	21 692	26 937	28 553	30 230
Service charges - refuse revenue	1 948	2 504	2 623	2 271	2 271	2 444	2 591	2 721
Rental of facilities and equipment	570	424	501	295	295	312	331	351
Interest earned - external investments	6 790	7 476	8 881	6 000	6 000	7 360	6 742	7 146
Interest earned - outstanding debtors	882	1 092	1 544	898	1 048	1 142	1 210	1 283
Fines	50	65	34	64	64	250	71	76
Licences and permits	1 680	1 750	1 139	1 208	1 208	2 231	2 365	2 507
Agency services	580	1 619	2 366	2 228	2 228	2 362	2 504	2 654
Transfers recognised - operational	107 758	103 398	111 527	119 988	122 266	143 637	141 282	137 632
Other revenue	747	5 844	1 824	387	2 132	2 197	2 329	2 468
Total Revenue (excluding capital transfers and contributions)	143 010	151 248	158 361	158 751	165 406	195 728	195 245	194 762

The percentage revenue decreases slightly over the MTREF, mainly as a result of lower operational grants and especially the Equitable Share. In the two outer years of the MTREF the decreases in revenue is 0,25% for each of the two years. Total revenue foregone through indigent subsidies and rebates is estimated at R13,3 million for the 2015/2016 financial year. In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.



Table 4 Summary of revenue classified by municipal vote (including capital transfers)

Vote Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue by Vote								
Vote 1 - Executive & Council	2 526	4 836	5 571	6 907	6 907	7 212	7 546	7 913
Vote 2 - Planning & Development	2 212	10 554	878	893	3 138	1 880	1 951	2 056
Vote 3 - Corporate Services	3 631	2 285	164	60	1 805	1 850	1 961	2 079
Vote 4 - Budget & Treasury	83 133	93 178	98 705	105 511	107 551	95 507	94 991	93 460
Vote 5 - Road Transport	25 815	15 387	41 118	39 952	20 506	16 039	23 327	32 317
Vote 6 - Waste Water Management	7 150	-	-	-	-	-	-	-
Vote 7 - Housing	7 944	579	253	440	16	-	-	-
Vote 9 - Community & Social Services	1 311	4 151	4 693	4 891	7 307	12 579	8 228	5 693
Vote 10 - Sport & Recreation	3 306	3 095	2 221	5 688	11 285	5 338	5 412	5 851
Vote 11 - Public Safety	68	20	74	26	26	339	359	381
Vote 12 - Electricity	22 563	30 116	32 924	30 880	31 588	56 296	57 062	55 932
Vote 13 - Waste Management	5 458	7 190	7 445	8 118	11 791	34 087	31 128	27 784
Total Revenue by Vote	165 116	171 391	194 047	203 366	201 919	231 127	231 966	233 466

Table 5 Percentage growth in revenue base by main revenue source

Description	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework					
	Adjusted	%	Budget Year 2015/16	%	Budget Year +1 2016/17		Budget Year +2 2017/18	
					Budget	%	Budget Year	%
Revenue By Source								
Property rates	6 201	3.7%	6 856	3.5%	7 267	3.7%	7 695	4.0%
Service charges - electricity revenue	21692	13.1%	26 937	13.8%	28 553	14.6%	30 230	15.5%
Service charges - refuse revenue	2 271	14%	2 444	12%	2 591	13%	2 721	14%
Rental of facilities and equipment	295	0.2%	312	0.2%	331	0.2%	351	0.2%
Interest earned - external investments	6 000	3.6%	7 360	3.8%	6 742	3.5%	7 146	3.7%
Interest earned - outstanding debtors	1048	0.6%	142	0.6%	1210	0.6%	1283	0.7%
Fines	64	0.0%	250	0.1%	71	0.0%	76	0.0%
Licences and permits	1208	0.7%	2 231	1.1%	2 365	1.2%	2 507	1.3%
Agency services	2 228	1.3%	2 362	1.2%	2 504	1.3%	2 654	1.4%
Transfers recognised - operational	122 266	73.9%	143 637	73.4%	141 282	72.4%	137 632	70.7%
Other revenue	2 132	1.3%	2 197	1.1%	2 329	1.2%	2 468	1.3%
Total Revenue (excluding capital transfers and contributions)	165 406	100%	195 728	100%	195 245	100%	194 762	100%
Total Revenue from Rates and Service Charges	30 164	18.2%	36 237	18.5%	38 411	19.7%	40 645	20.9%



Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality, but measured against other municipalities e.g. the Western Cape, the percentage is relatively low and is a clear indication of the level of unemployment in the municipal area. Rates and service charge revenues comprise between 18 and 21 per cent of the total revenue mix over the MTREF period. In the 2014/15 financial year, revenue from rates and services charges amounts to R30,164 million or 18,2 per cent of total revenue mix. This increases to an estimated R 36,2 million (18,5%), R38,4 million (19,7%) and R40,6 million (20,9%) in the respective financial years of the MTREF.

More than 91 per cent of Operational revenue is derived from the following sources:

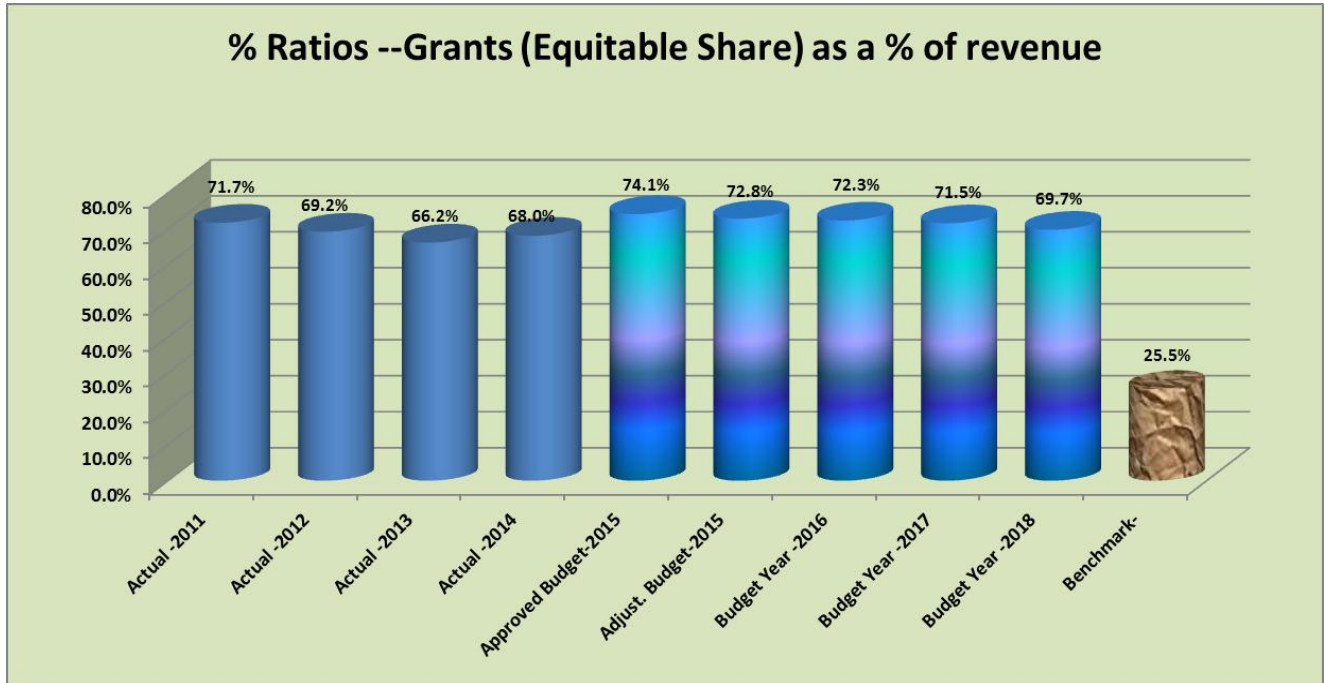
- 1) Operating Grants
- 2) Property Rates
- 3) Service Charges

Interest on investments, despite the relative low interest rates, is the 4th largest revenue source, which is a clear indication of the municipality's cash flow management. It is expected that interest rates will rise over the next year in order to assist in curbing inflation.

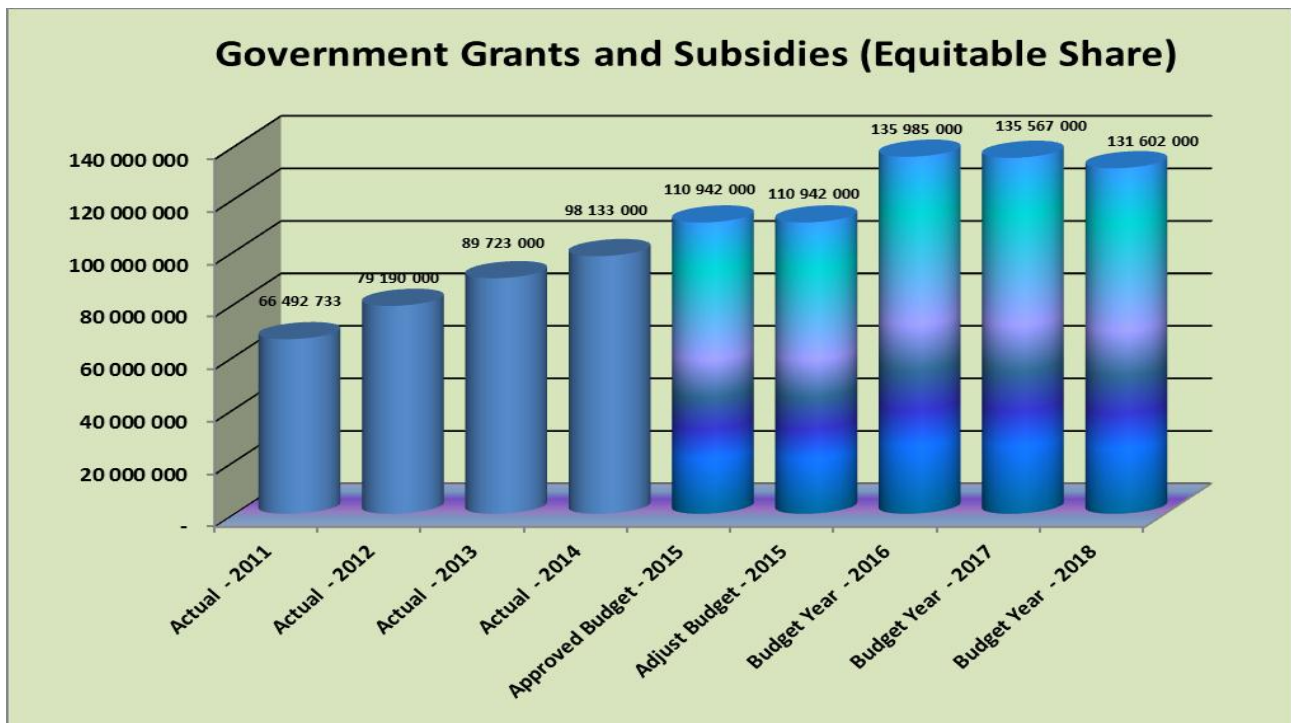
1.4.1 Operating Grants

Grants usually fluctuates upwards or downwards from year-to-year, as the revenue recognition for such grants depends only on compliance with any conditions attached to such grants and it is also dependent on the funding made available from the other spheres of Government.

The unconditional Equitable Share Grant, however, is a grant growing annually according to a formula determined nationally and such formula is applicable to all local authorities on an equal basis.



As can be seen from the graph above, Senqu municipality is to a very large degree dependent on grants (Equitable share) to sustain the budget. This is mainly as a result of the high unemployment rate in the area and the focus on job creation should be a priority. Equitable share totals R111 million in the 2014/15 financial year and increases to R132 million by 2017/18 as can be seen in the graph below.



The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term (Please note that a portion of the Equitable share grant as per Dora is allocated to “Nat Gov: Councillor Remuneration” grant):

Table 6 Operating Transfers and Grant Receipts

Description	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand					
EXPENDITURE:					
<u>Operating expenditure of Transfers and Grants</u>					
National Government:	118 039	117 244	142 437	140 082	136 372
Local Government Equitable Share	104 535	104 535	129 273	128 548	124 272
Finance Management	1 600	1 600	1 600	1 625	1 700
Nat Gov: Neighbourhood Dev Partners	893	-	-	-	-
Nat Gov: Councillor Remuneration	6 407	6 407	6 712	7 019	7 330
Municipal Systems Improvement	934	934	930	957	1 033
Municipal Infrastructure (MIG)	1 694	1 792	1 863	1 933	2 037
Nat Gov: EPWP Incentive Grant	1 976	1 976	2 059	-	-
Provincial Government:	1 949	5 022	1 200	1 200	1 260
Prov Gov: Housing - Hillside 1 000	424	-	-	-	-
Clean Audit	325	685	-	-	-
Libraries	1 200	1 200	1 200	1 200	1 260
DEDEAT - Alien Vegetation	-	3 138	-	-	-
Total operating expenditure of Transfers and Grants:	119 988	122 266	143 637	141 282	137 632

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

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

The percentage increases of Eskom bulk tariffs are beyond the mentioned inflation target but at least less than applied for. Given that these tariff increases are determined by an external agency, the impact it has on the municipality’s electricity tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality’s future financial position and viability.



The municipality budgets for the non-payment of accounts based on past experience of recovery rates. The municipality applies its Credit Control Policy stringently, but there are always situations where there are defaults on payment. The contribution for bad debt is about 12 per cent of the revenue for rates, service charges, interest on debtors and rent of facilities on credit, and equates to R4,47 million in 2014/2015 increasing to R5,2 million in 2017/2018. Past experience indicates that this percentage should not be more than 10 per cent, however, a cautionary approach is taken in this budget due to the signs of economic stress being experienced by the community.

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

1.4.2 Property Rates

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

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy to a maximum valuation of R60 000;
- The limit for indigent households is twice the amount of government pension grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2015/16 financial year based are as follows:

Table 7 Comparison of proposed rates to be levied for the 2015/16 financial year

	2014/2015	2015/2016
	%	%
On total value of property		
Vacant Land as defined in Rates Policy		
Residential Properties	0.5406	0.5730
Commercial/ Business Properties	0.6466	0.6854
Industrial Properties	0.6466	0.6854
Public Service Infrastructure Properties	0.5406	0.5730
Public Benefits Organisation Properties	0.0000	0.0000
Agricultural Properties used for Agricultural Purpose	0.1378	0.1461
Agricultural Properties used for Commercial / Industrial Purposes	0.2756	0.2921
Agricultural Properties used for Eco- Tourism, Conversation, Trading In or Hunting of Game	0.2756	0.2921
Agricultural Properties not used for Any Purpose/ Purpose Unknown to Municipality	0.5406	0.5730
State- Owned Properties that Provide Local Services	0.5406	0.5730
State/ Owned Properties that Provide Regional/ Municipal District- Wide Services	0.5406	0.5730
State/ Owned Properties that Provide Provincial/ National Services	0.5406	0.5730
Municipal Properties	0.0000	0.0000
Vacant Properties	0.8480	0.8989

All rates were increased by 6% over the MTREF. These increases are within the 6.0 per cent upper limit of the South African Reserve Bank’s inflation target.

1.4.3 Sale of Water and Sanitation and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

The JGDM held a Water-and Sanitation Indaba from 27 March 2012 to 29 March 2012 and determined that the best model for the provision of the Water-and Sanitation functions is that the District Municipality provides the service itself, but that the local municipalities only assist with the provision of financial functions on an agency basis. This was implemented on 1 July 2012 and for that reason Senqu Municipality does not advertise or consult on the tariffs for these services.

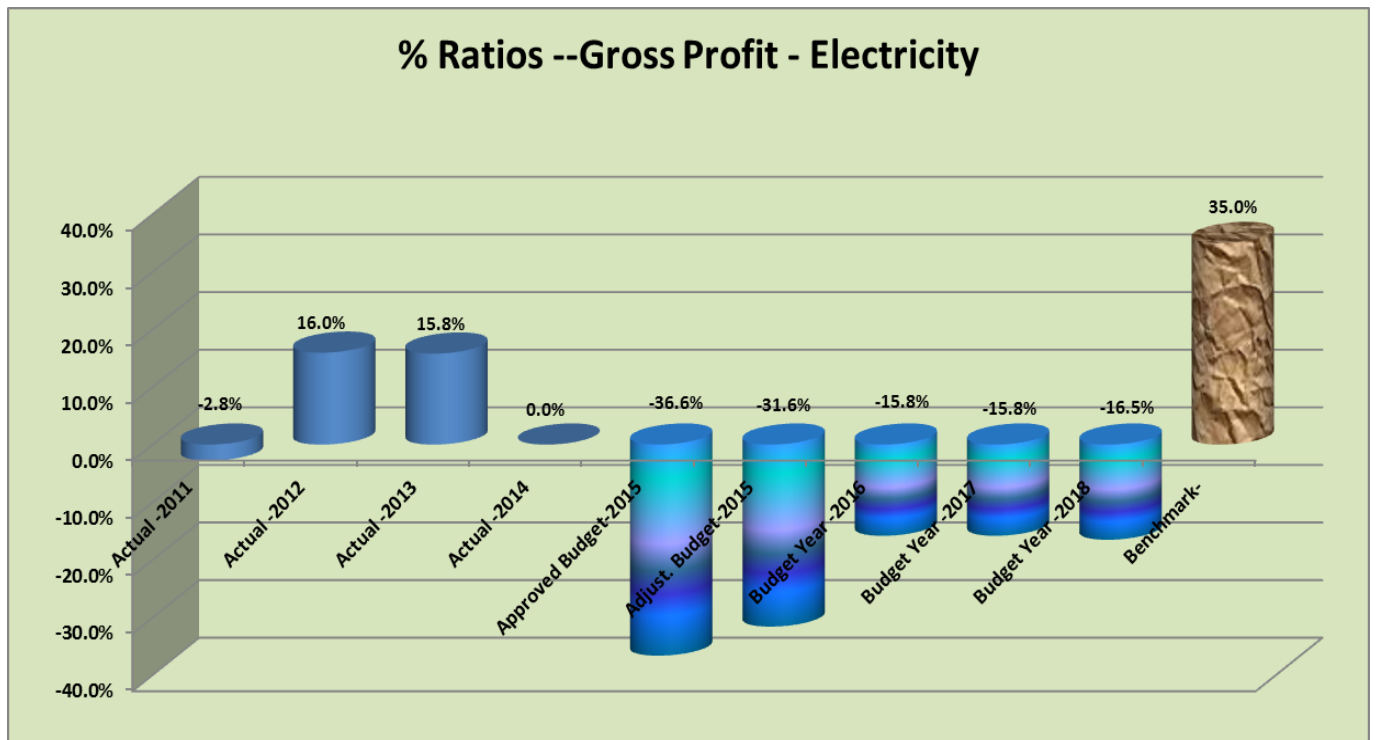


1.4.4 Sale of Electricity and Impact of Tariff Increases

Municipalities were advised to structure their 2015/16 electricity tariffs based on the 12.69 per cent guideline and provide for a 14.24 per cent increase in the cost of bulk purchases for the tabled 2015/16 budgets and MTREF.

Electricity is regarded as a trading account which should make a profit, although NERSA monitors and limits this profit to about 10% if possible. The municipality does not make a profit on electricity and must implement ways of achieving a profit, without overburdening the consumers with exorbitant tariffs.

The gross profit (GP) on electricity is negative, whereas a good benchmark is a profit of 35%. The main reason for this negative GP is the high electricity losses. The negative GP recovered from a negative 31,6 per cent in the 2015/16 budget to a negative 15,8 per cent and 16,5 per cent over the MTREF.





The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for customers over the MTREF period:

Table 8 Comparison between current electricity charges and increases

	2014/15	2015/2016
	Nersa App	R
Domestic (Pre-paid metering)	c/kwh	
Basic / Availability Charge – per month	0.00	0.00
Energy Charge – per Unit (kWh) (1 – 50kWh)	75.17	84.34
Energy Charge – per Unit (kWh) (51 – 350kWh)	93.43	104.83
Energy Charge – per Unit (kWh) (351 - 600kWh)	140.7	157.87
Energy Charge – per Unit (kWh) (> 600kWh)	153.81	172.57
Domestic : Demand 0 -60 Amp (Credit Metering)		
Basic / Availability Charge -per month	113.83	127.72
Energy Charge – per Unit (kWh) (1 – 50kWh)	74.78	83.90
Energy Charge – per Unit (kWh) (51 – 350kWh)	91.43	102.58
Energy Charge – per Unit (kWh) (351 - 600kWh)	123.76	138.86
Energy Charge – per Unit (kWh) (> 600kWh)	142.83	160.26
Domestic : Demand 60 Amp + (Credit Metering)		
Basic / Availability Charge -per month	268.76	301.55
Energy Charge – per Unit (kWh) (1 – 50kWh)	74.78	83.90
Energy Charge – per Unit (kWh) (51 – 350kWh)	91.43	102.58
Energy Charge – per Unit (kWh) (351 - 600kWh)	123.76	138.86
Energy Charge – per Unit (kWh) (> 600kWh)	142.83	160.26
Commercial (Pre -paid metering)		
Energy Charge -per Unit (KWh) consumed	154.64	173.51
Commercial: Small / Medium - (Credit Metering)		
Basic / Availability Charge - per month	332.91	373.53
Energy Charge - per unit (KWh) consumed	128.87	144.59
Commercial: Large - (Credit Metering)		
Basic / Availability Charge - per month	971.88	1090.45
Energy Charge - per unit (KWh) consumed	131.02	147.00
Network / Demand Charge - per unit (KVA) consumed	52.62	59.04
Farms		
Basic / Availability Charge per month	327.54	367.50
Energy Charge -per Unit (KWh) consumed	127.79	143.38
Network Demand Charge - (KVA) per Unit	52.19	58.56



A proposed increase of 12,2 per cent on all tariffs is factored into the MTREF. This increase is above the 6 per cent upper limit of the South African Reserve Bank's inflation target. However, this increase is beyond the control of the municipality as it is prescribed by NERSA.

1.4.5 Waste Removal and Impact of Tariff Increases

Solid waste removal operated at a loss up to 2014/15 budget year, which indicates that the tariffs were not yet cost reflective. For 2015/16 solid waste removal operates at a surplus of R12,1 million which decreases dramatically over the MTREF. It is widely accepted that the rendering of this service should at least break even. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this decrease are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration. In addition, the cost of new landfill sites, the effect of depreciation and rehabilitation on these landfill sites all plays an important role.

	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand								
Waste management	(2 794)	(3 133)	(3 478)	(5 491)	(1 928)	12 102	1 552	1 821

Despite the losses as indicated above, a general 6 percent increase in the waste removal tariff is proposed from 1 July 2015. Higher increases will not be viable in 2015/16 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 6 per cent would not only be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt, but also, although on a small scale, not assisting the national government in reaching the CPIX target of between 3 and 6 percent.



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

Table 9 Comparison between current waste removal fees and increases

	2014/2015	2015/2016
	R	R
Domestic Consumers (per month for one removal per week)	106.00	112.36
Additional removal (per load or part thereof)	106.00	112.36
Commercial Consumers (per month for two removals per week)	226.84	240.45
Additional removal (per load or part thereof)	226.84	240.45
Government Departments (Schools, hotels, SAPS, prison, hospitals, etc) (per month for two removals per week)	1345.14	1425.85
Additional removal (per load or part thereof)	226.84	240.45
Garden Refuse (per load) (to be paid in advance)	226.84	240.45
Building Rubble (per load) (to be paid in advance)	393.26	416.86
Cleaning of erven	226.84	240.45



Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on various households.

Table 10 Impact of tariff increases on households

Description	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework			
	Original Budget	Adjusted Budget	Budget Year 2015/16 % incr.	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Rand/cent						
Monthly Account for Household - 'Middle Income Range'						
Rates and services charges:						
Property rates	652.75	652.75		691.92	733.43	777.44
Electricity : Basic lev y	115.24	115.24		122.15	129.48	137.25
Electricity : Consumption	1 842.79	1 842.79		1 953.36	2 070.56	2 194.79
Refuse removal	113.78	113.78		120.60	127.84	135.51
sub-total	2 724.56	2 724.56	6.0%	2 888.03	3 061.31	3 244.99
VAT on Services						
Total large household bill:	2 724.56	2 724.56	6.0%	2 888.03	3 061.31	3 244.99
% increase/-decrease	-	-		6.0%	6.0%	6.0%
Monthly Account for Household - 'Affordable Range'						
Rates and services charges:						
Property rates	157.14	157.14		166.57	176.56	187.15
Electricity : Basic lev y	115.89	115.89		122.84	130.21	138.03
Electricity : Consumption	819.75	819.75		868.93	921.07	976.33
Refuse removal	113.56	113.56		120.38	127.60	135.26
sub-total	1 206.34	1 206.34	6.0%	1 278.72	1 355.44	1 436.77
VAT on Services						
Total small household bill:	1 206.34	1 206.34	6.0%	1 278.72	1 355.44	1 436.77
% increase/-decrease	-	-		6.0%	6.0%	6.0%
Monthly Account for Household - 'Indigent' Household receiving free basic services						
Rates and services charges:						
Property rates	101.17	101.17		107.24	113.68	120.50
Electricity : Consumption	316.29	316.29		335.27	355.38	376.71
sub-total	417.46	417.46	6.0%	442.51	469.06	497.21
VAT on Services						
Total small household bill:	417.46	417.46	6.0%	442.51	469.06	497.21
% increase/-decrease	-	-		6.0%	6.0%	6.0%



1.5 Operating Expenditure Framework

Building on cost containment guidelines approved by Cabinet in October 2013, government at all levels will need to identify opportunities to increase efficiency and reduce waste. At a national level, the 2015 budget pay particular attention to reducing line items that are not critical to service delivery to reinforce cost containment.

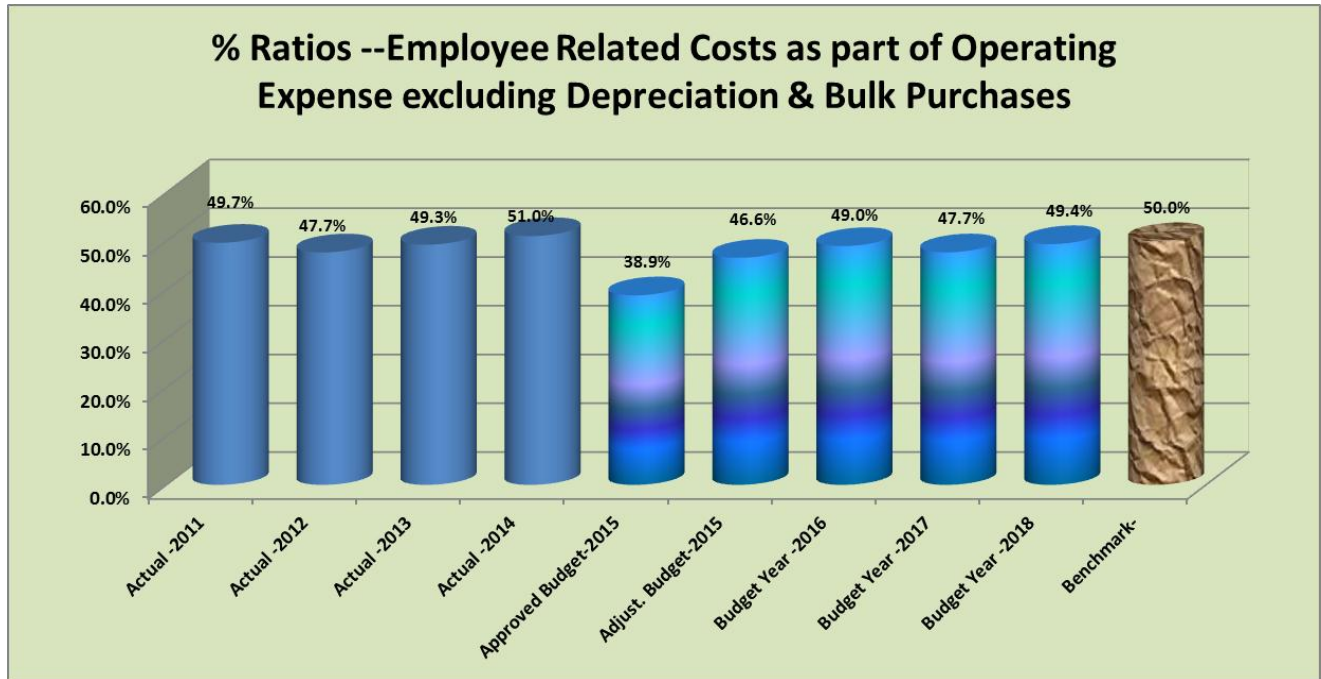
Municipalities are still urged to implement the cost containment measures on six focus areas namely, consultancy fees, no credit cards, travel and related costs, advertising, catering, events costs and accommodation. With the implementation of cost containment measures, municipalities must control unnecessary spending on nice-to-have items and non-essential and non-priority activities.

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

Table 11 Summary of operating expenditure by standard classification item

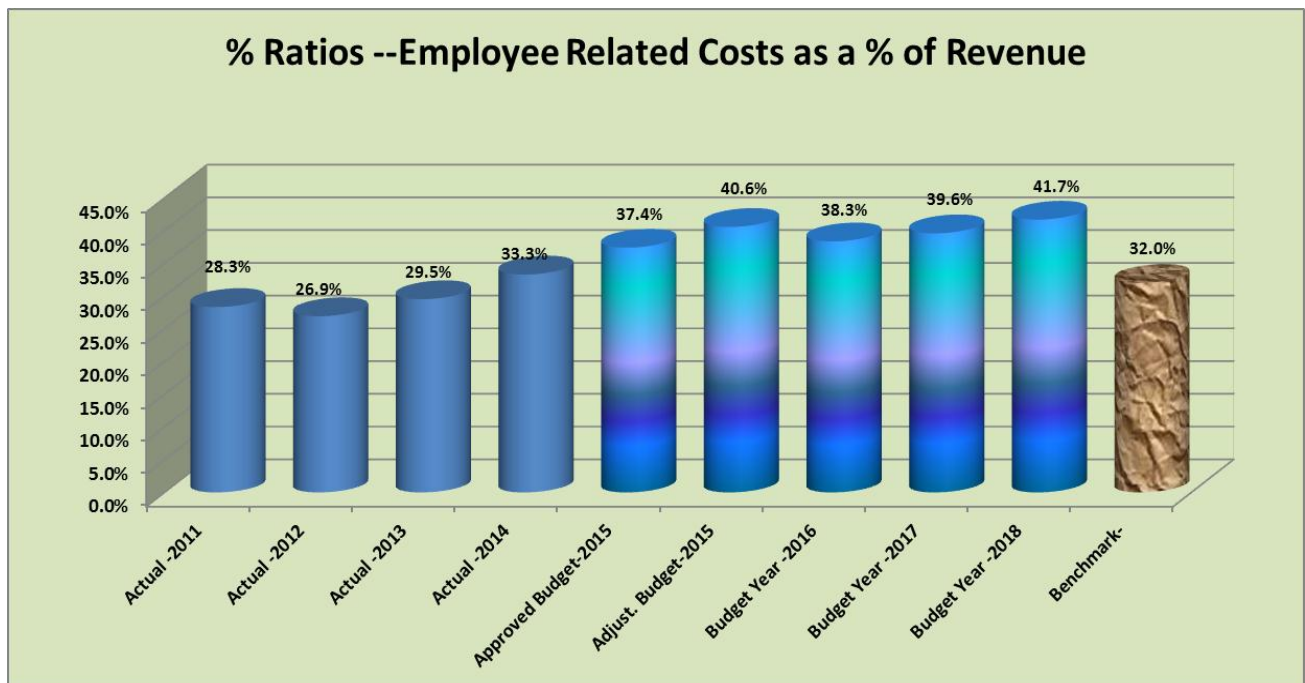
Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Expenditure By Type								
Employee related costs	30 793	40 018	48 001	55 967	61 774	72 099	75 002	78 639
Remuneration of councillors	8 387	8 858	9 980	10 630	10 760	11 729	12 432	13 178
Debt impairment	2 694	5 093	5 093	4 569	4 569	4 610	4 887	5 204
Depreciation & asset impairment	11 579	13 437	11 766	17 105	27 902	19 132	20 280	21 598
Finance charges	1 259	1 147	1 281	1 639	1 639	1 221	1 294	1 378
Bulk purchases	15 130	19 167	19 424	28 545	28 545	31 200	33 072	35 222
Transfers and grants	732	333	111	150	483	-	-	-
Other expenditure	47 172	39 739	40 428	70 975	53 383	57 532	63 609	60 810
Loss on disposal of PPE	85	993	1 926	-	-	-	-	-
Total Expenditure	117 831	128 785	138 009	189 580	189 054	197 522	210 576	216 030
Surplus/(Deficit)	25 179	22 463	20 351	(30 829)	(23 649)	(1 794)	(15 332)	(21 268)
Transfers recognised - capital	22 106	20 143	35 686	44 614	36 513	35 399	36 721	38 704
Surplus/(Deficit) for the year	47 285	42 606	56 037	13 786	12 865	33 605	21 389	17 436

The budgeted allocation for employee related costs for the 2015/16 financial year totals R72,99 million, which equals 36,5 per cent of the total operating expenditure. This percentage decreases to 35,6 in 2016/2017 and increase again to 36,4 in 2017/2018. Should electricity bulk purchases and depreciation be excluded, in order to compare it with other municipalities on a more equal basis the situation is as follows:



This ratio is below the benchmarking figure set between the municipalities in the Western Cape. The room for any upwards adjustment in employee related costs over and above the current levels are very limited and should be carefully considered before implementing any further salary increases (eg TASK).

When compared to revenue, the employee related figure remains above the set benchmark during the MTREF as illustrated below:

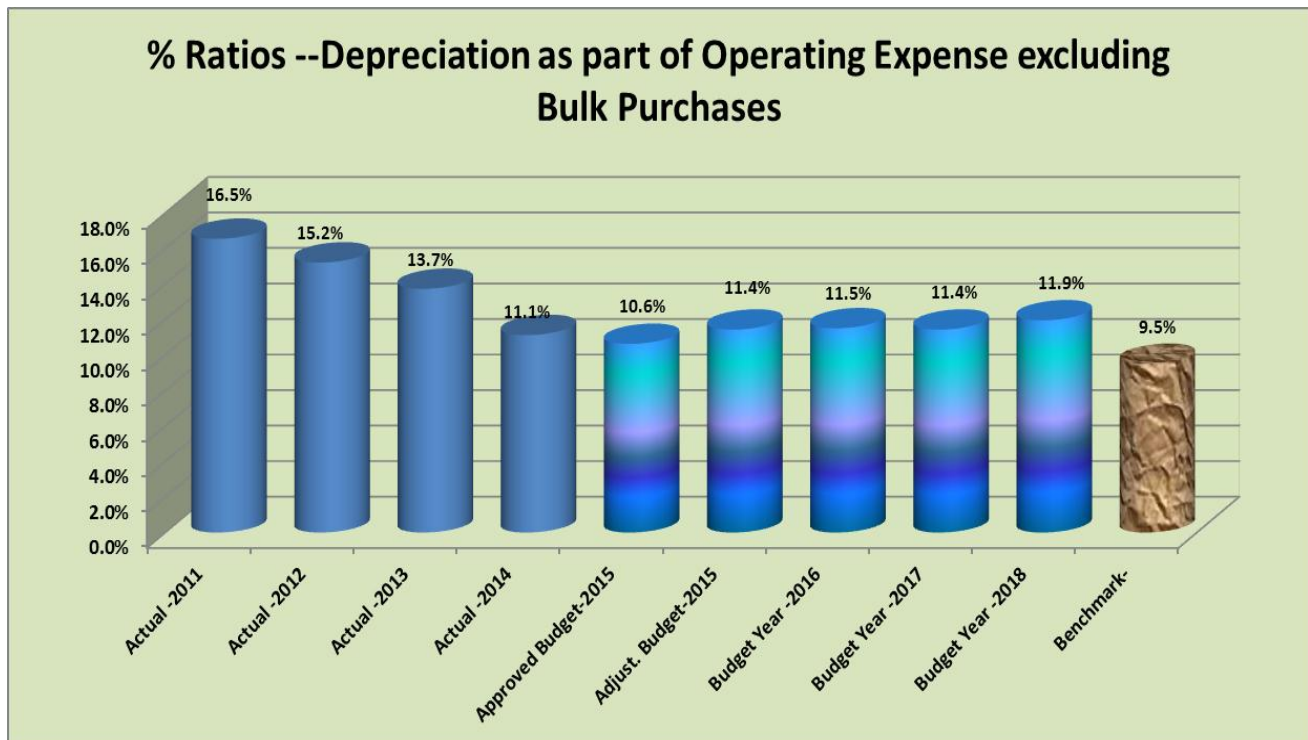




The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in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

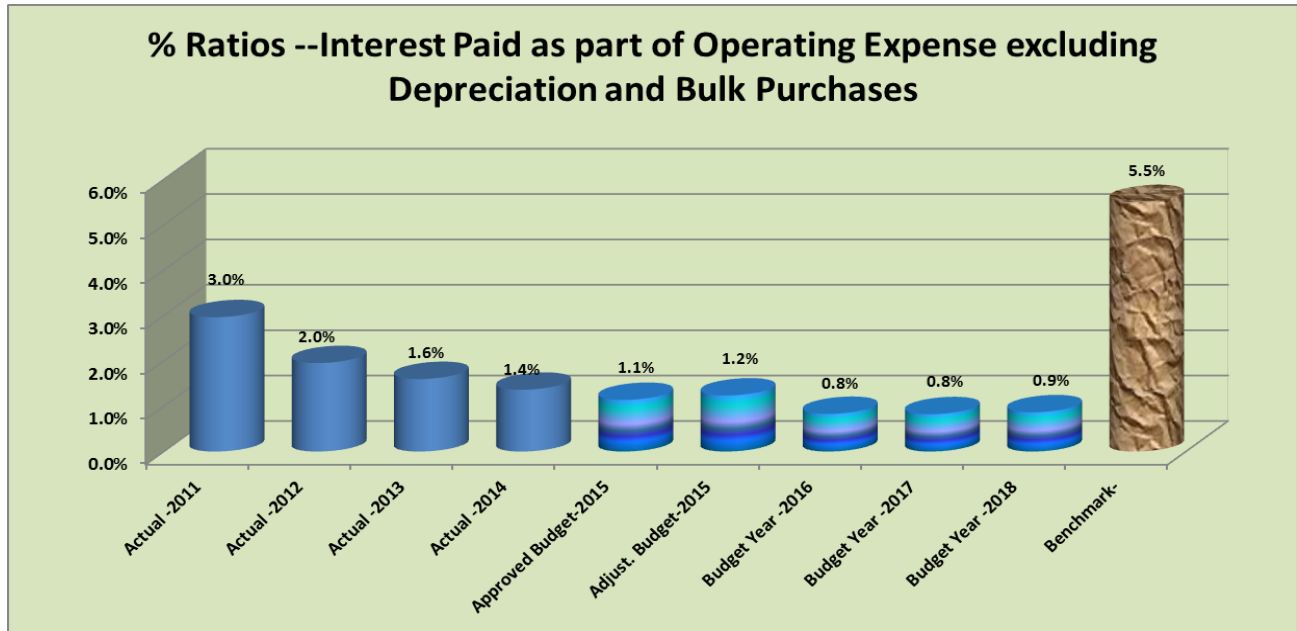
The provision of debt impairment was determined based on an annual collection rate of 85 per cent and the Debt Write-off Policy of the Municipality. For the 2015/16 financial year this amount equates to R4,6 million and escalates to R5,2 million by 2017/18. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard total R19,13 million for the 2015/16 financial and equates to 9,7 per cent of the total operating expenditure. The appropriation increases to R20,28 million in 2016/17 and R21,59 million in 2017/2018. In order to measure it against other municipalities, if electricity bulk purchases are eliminated, it represents 11,5 per cent of the expenditure. The average for local municipalities in recent research is 11,76 per cent, and this small difference indicating that expected useful lives and depreciation rates are realistic.

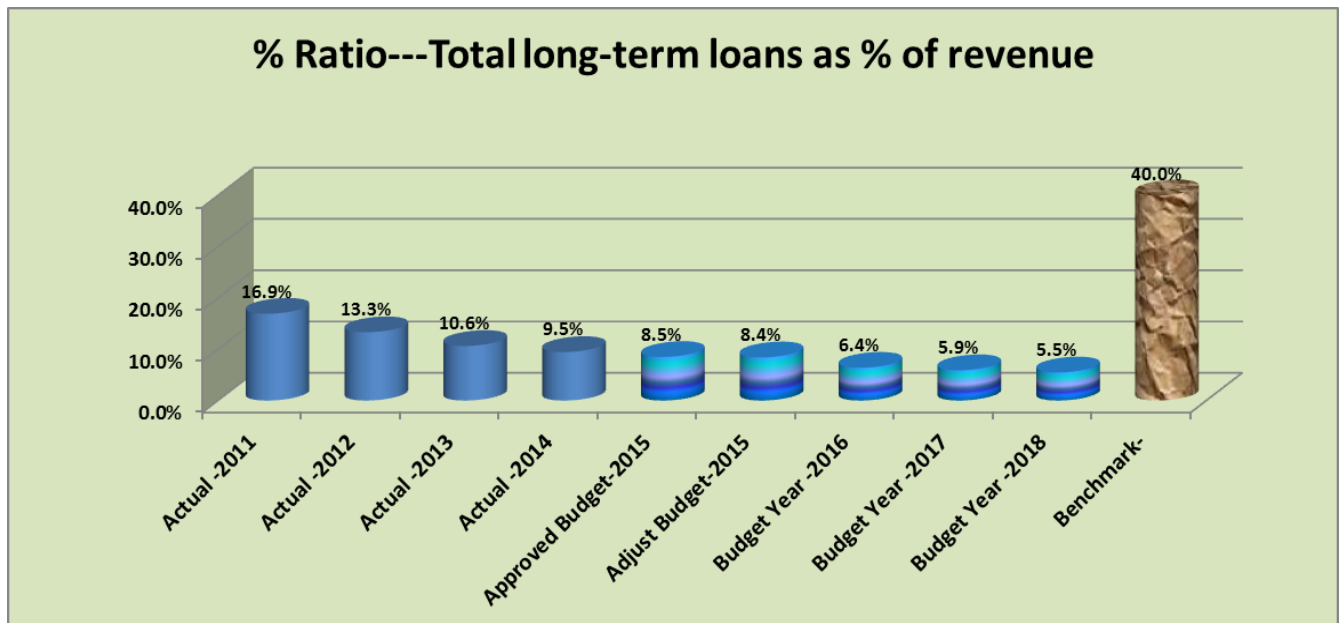




Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 0,6 per cent (R1,22 million) of operating expenditure excluding annual redemption for 2015/16 and increases to R1,38 million by 2017/18. If depreciation and bulk purchases are excluded in order to compare the municipality to the set benchmark, the results are as below and are well below the average



The Municipality is limiting its borrowing in order to keep finance charges to the absolute minimum. This is also illustrated in the graph below by the ratio between external borrowing and revenue that indicates that the ratio also falls well beneath the set benchmark of 40% over the MTREF period.



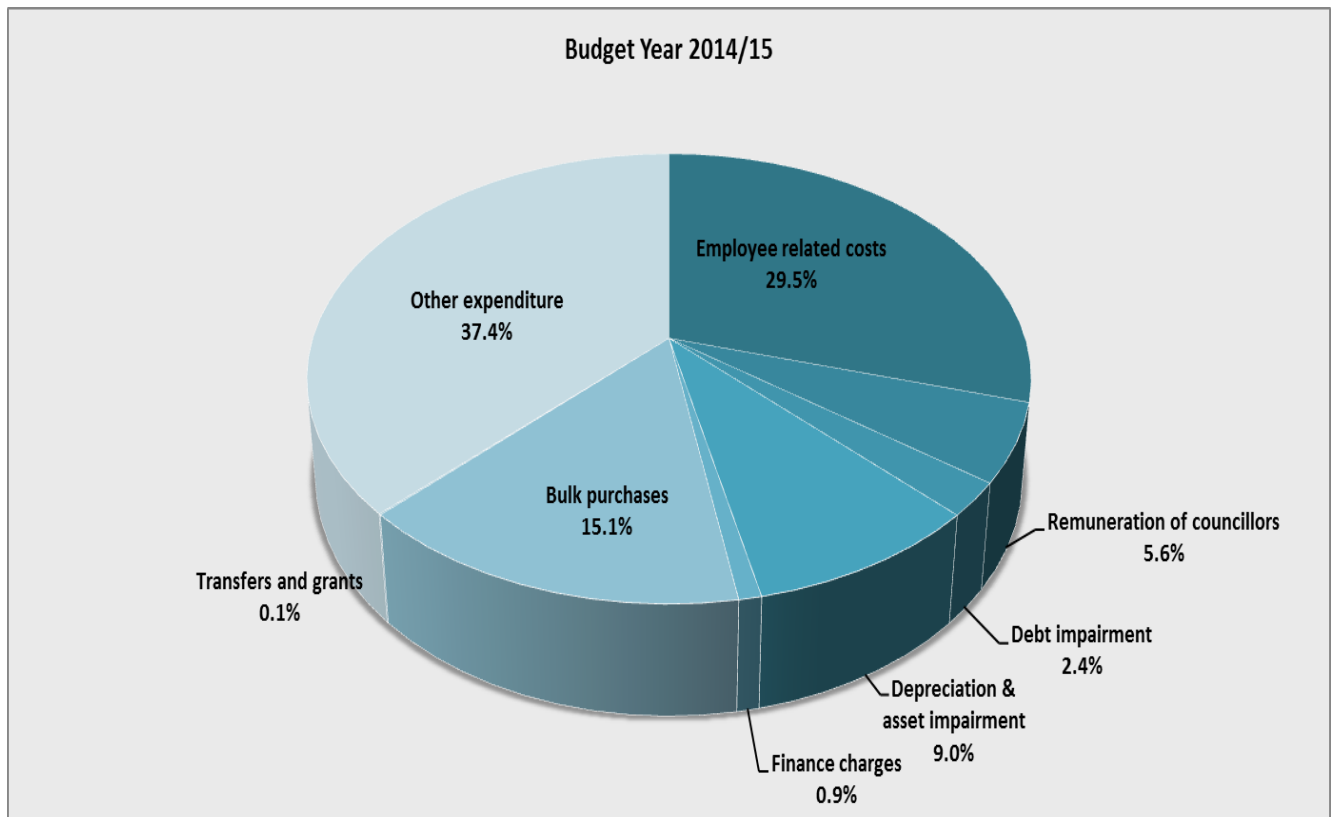


Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses. Electricity bulk purchases represents 15,8 per cent of expenditure for 2015/16. This percentage increase slightly over the MTREF to 16,3 per cent for 2017/18. If depreciation is excluded, the percentage is 17,5 per cent for the budget year and increasing slightly to 18,1 per cent for 2017/18. This falls beneath the benchmark of 30 per cent for municipalities in a recent benchmarking research.

National Treasury is introducing a new Chart of Accounts and additional expenditure line-items in the budget. One of these line-items is "Other materials". Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. This group of expenditure has been identified in order to measure sustainability of the Municipality's infrastructure. The municipality's financial systems are, however, not yet ready to implement this change and will be addressed in future budgets.

Other expenditure comprises of various line items relating to the daily operations of the municipality (including repairs and maintenance as well as operating grant expenditure). This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

Main operational expenditure categories for the 2015/16 financial year (R'000)



1.5.1 Priority given to repairs and maintenance

National Treasury observed that budget appropriations for asset renewal as part of the capital program and operational repairs and maintenance of existing asset infrastructure is still not receiving adequate priority by municipalities, regardless of guidance supplied in previous Budget Circulars. Asset management is a strategic imperative for any municipality and needs to be prioritised as a spending objective in the budget of municipalities.

For the 2015/16 budgets and MTREF's, municipalities must ensure they prioritise asset management and take into consideration the following:

- 1) 40 per cent of its 2015/16 Capital Budget should be allocated to the renewal of existing assets it.
- 2) Operational repairs and maintenance should not be less than 8 per cent of the asset value (write down value) of the municipality's Property Plant and Equipment (PPE)

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2015/16 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset management policy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, National Treasury requires municipalities to adapt their costing systems to reflect these costs as Repairs and Maintenance. The municipality financial systems, as yet, cannot provide for this request and it will be implemented with mSCOA in future budgets.

Table 12 Repairs and maintenance per asset class

Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
EXPENDITURE OTHER ITEMS								
<u>Depreciation & asset impairment</u>	11 579	13 437	11 766	17 105	27 902	19 132	20 280	21 598
<u>Repairs and Maintenance by Asset Class</u>	3 405	2 554	3 758	8 478	7 183	10 346	15 808	11 499
<i>Infrastructure - Road transport</i>	1 549	577	105	2 257	2 077	2 926	3 101	3 303
<i>Infrastructure - Electricity</i>	110	48	1 192	745	718	1 488	1 578	1 680
<i>Infrastructure - Water</i>	-	-	-	4	4	-	-	-
<i>Infrastructure - Other</i>	913	70	5	43	43	865	5 095	90
Infrastructure	2 571	695	1 302	3 049	2 842	5 279	9 774	5 073
Community	310	863	79	2 652	1 402	1 345	1 346	1 433
Other assets	524	997	2 377	2 777	2 939	3 722	4 688	4 993
TOTAL EXPENDITURE OTHER ITEMS	14 984	15 991	15 525	25 583	35 085	29 478	36 087	33 097



1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register all indigent households during the 2015/16 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is financed by the municipality self and largely by utilising the municipality's unconditional equitable share grant, allocated in terms of the Constitution to local government, and received in terms of the annual Division of Revenue Act. The income foregone as a result of free basic services totals R13,35 million in the budget year and increasing to R14,14 million and R15,06 million in the outer years of the MTREF.

Revenue foregone, (mainly to the indigent) is estimated to equal about 36,83 per cent of billable revenue, placing a strain on revenue sources.

Tariffs for indigent households are set out below:

1	Rates free of charge to the value based on the market value of the property to the maximum of R60 000
2	50 kWh free electricity per month
3	Free refuse x 4 removals per month



1.6 Capital expenditure

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

Table 13 2015/16 Medium-term capital budget per vote

Vote Description R thousand	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital expenditure - Vote								
Multi-year expenditure to be appropriated								
Vote 3 - Corporate Services	-	-	-	-	-	1 200	500	-
Vote 5 - Road Transport	-	-	5 325	13 163	5 227	13 633	13 767	18 235
Vote 9 - Community & Social Services	-	-	-	5 200	2 317	4 500	4 635	3 149
Vote 10 - Sport & Recreation	-	-	-	-	-	5 338	5 412	-
Vote 12 - Electricity	-	-	-	-	-	1 000	2 000	-
Vote 13 - Waste Management	-	-	220	4 552	300	3 201	2 630	-
Capital multi-year expenditure sub-total	-	-	5 545	22 915	7 844	28 871	28 944	21 384
Single-year expenditure to be appropriated								
Vote 1 - Executive & Council	137	714	302	1 770	1 741	500	418	630
Vote 2 - Planning & Development	851	7 319	50	1 190	1 190	2 241	2 039	2 149
Vote 3 - Corporate Services	570	2 191	5 298	6 950	9 453	2 100	890	154
Vote 4 - Budget & Treasury	371	330	393	800	3 196	1 200	455	255
Vote 5 - Road Transport	18 592	18 947	25 968	3 653	16 454	5 305	6 660	11 370
Vote 6 - Waste Water Management	12 488	-	4 013	-	-	-	-	-
Vote 7 - Housing	-	-	-	490	393	50	53	56
Vote 9 - Community & Social Services	714	2 868	4 090	3 070	2 082	11 873	6 658	2 045
Vote 10 - Sport & Recreation	2 838	2 781	2 351	8 818	15 490	1 156	-	5 851
Vote 11 - Public Safety	-	-	714	100	120	1 200	-	-
Vote 12 - Electricity	1 279	775	1 276	5 130	4 413	4 467	4 770	2 031
Vote 13 - Waste Management	1 120	1 741	2 727	1 320	1 174	3 926	2 600	-
Capital single-year expenditure sub-total	38 960	37 665	47 182	33 291	55 706	34 019	24 543	24 541
Total Capital Expenditure - Vote	38 960	37 665	52 727	56 206	63 550	62 890	53 487	45 925



The following table provides more information on the breakdown of the capital budget.

Table 14 Asset Management

Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand								
CAPITAL EXPENDITURE								
Total New Assets	38 960	37 665	52 699	54 406	61 463	44 975	47 230	45 925
<i>Infrastructure - Road transport</i>	17 383	8 512	32 131	14 406	18 302	8 513	17 767	28 635
<i>Infrastructure - Electricity</i>	1 237	711	791	3 450	3 360	1 271	2 460	1 850
<i>Infrastructure - Other</i>	10 245	1 027	1 247	4 552	776	5 852	5 230	-
Infrastructure	28 865	10 250	34 169	22 408	22 438	15 636	25 457	30 485
Community	3 478	12 721	6 132	15 788	19 302	18 315	12 391	10 482
Other assets	6 618	14 670	12 342	16 210	19 723	11 024	9 381	4 958
Intangibles	-	24	56	-	-	-	-	-
Total Renewal of Existing Assets	-	-	28	1 800	2 087	17 915	6 257	-
<i>Infrastructure - Road transport</i>	-	-	-	-	-	9 000	-	-
<i>Infrastructure - Electricity</i>	-	-	-	-	-	3 215	3 507	-
Infrastructure	-	-	-	-	-	12 215	3 507	-
Community	-	-	-	1 200	487	3 750	1 500	-
Other assets	-	-	28	600	1 600	1 950	1 250	-
Total Capital Expenditure								
<i>Infrastructure - Road transport</i>	17 383	8 512	32 131	14 406	18 302	17 513	17 767	28 635
<i>Infrastructure - Electricity</i>	1 237	711	791	3 450	3 360	4 486	5 967	1 850
<i>Infrastructure - Other</i>	10 245	1 027	1 247	4 552	776	5 852	5 230	-
Infrastructure	28 865	10 250	34 169	22 408	22 438	27 851	28 964	30 485
Community	3 478	12 721	6 132	16 988	19 789	22 065	13 891	10 482
Other assets	6 618	14 670	12 370	16 810	21 323	12 974	10 631	4 958
Intangibles	-	24	56	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	38 960	37 665	52 727	56 206	63 550	62 890	53 487	45 925

Much emphasis was placed on roads as one of the main economic drivers within the region. An amount of R17,5 million for road - and bridge projects were budgeted for and R 63,9 million over the MTREF period. A total of R12,3 million over the MTREF is allocated to Electrical Infrastructure projects.

The allocation to Sport Facilities amounts to R16,8 million over the MTREF, of which R5,6 million is allocated to the 2015/2016 financial year. R17,1 million is allocated towards Cemeteries over the MTREF and R11,7 million to Community Halls. A further R11,1 million is allocated to Solid waste sites and a total of R6 million of the MTRTEF period for both LED and Tourism activities.



1.7 Annual Budget Tables

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

Table 15 MBRR Table A1 - Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands								
Financial Performance								
Property rates	4 001	4 312	4 492	4 521	6 201	6 856	7 267	7 695
Service charges	19 951	25 267	26 052	23 163	23 963	29 381	31 144	32 951
Investment revenue	6 790	7 476	8 881	6 000	6 000	7 360	6 742	7 146
Transfers recognised - operational	107 758	103 398	111 527	119 988	122 266	143 637	141 282	137 632
Other own revenue	4 510	10 794	7 408	5 080	6 975	8 494	8 810	9 338
Total Revenue (excluding capital transfers and contributions)	143 010	151 248	158 361	158 751	165 406	195 728	195 245	194 762
Employee costs	30 793	40 018	48 001	55 967	61 774	72 099	75 002	78 639
Remuneration of councillors	8 387	8 858	9 980	10 630	10 760	11 729	12 432	13 178
Depreciation & asset impairment	11 579	13 437	11 766	17 105	27 902	19 132	20 280	21 598
Finance charges	1 259	1 147	1 281	1 639	1 639	1 221	1 294	1 378
Materials and bulk purchases	15 130	19 167	19 424	28 545	28 545	31 200	33 072	35 222
Transfers and grants	732	333	111	150	483	-	-	-
Other expenditure	49 951	45 825	47 447	75 544	57 951	62 142	68 496	66 014
Total Expenditure	117 831	128 785	138 009	189 580	189 054	197 522	210 576	216 030
Surplus/(Deficit)	25 179	22 463	20 351	(30 829)	(23 649)	(1 794)	(15 332)	(21 268)
Transfers recognised - capital	22 106	20 143	35 686	44 614	36 513	35 399	36 721	38 704
Surplus/(Deficit) for the year	47 285	42 606	56 037	13 786	12 865	33 605	21 389	17 436
Capital expenditure & funds sources								
Capital expenditure	38 960	37 665	52 727	56 206	63 550	62 890	53 487	45 925
Transfers recognised - capital	22 904	20 143	35 686	44 614	36 513	35 399	36 721	38 704
Internally generated funds	16 056	17 522	17 041	11 592	27 037	27 491	16 765	7 221
Total sources of capital funds	38 960	37 665	52 727	56 206	63 550	62 890	53 487	45 925



Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands								
Financial position								
Total current assets	147 080	173 044	181 062	100 839	145 594	135 492	125 314	119 288
Total non current assets	187 765	211 703	246 749	305 743	282 397	326 753	360 600	385 623
Total current liabilities	29 027	36 689	29 434	9 954	17 361	16 923	18 059	18 407
Total non current liabilities	30 567	29 786	28 475	31 461	27 862	28 950	30 093	31 306
Community wealth/Equity	275 251	318 272	369 903	365 166	382 767	416 372	437 762	455 198
Cash flows								
Net cash from (used) operating	48 808	66 173	61 961	30 454	19 037	57 824	46 452	41 536
Net cash from (used) investing	(38 802)	(37 429)	(52 600)	(56 206)	(63 550)	(62 890)	(53 487)	(45 925)
Net cash from (used) financing	(255)	(388)	(624)	(745)	(789)	(758)	(768)	(779)
Cash/cash equivalents at the year end	125 897	154 253	162 990	78 950	117 687	122 279	114 476	109 307
Cash backing/surplus reconciliation								
Cash and investments available	125 897	154 253	162 990	78 950	117 687	122 279	114 476	109 307
Application of cash and investments	92 146	16 480	123 929	77 416	101 968	100 230	104 148	109 046
Balance - surplus (shortfall)	33 751	137 773	39 061	1 535	15 719	22 049	10 328	261
Asset management								
Asset register summary (WDV)	173 915	204 177	245 588	305 743	281 287	326 753	360 600	385 623
Depreciation & asset impairment	11 579	13 437	11 766	17 105	27 902	19 132	20 280	21 598
Renewal of Existing Assets	-	-	28	1 800	2 087	17 915	6 257	-
Repairs and Maintenance	3 405	2 554	3 758	8 478	7 183	10 346	15 808	11 499
Free services								
Cost of Free Basic Services provided	11 044	-	-	12 983	12 983	13 762	14 863	16 052
Revenue cost of free services provided	12 968	-	-	14 246	14 246	15 610	16 547	17 540
Households below minimum service level								
Energy :	-	-	-	7	7	7	7	7
Refuse:	31	-	-	33	33	33	33	33



Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The accumulated surplus is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows a sharp decline over the MTREF. This will in turn result in a sharp decline in the CRR.



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

Standard Classification Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue - Standard								
Governance and administration	89 290	100 299	104 440	112 477	116 263	104 569	104 499	103 452
Executive and council	2 526	4 836	5 571	6 907	6 907	7 212	7 546	7 913
Budget and treasury office	83 133	93 178	98 705	105 511	107 551	95 507	94 991	93 460
Corporate services	3 631	2 285	164	60	1 805	1 850	1 961	2 079
Community and public safety	12 629	7 844	7 241	11 787	19 134	21 006	15 999	11 924
Community and social services	1 311	4 151	4 693	4 891	7 307	12 579	8 228	5 693
Sport and recreation	3 306	3 095	2 221	5 688	11 285	5 338	5 412	5 851
Public safety	68	20	74	768	526	3 089	2 359	381
Housing	7 944	579	253	440	16	-	-	-
Economic and environmental services	28 027	25 941	41 996	40 845	23 644	17 919	25 278	34 373
Planning and development	2 212	10 554	878	893	3 138	1 880	1 951	2 056
Road transport	25 815	15 387	41 118	39 952	20 506	16 039	23 327	32 317
Environmental protection	-	-	-	-	-	-	-	-
Trading services	35 171	37 306	40 369	38 256	42 879	87 633	86 190	83 716
Electricity	22 563	30 116	32 924	30 138	31 088	53 546	55 062	55 932
Waste water management	7 150	-	-	-	-	-	-	-
Waste management	5 458	7 190	7 445	8 118	11 791	34 087	31 128	27 784
Total Revenue - Standard	165 116	171 391	194 047	203 366	201 919	231 127	231 966	233 466
Expenditure - Standard								
Governance and administration	38 492	43 088	48 046	63 693	71 787	77 118	77 653	82 194
Executive and council	20 223	19 370	21 670	26 675	26 331	28 092	27 364	28 982
Budget and treasury office	7 318	12 887	15 525	20 650	19 695	25 792	25 873	27 362
Corporate services	10 952	10 831	10 851	16 369	25 761	23 234	24 416	25 850
Community and public safety	10 836	7 418	9 252	23 978	12 711	15 489	16 097	16 892
Community and social services	3 486	5 864	7 159	11 192	9 624	7 580	7 759	8 078
Sport and recreation	47	122	243	430	432	1 076	1 131	1 191
Public safety	328	18	457	766	774	6 833	7 206	7 622
Housing	6 975	1 414	1 393	11 590	1 881	-	-	-
Economic and environmental services	37 249	38 529	38 684	51 734	54 535	42 268	44 271	45 258
Planning and development	6 841	9 732	11 655	13 555	16 613	18 299	18 949	18 418
Road transport	30 408	28 797	27 029	38 178	37 921	23 969	25 323	26 840
Trading services	31 254	39 751	42 028	50 175	50 021	62 647	72 555	71 686
Electricity	22 495	29 428	31 077	35 663	35 579	38 301	40 481	43 069
Water	200	-	-	-	-	-	-	-
Waste water management	307	-	27	903	723	2 362	2 499	2 654
Waste management	8 251	10 323	10 924	13 609	13 719	21 985	29 576	25 963
Total Expenditure - Standard	117 831	128 785	138 009	189 580	189 054	197 522	210 576	216 030
Surplus/(Deficit) for the year	47 285	42 606	56 037	13 786	12 865	33 605	21 389	17 436



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

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.
3. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.



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

Vote Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue by Vote								
Vote 1 - Executive & Council	2 526	4 836	5 571	6 907	6 907	7 212	7 546	7 913
Vote 2 - Planning & Development	2 212	10 554	878	893	3 138	1 880	1 951	2 056
Vote 3 - Corporate Services	3 631	2 285	164	60	1 805	1 850	1 961	2 079
Vote 4 - Budget & Treasury	83 133	93 178	98 705	105 511	107 551	95 507	94 991	93 460
Vote 5 - Road Transport	25 815	15 387	41 118	39 952	20 506	16 039	23 327	32 317
Vote 6 - Waste Water Management	7 150	-	-	-	-	-	-	-
Vote 7 - Housing	7 944	579	253	440	16	-	-	-
Vote 9 - Community & Social Services	1 311	4 151	4 693	4 891	7 307	12 579	8 228	5 693
Vote 10 - Sport & Recreation	3 306	3 095	2 221	5 688	11 285	5 338	5 412	5 851
Vote 11 - Public Safety	68	20	74	26	26	339	359	381
Vote 12 - Electricity	22 563	30 116	32 924	30 880	31 588	56 296	57 062	55 932
Vote 13 - Waste Management	5 458	7 190	7 445	8 118	11 791	34 087	31 128	27 784
Total Revenue by Vote	165 116	171 391	194 047	203 366	201 919	231 127	231 966	233 466
Expenditure by Vote to be appropriated								
Vote 1 - Executive & Council	20 223	19 370	21 670	26 675	26 331	28 092	27 364	28 982
Vote 2 - Planning & Development	6 841	9 732	11 655	13 555	16 613	18 299	18 949	18 418
Vote 3 - Corporate Services	10 952	10 831	10 851	16 369	25 761	23 234	24 416	25 850
Vote 4 - Budget & Treasury	7 318	12 887	15 525	20 650	19 695	25 792	25 873	27 362
Vote 5 - Road Transport	30 408	28 797	27 029	38 178	37 921	23 969	25 323	26 840
Vote 6 - Waste Water Management	307	-	27	903	723	2 362	2 499	2 654
Vote 7 - Housing	6 975	1 414	1 393	11 590	1 881	-	-	-
Vote 9 - Community & Social Services	3 486	5 864	7 159	11 192	9 624	7 580	7 759	8 078
Vote 10 - Sport & Recreation	47	122	243	430	432	1 076	1 131	1 191
Vote 11 - Public Safety	3	18	14	73	68	4 120	4 339	4 576
Vote 12 - Electricity	22 820	29 428	31 519	36 356	36 286	41 013	43 348	46 116
Vote 13 - Waste Management	8 251	10 323	10 924	13 609	13 719	21 985	29 576	25 963
Vote 14 - Water	200	-	-	-	-	-	-	-
Total Expenditure by Vote	117 831	128 785	138 009	189 580	189 054	197 522	210 576	216 030
Surplus/(Deficit) for the year	47 285	42 606	56 037	13 786	12 865	33 605	21 389	17 436

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

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



Table 18 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source								
Property rates	4 001	4 312	4 492	4 521	6 201	6 856	7 267	7 695
Service charges - electricity revenue	18 003	22 763	23 428	20 892	21 692	26 937	28 553	30 230
Service charges - refuse revenue	1 948	2 504	2 623	2 271	2 271	2 444	2 591	2 721
Rental of facilities and equipment	570	424	501	295	295	312	331	351
Interest earned - external investments	6 790	7 476	8 881	6 000	6 000	7 360	6 742	7 146
Interest earned - outstanding debtors	882	1 092	1 544	898	1 048	1 142	1 210	1 283
Fines	50	65	34	64	64	250	71	76
Licences and permits	1 680	1 750	1 139	1 208	1 208	2 231	2 365	2 507
Agency services	580	1 619	2 366	2 228	2 228	2 362	2 504	2 654
Transfers recognised - operational	107 758	103 398	111 527	119 988	122 266	143 637	141 282	137 632
Other revenue	747	5 844	1 824	387	2 132	2 197	2 329	2 468
Total Revenue (excluding capital transfers and contributions)	143 010	151 248	158 361	158 751	165 406	195 728	195 245	194 762
Expenditure By Type								
Employee related costs	30 793	40 018	48 001	55 967	61 774	72 099	75 002	78 639
Remuneration of councillors	8 387	8 858	9 980	10 630	10 760	11 729	12 432	13 178
Debt impairment	2 694	5 093	5 093	4 569	4 569	4 610	4 887	5 204
Depreciation & asset impairment	11 579	13 437	11 766	17 105	27 902	19 132	20 280	21 598
Finance charges	1 259	1 147	1 281	1 639	1 639	1 221	1 294	1 378
Bulk purchases	15 130	19 167	19 424	28 545	28 545	31 200	33 072	35 222
Transfers and grants	732	333	111	150	483	-	-	-
Other expenditure	47 172	39 739	40 428	70 975	53 383	57 532	63 609	60 810
Loss on disposal of PPE	85	993	1 926	-	-	-	-	-
Total Expenditure	117 831	128 785	138 009	189 580	189 054	197 522	210 576	216 030
Surplus/(Deficit)	25 179	22 463	20 351	(30 829)	(23 649)	(1 794)	(15 332)	(21 268)
Transfers recognised - capital	22 106	20 143	35 686	44 614	36 513	35 399	36 721	38 704
Surplus/(Deficit) for the year	47 285	42 606	56 037	13 786	12 865	33 605	21 389	17 436

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

1. Table A4 represents the revenue per source as well as the expenditure per type. This classification is aligned to the GRAP disclosures in the annual financial statements of the municipality.



Table 19 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand								
Capital expenditure - Vote								
Multi-year expenditure to be appropriated								
Vote 3 - Corporate Services	-	-	-	-	-	1 200	500	-
Vote 5 - Road Transport	-	-	5 325	13 163	5 227	13 633	13 767	18 235
Vote 9 - Community & Social Services	-	-	-	5 200	2 317	4 500	4 635	3 149
Vote 10 - Sport & Recreation	-	-	-	-	-	5 338	5 412	-
Vote 12 - Electricity	-	-	-	-	-	1 000	2 000	-
Vote 13 - Waste Management	-	-	220	4 552	300	3 201	2 630	-
Capital multi-year expenditure sub-total	-	-	5 545	22 915	7 844	28 871	28 944	21 384
Single-year expenditure to be appropriated								
Vote 1 - Executive & Council	137	714	302	1 770	1 741	500	418	630
Vote 2 - Planning & Development	851	7 319	50	1 190	1 190	2 241	2 039	2 149
Vote 3 - Corporate Services	570	2 191	5 298	6 950	9 453	2 100	890	154
Vote 4 - Budget & Treasury	371	330	393	800	3 196	1 200	455	255
Vote 5 - Road Transport	18 592	18 947	25 968	3 653	16 454	5 305	6 660	11 370
Vote 6 - Waste Water Management	12 488	-	4 013	-	-	-	-	-
Vote 7 - Housing	-	-	-	490	393	50	53	56
Vote 9 - Community & Social Services	714	2 868	4 090	3 070	2 082	11 873	6 658	2 045
Vote 10 - Sport & Recreation	2 838	2 781	2 351	8 818	15 490	1 156	-	5 851
Vote 11 - Public Safety	-	-	714	100	120	1 200	-	-
Vote 12 - Electricity	1 279	775	1 276	5 130	4 413	4 467	4 770	2 031
Vote 13 - Waste Management	1 120	1 741	2 727	1 320	1 174	3 926	2 600	-
Capital single-year expenditure sub-total	38 960	37 665	47 182	33 291	55 706	34 019	24 543	24 541
Total Capital Expenditure - Vote	38 960	37 665	52 727	56 206	63 550	62 890	53 487	45 925
Capital Expenditure - Standard								
Governance and administration	1 079	3 235	5 993	9 520	14 390	5 000	2 263	1 039
Executive and council	137	714	302	1 770	1 741	500	418	630
Budget and treasury office	371	330	393	800	3 196	1 200	455	255
Corporate services	570	2 191	5 298	6 950	9 453	3 300	1 390	154
Community and public safety	3 551	5 649	7 155	17 678	20 401	24 117	16 757	11 101
Community and social services	714	2 868	4 090	8 270	4 399	16 373	11 292	5 194
Sport and recreation	2 838	2 781	2 351	8 818	15 490	6 494	5 412	5 851
Public safety	-	-	714	100	120	1 200	-	-
Housing	-	-	-	490	393	50	53	56
Economic and environmental services	19 443	26 265	31 343	18 006	22 871	21 179	22 466	31 754
Planning and development	851	7 319	50	1 190	1 190	2 241	2 039	2 149
Road transport	18 592	18 947	31 293	16 816	21 681	18 938	20 427	29 605
Trading services	14 887	2 517	8 236	11 002	5 887	12 594	12 000	2 031
Electricity	1 279	775	1 276	5 130	4 413	5 467	6 770	2 031
Waste water management	12 488	-	4 013	-	-	-	-	-
Waste management	1 120	1 741	2 947	5 872	1 474	7 127	5 230	-
Total Capital Expenditure - Standard	38 960	37 665	52 727	56 206	63 550	62 890	53 487	45 925
Funded by:								
National Government	22 904	20 143	35 686	44 614	36 513	35 399	36 721	38 704
Transfers recognised - capital	22 904	20 143	35 686	44 614	36 513	35 399	36 721	38 704
Internally generated funds	16 056	17 522	17 041	11 592	27 037	27 491	16 765	7 221
Total Capital Funding	38 960	37 665	52 727	56 206	63 550	62 890	53 487	45 925

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

1. Table A5 is a breakdown of the capital program in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
4. The capital program is funded from National, Provincial and Other grants and transfers, Public Donations and internally generated funds from current and prior year surpluses.



Table 20 MBRR Table A6 - Budgeted Financial Position

Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand								
ASSETS								
Current assets								
Cash	904	154 253	1 198	1 200	1 200	9 286	3 743	789
Call investment deposits	124 993	-	161 791	77 750	116 487	112 993	110 733	108 518
Consumer debtors	15 537	13 446	8 902	14 923	18 677	3 876	1 386	410
Other debtors	2 125	1 510	7 563	2 555	7 062	7 062	7 062	7 062
Current portion of long-term receivables	-	83	-	-	-	-	-	-
Inventory	3 521	3 752	1 606	4 411	2 167	2 275	2 389	2 509
Total current assets	147 080	173 044	181 062	100 839	145 594	135 492	125 314	119 288
Non current assets								
Investment property	10 262	10 262	8 664	10 262	8 664	8 664	8 664	8 664
Property, plant and equipment	177 155	201 258	236 764	295 348	273 574	317 981	351 875	376 935
Intangible	263	181	160	133	160	109	61	25
Other non-current assets	85	2	1 162	-	-	-	-	-
Total non current assets	187 765	211 703	246 749	305 743	282 397	326 753	360 600	385 623
TOTAL ASSETS	334 846	384 746	427 811	406 582	427 991	462 246	485 914	504 912
LIABILITIES								
Current liabilities								
Borrowing	798	791	792	893	812	815	828	841
Consumer deposits	533	949	1 119	1 106	1 121	1 166	1 213	1 261
Trade and other payables	22 797	29 470	21 228	1 984	9 133	8 333	9 079	9 018
Provisions	4 899	5 478	6 295	5 971	6 295	6 610	6 940	7 287
Total current liabilities	29 027	36 689	29 434	9 954	17 361	16 923	18 059	18 407
Non current liabilities								
Borrowing	15 237	14 439	13 645	12 719	12 833	12 027	11 200	10 359
Provisions	15 330	15 346	14 829	18 743	15 029	16 923	18 893	20 948
Total non current liabilities	30 567	29 786	28 475	31 461	27 862	28 950	30 093	31 306
TOTAL LIABILITIES	59 594	66 474	57 908	41 416	45 224	45 874	48 152	49 714
NET ASSETS	275 251	318 272	369 903	365 166	382 767	416 372	437 762	455 198
COMMUNITY WEALTH/EQUITY								
Accumulated Surplus/(Deficit)	274 024	316 630	250 689	271 175	259 603	299 293	319 819	333 444
Reserves	1 227	1 642	119 214	93 991	123 164	117 079	117 943	121 754
TOTAL COMMUNITY WEALTH/EQUITY	275 251	318 272	369 903	365 166	382 767	416 372	437 762	455 198



Explanatory notes to Table A6 - Budgeted Financial Position

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



Table 21 MBRR Table A7 - Budgeted Cash Flow Statement

Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates, penalties & collection charges	4 001	4 312	4 492	4 521	3 237	6 445	6 831	6 925
Service charges	19 951	25 267	26 052	23 163	16 585	27 618	29 275	29 656
Other revenue	5 618	5 487	2 774	3 090	2 213	7 333	7 580	8 020
Government - operating	101 456	102 171	98 618	119 988	122 480	143 637	141 282	137 632
Government - capital	22 106	32 219	35 686	44 614	36 513	35 399	36 721	38 704
Interest	6 790	7 476	8 881	6 898	7 048	8 433	7 879	8 301
Payments								
Suppliers and employees	(109 123)	(109 280)	(113 152)	(170 032)	(171 162)	(169 820)	(181 822)	(186 324)
Finance charges	(1 259)	(1 147)	(1 281)	(1 639)	1 639	(1 221)	(1 294)	(1 378)
Transfers and Grants	(732)	(333)	(111)	(150)	483	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	48 808	66 173	61 961	30 454	19 037	57 824	46 452	41 536
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	213	236	128	-	-	-	-	-
Decrease (Increase) in non-current debtors	14	-	-	-	-	-	-	-
Payments								
Capital assets	(39 029)	(37 665)	(52 727)	(56 206)	(63 550)	(62 890)	(53 487)	(45 925)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(38 802)	(37 429)	(52 600)	(56 206)	(63 550)	(62 890)	(53 487)	(45 925)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	282	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	191	417	169	82	3	45	47	49
Payments								
Repayment of borrowing	(728)	(805)	(793)	(827)	(792)	(803)	(815)	(828)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(255)	(388)	(624)	(745)	(789)	(758)	(768)	(779)
NET INCREASE/ (DECREASE) IN CASH HELD	9 751	28 356	8 737	(26 498)	(45 303)	(5 824)	(7 803)	(5 169)
Cash/cash equivalents at the year begin:	116 147	125 897	154 253	105 448	162 990	128 103	122 279	114 476
Cash/cash equivalents at the year end:	125 897	154 253	162 990	78 950	117 687	122 279	114 476	109 307

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The investment in capital infrastructure, which is much higher than the cash generated by operations, is the main reason for the annual decline in cash resources.



Table 22 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash and investments available								
Cash/cash equivalents at the year end	125 897	154 253	162 990	78 950	117 687	122 279	114 476	109 307
Cash and investments available:	125 897	154 253	162 990	78 950	117 687	122 279	114 476	109 307
Application of cash and investments								
Unspent conditional transfers	17 318	27 825	11 301	-	-	-	-	-
Other working capital requirements	(12 871)	(11 345)	(4 528)	(14 433)	(6 138)	(1 790)	1 263	2 350
Reserves to be backed by cash/investments	87 699	-	117 156	91 849	108 106	102 020	102 885	106 696
Total Application of cash and investments:	92 146	16 480	123 929	77 416	101 968	100 230	104 148	109 046
Surplus(shortfall)	33 751	137 773	39 061	1 535	15 719	22 049	10 328	261

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality’s budget must be “funded”. The municipality’s budget is cash-funded and thus in compliance with the requirements of the MFMA.
4. As part of the budgeting and planning guidelines that informed the compilation of the 2015/16 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.



Table 23 MBRR Table A9 - Asset Management

Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand								
CAPITAL EXPENDITURE								
<u>Total New Assets</u>	38 960	37 665	52 699	54 406	61 463	44 975	47 230	45 925
<i>Infrastructure - Road transport</i>	17 383	8 512	32 131	14 406	18 302	8 513	17 767	28 635
<i>Infrastructure - Electricity</i>	1 237	711	791	3 450	3 360	1 271	2 460	1 850
<i>Infrastructure - Other</i>	10 245	1 027	1 247	4 552	776	5 852	5 230	-
Infrastructure	28 865	10 250	34 169	22 408	22 438	15 636	25 457	30 485
Community	3 478	12 721	6 132	15 788	19 302	18 315	12 391	10 482
Other assets	6 618	14 670	12 342	16 210	19 723	11 024	9 381	4 958
Intangibles	-	24	56	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	-	-	28	1 800	2 087	17 915	6 257	-
<i>Infrastructure - Road transport</i>	-	-	-	-	-	9 000	-	-
<i>Infrastructure - Electricity</i>	-	-	-	-	-	3 215	3 507	-
Infrastructure	-	-	-	-	-	12 215	3 507	-
Community	-	-	-	1 200	487	3 750	1 500	-
Other assets	-	-	28	600	1 600	1 950	1 250	-
<u>Total Capital Expenditure</u>								
<i>Infrastructure - Road transport</i>	17 383	8 512	32 131	14 406	18 302	17 513	17 767	28 635
<i>Infrastructure - Electricity</i>	1 237	711	791	3 450	3 360	4 486	5 967	1 850
<i>Infrastructure - Other</i>	10 245	1 027	1 247	4 552	776	5 852	5 230	-
Infrastructure	28 865	10 250	34 169	22 408	22 438	27 851	28 964	30 485
Community	3 478	12 721	6 132	16 988	19 789	22 065	13 891	10 482
Other assets	6 618	14 670	12 370	16 810	21 323	12 974	10 631	4 958
Intangibles	-	24	56	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	38 960	37 665	52 727	56 206	63 550	62 890	53 487	45 925



Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand								
ASSET REGISTER SUMMARY - PPE (WDV)								
Infrastructure - Road transport	62 470	95 791	111 442	109 853	113 028	119 442	125 446	141 552
Infrastructure - Electricity	4 232	6 067	8 510	14 945	11 126	15 157	20 643	21 980
Infrastructure - Other	12 717	3 897	14 426	20 627	14 837	21 616	26 651	26 444
Infrastructure	79 419	105 755	134 377	145 425	138 990	156 216	172 740	189 976
Community	3 478	15 360	15 885	39 820	34 901	56 518	69 935	79 911
Investment properties	10 262	10 262	8 664	10 262	8 664	8 664	8 664	8 664
Other assets	80 493	72 618	86 502	110 103	98 572	105 247	109 200	107 047
Intangibles	263	181	160	133	160	109	61	25
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	173 915	204 177	245 588	305 743	281 287	326 753	360 600	385 623
EXPENDITURE OTHER ITEMS								
<u>Depreciation & asset impairment</u>	11 579	13 437	11 766	17 105	27 902	19 132	20 280	21 598
<u>Repairs and Maintenance by Asset Class</u>	3 405	2 554	3 758	8 478	7 183	10 346	15 808	11 499
Infrastructure - Road transport	1 549	577	105	2 257	2 077	2 926	3 101	3 303
Infrastructure - Electricity	110	48	1 192	745	718	1 488	1 578	1 680
Infrastructure - Water	-	-	-	4	4	-	-	-
Infrastructure - Other	913	70	5	43	43	865	5 095	90
Infrastructure	2 571	695	1 302	3 049	2 842	5 279	9 774	5 073
Community	310	863	79	2 652	1 402	1 345	1 346	1 433
Other assets	524	997	2 377	2 777	2 939	3 722	4 688	4 993
TOTAL EXPENDITURE OTHER ITEMS	14 984	15 991	15 525	25 583	35 085	29 478	36 087	33 097
<i>Renewal of Existing Assets as % of total capex</i>	0.0%	0.0%	0.1%	3.2%	3.3%	28.5%	11.7%	0.0%
<i>Renewal of Existing Assets as % of deprecn"</i>	0.0%	0.0%	0.2%	10.5%	7.5%	93.6%	30.9%	0.0%
<i>R&M as a % of PPE</i>	1.9%	1.3%	1.6%	2.9%	2.6%	3.3%	4.5%	3.1%
<i>Renewal and R&M as a % of PPE</i>	2.0%	1.0%	2.0%	3.0%	3.0%	9.0%	6.0%	3.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations.



Table 24 MBRR Table A10 - Basic Service Delivery Measurement

Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Household service targets								
Energy:								
Electricity (at least min.service level)	34 802			29 869	29 869	29 869	29 869	29 869
Electricity - prepaid (min.service level)	1 149			986	986	986	986	986
<i>Minimum Service Level and Above sub-total</i>	35 951	-	-	30 855	30 855	30 855	30 855	30 855
Other energy sources	-	-	-	7 191	7 191	7 191	7 191	7 191
<i>Below Minimum Service Level sub-total</i>	-	-	-	7 191	7 191	7 191	7 191	7 191
Total number of households	35 951	-	-	38 046	38 046	38 046	38 046	38 046
Refuse:								
Removed at least once a week	4 715			4 756	4 756	4 756	4 756	4 756
<i>Minimum Service Level and Above sub-total</i>	4 715	-	-	4 756	4 756	4 756	4 756	4 756
Using communal refuse dump	31 236			33 290	33 290	33 290	33 290	33 290
<i>Below Minimum Service Level sub-total</i>	31 236	-	-	33 290	33 290	33 290	33 290	33 290
Total number of households	35 951	-	-	38 046	38 046	38 046	38 046	38 046
Households receiving Free Basic Service								
Electricity/other energy (50kwh per household per month)	5 914			6 505	6 505	6 635	6 768	6 903
Refuse (removed at least once a week)	2 545			2 799	2 799	2 855	2 912	2 971
Cost of Free Basic Services provided (R'000)								
Water (6 kilolitres per household per month)	1 491	-	-	-	-	-	-	-
Sanitation (free sanitation service)	2 355	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)	4 014			8 376	8 376	8 878	9 589	10 356
Refuse (removed once a week)	3 183			4 607	4 607	4 884	5 274	5 696
Total cost of FBS provided (minimum social package)	11 044	-	-	12 983	12 983	13 762	14 863	16 052
Highest level of free service provided								
Property rates (R value threshold)	65 000			60 000	60 000	60 000	60 000	60 000
Electricity (kwh per household per month)	50			50	50	50	50	50
Refuse (average litres per week)	140			140	140	140	140	140
Revenue cost of free services provided (R'000)								
Property rates (R15 000 threshold rebate)	1 924			1 117	1 117	1 184	1 255	1 331
Property rates (other exemptions, reductions and rebates)	-	-	-	386	386	409	434	460
Water	1 491			-	-	-	-	-
Sanitation	2 355			-	-	-	-	-
Electricity/other energy	4 014			8 221	8 221	9 224	9 777	10 364
Refuse	3 183			4 522	4 522	4 793	5 081	5 386
Municipal Housing - rental rebates	-	-	-	-	-	-	-	-
Housing - top structure subsidies	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenue cost of free services provided (total social package)	12 968	-	-	14 246	14 246	15 610	16 547	17 540



Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

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

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor.

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

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 IDP and Service Delivery and Budget Implementation Plan

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2014) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 29 August 2014. Key dates applicable to the process were:



Time Frames	Mayor and Council	Administration - Municipality
<p>July – August 2014</p>	<p>Mayor begins planning for next three-year budget in accordance with co-ordination role of budget process MFMA s 53</p> <p>IDP & Budget Steering Committee Meeting to discuss draft IDP & Budget process plan</p> <p>7 August 2014</p> <p>Mayor tables in Council a time schedule outlining key deadlines for: preparing, tabling and approving the budget; reviewing the IDP (as per s 34 of MSA) and budget related policies and consultation processes at least 10 months before the start of the budget year 29 August 2014.</p> <p>MFMA s 21,22, 23;</p> <p>MSA s 34, Ch 4 as amended</p>	<p>Accounting officers and senior officials of municipality begin planning for next three-year budget</p> <p>MFMA s 68, 77</p>
<p>September – November</p>	<p>Advertise IDP & Budget review deadlines</p> <p>5 September 2014</p> <p>IDP Representative Forum to discuss process plan and review analysis 21 August 2014</p> <p>Council through the IDP review process determines strategic objectives for service delivery and development for next three-year budgets including review of provincial and national government sector and strategic plans September – October 2014</p> <p>ExCo outreach 1 to 30 October 2014</p>	<p>Budget offices of municipality determine revenue projections and proposed rate and service charges and drafts initial allocations to functions and departments for the next financial year after taking into account strategic objectives</p> <p>Engages with Provincial and National sector departments on sector specific programmes for alignment with municipalities plans (schools, libraries, clinics, water, electricity, roads, etc)</p> <p>Accounting officer does initial review of national policies and budget plans and potential price increases of bulk resources with function and department officials</p> <p>MFMA s 35, 36, 42; MTBPS</p>



Time Frames	Mayor and Council	Administration - Municipality
	<p>IDP Representative Forum to discuss and finalise outreach issues 11 November 2014</p>	<p>Accounting officer reviews and drafts initial changes to IDP</p> <p>MSA s 34</p>
<p>December</p>	<p>Council finalises tariff (rates and service charges) policies for next financial year</p> <p>MSA s 74, 75</p> <p>Departmental sessions to discuss issues raised in outreach and draft objectives, strategies and project proposals 1-5 December 2014</p> <p>IDP & Budget Steering Committee to discuss departmental issues and develop draft objectives, strategies and project proposals 11 December 2014</p>	<p>Accounting officer and senior officials consolidate and prepare proposed budget and plans for next financial year taking into account previous year's performance as per audited financial statements by 21 December 2014</p>
<p>January</p>	<p>Municipal strategic session 18-23 January 2015</p>	<p>Accounting officer reviews proposed national and provincial allocations to municipality for incorporation into the draft budget for tabling. (Proposed national and provincial allocations for three years must be available by 20 January)</p> <p>MFMA s 36</p>



Time Frames	Mayor and Council	Administration - Municipality
<p>February</p>	<p>IGR Meeting to discuss project proposals and budgets with sector departments 16 February 2015</p> <p>IDP and Budget Steering Committee 20 February 2015</p> <p>IDP Rep Forum to discuss draft IDP 24 February 2015</p>	<p>Accounting officer finalises and submits to Mayor proposed budgets and plans for next three-year budgets taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for the previous years audited financial statements and annual report</p> <p>Accounting officer to notify relevant municipalities of projected allocations for next three budget years 120 days prior to start of budget year</p> <p>MFMA s 37(2)</p>
<p>March</p>	<p>IDP & Budget Steering Committee meeting to develop draft high level SDBIP 13 March 2015</p> <p>Mayor tables municipality budget, resolutions, plans, and proposed revisions to IDP at least 90 days before start of budget year</p> <p>MFMA s 16, 22, 23, 87; MSA s 34</p> <p>31 March 2015</p>	<p>Accounting officer reviews any changes in prices for bulk resources as communicated by 15 March</p> <p>MFMA s 42</p>
<p>April – May</p>	<p>Directors to meet with departments and draft departmental SDBIP's 1-17 April 2015</p> <p>Public hearings on the budget 1 April to 15 May 2015, and council debate. Council considers views of the local community, NT, PT, other provincial and national organs of state and municipalities. Mayor to be provided with an opportunity to respond to submissions during consultation and table amendments for council consideration MFMA s 23, 24; MSA Ch 4 as amended</p> <p>IDP & Budget Steering committee</p>	<p>Accounting officer publishes tabled budget, plans, and proposed revisions to IDP, invites local community comment and submits to NT, PT and others as prescribed 3 April 2015</p> <p>MFMA s 22 & 37; MSA Ch 4 as amended</p> <p>Accounting officer assists the Mayor in revising budget documentation in accordance with consultative processes and taking into account the results from the third quarterly review of the current year</p>



Time Frames	Mayor and Council	Administration - Municipality
	<p>meetings to discuss SDBIP and budget submissions 6 May 2014</p> <p>IDP Representative Forum to discuss draft PMS targets 5 May 2015</p> <p>Consultation with national and provincial treasuries and finalise sector plans for water, sanitation, electricity etc</p> <p>MFMA s 21</p> <p>Council to consider approval of budget and plans at least 30 days before start of budget year, 29 May 2015.</p> <p>MFMA s 23, 24; MSA Ch 4 as amended</p> <p>Council must approve annual budget by resolution, setting taxes and tariffs, approving changes to IDP and budget related policies, approving measurable performance objectives for revenue by source and expenditure by vote before start of budget year 29 May 2015</p> <p>MFMA s 16, 24, 26, 53</p>	<p>Accounting officer assists the Mayor in preparing the final budget documentation for consideration for approval at least 30 days before the start of the budget year taking into account consultative processes and any other new information of a material nature</p>



Time Frames	Mayor and Council	Administration - Municipality
<p>June</p>	<p>Mayor must approve SDBIP within 28 days after approval of the budget and ensure that annual performance contracts are concluded in accordance with s 57(2) of the MSA 22 June 2015.</p> <p>Mayor to ensure that the annual performance agreements are linked to the measurable performance objectives approved with the budget and SDBIP. The mayor submits the approved SDBIP and performance agreements to Council 30 June 2015, MEC for local government and makes public within 14 days after approval 14 July 2015.</p> <p>MFMA s 53; MSA s 38-45, 57(2)</p> <p>IDP submitted to MeC of local government 8 June 2014</p> <p>Council must finalise a system of delegations.</p> <p>MFMA s 59, 79, 82; MSA s 59-65</p>	<p>Accounting officer submits to the mayor no later than 14 days after approval of the budget a draft of the SDBIP and annual performance agreements required by s 57(1)(b) of the MSA (12 June 2015).</p> <p>MFMA s 69; MSA s 57</p> <p>Accounting officers of municipality publishes adopted budget and plans 8 June 2015</p> <p>MFMA s 75, 87</p>

Abbreviations: **IDP** - Integrated Development Plan; **MFMA** - Local Government: Municipal Finance Management Act, No. 56 of 2003; **MSA** - Local Government: Municipal Systems Act, No. 32 of 2000, as amended; **MTBPS** - National Treasury annual publication, Medium Term Budget and Policy Statement; **NT** - National Treasury; **PT** - Provincial Treasuries; **SDBIP** - Service Delivery and Budget Implementation Plan



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

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

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

With the compilation of the 2015/16 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2013/14 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.2 Community Consultation

A full consultation process will be carried out during April 2015. During this process members of the community will be afforded the opportunity to provide inputs and comments on the draft budget presented to them. The comments and inputs will be reviewed and where viable the proposed changes will be incorporated into the final budget to be approved by Council at the end of May 2015.



2.2 Overview of alignment of annual budget with IDP

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

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

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

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

The 2015/16 MTREF has therefore been directly informed by the IDP process and the following tables provide the reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.



Table 25 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
To promote and instill good governance practices within Senqu municipality , To promote and instill a culture of performance management in Senqu municipality , To promote and instill good governance practices within Senqu municipality , To promote and instill good governance practices within Senqu municipality , To promote and instill holistic planning practices within the Senqu Municipality , To promote interactive communication with customers around service delivery issues , To promote the mainstreaming and upliftment of HIV and AIDS , women and children, youth, people with disabilities and the elderly into municipal Socio-Economic Programmes and Projects	Risk , compliance and Performance management, Oversight, Governance, IDP , Communication and Public participation , mainstreaming	GG01, GG02, GG03, GG04, GG05, GG06 , GG07	2 526	4 836	5 571	6 907	6 907	7 212	7 546	7 913
To provide sustainable infrastructure develop by improving and building housing infrastructure and land administration/building control	Housing , SPATIAL PLANNING -	BSD04, BSD05	7 944	579	253	440	16	17	18	19
To maintain and upgrade existing access roads and stormwater	Roads	BSD01	28 763	15 387	41 118	39 952	20 506	16 039	23 327	32 317
To provide efficient and economical refuse collection and recycling services	WASTE MANAGEMENT - 09	BSD12	5 458	7 190	7 445	8 118	11 791	34 398	31 457	28 134
To maintain and upgrade the existing network	ELECTRICITY To provide adequate sustainable basic services for improved quality of life for our communities by eradicating service delivery backlogs and providing sustainable and quality water and electricity .	BSD02	22 563	30 116	32 924	30 138	31 088	56 296	57 062	55 932
To maintain and upgrade existing access roads and stormwater	Roads To provide adequate sustainable basic services for improved quality of life for our communities by eradicating service delivery backlogs and providing sustainable and quality water and electricity .	BSD01	7 150	-	-	-	-	-	-	-
To increase the number and length of stay of foreign and domestic tourists in Senqu municipal area by 2017, Making the municipal area more attractive to investors, tourists and individuals, Create an conducive environment for existing, new and start-up business, Support income generating activities for the poor	TOURISM - LED01, ECONOMIC TRANSFORMATION - 02, SMME - 03, CWP - 04	LED01, LED02, LED03, LED04	2 212	10 554	878	893	3 138	1 863	1 933	2 037



Strategic Objective	Goal	Goal Code	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
To provide and maintain community facilities, To provide reading and study material , To provide and maintain parks and open spaces creating a pleasant environment for communities	COMMUNITY HALLS - BSD06, CEMETRIES - BSD07, LIBRARIES - BSD09, PARKS AND PUBLIC OPEN SPACES - BSD10	BSD06, BSD07, BSD09, BSD10	1 879	4 151	4 693	4 891	7 307	12 579	8 228	5 693
To provide basic sport and recreation facilities within the identified community areas	SPORTS AND RECREATION FACILITIES - BSD08	BSD08	3 306	3 095	2 221	5 688	11 285	5 338	5 412	5 851
To comply with the MFMA prescriptions of supply chain management, To manage, control and maintain all municipal assets according to MFMA regulations and good assets management practices, To become a financial viable municipality that is able to account, report on all monies spent for service delivery purposes, To ensure good payroll management and implementation	SUPPLY CHAIN - FFMV01, ASSET MANAGEMENT - FFMV02, FINANCIAL MANGEMENT - FFMV03, PAYROLL - FFMV04	FMV01, FMV02, FMV03, FMV04	83 133	93 178	98 705	105 511	107 551	95 507	94 991	93 460
To have an effective and Transparent performance driven organisation capable of effective service delivery and sound administration, To promote effective and inspiring governance, To have an effective and Transparent performance driven organisation capable of effective service delivery and sound administration, To build a healthy, competent and effective workforce, To promote fair fair Labour Practices , To eliminate the number of litgations against the municipality , To ensure coherent and transparent decision making within the municipality	SKILLS DEVELOPMENT - MTID01, EMPLOYMENT EQUITY - MTID02, RERUITMENT & SELECTION - MTID03, EMPLOYEE WELLNESS PROGRAMME - MTID04, LOCAL LABOUR FORUM - MTID 05, LEGAL SERICES - MTID06, BUILDINGS - MTID07, ADMINISTRATION - MTID08	MTID01, MTID02, MTID03, MTID04, MTID05, MTID06, MTID07, MTID08	115	2 285	164	60	1 805	1 850	1 961	2 079
To manage commonages within Senqu Municipality , To maintatin and upgrade the existing network	COMMONAGES - BSD11, PUBLIC LIGHTING - BSD03	BSD11 , BSD03	68	20	74	768	526	28	29	31
Total Revenue (excluding capital transfers and contributions)			165 116	171 391	194 047	203 366	201 919	231 127	231 966	233 466



Table 26 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
To promote and instil good governance practices within Senqu municipality, To promote and instil a culture of performance management in Senqu municipality, To promote and instil good governance practices within Senqu municipality, To promote and instil good governance practices within Senqu municipality, To promote and instill holistic planning practices within the Senqu Municipality, To promote interactive communication with customers around service delivery issues, To promote the mainstreaming and upliftment of HIV and AIDS, women and children, youth, people with disabilities and the elderly into municipal Socio-Economic Programmes and Projects	Risk, compliance and Performance management, Oversight, Governance, IDP, Communication and Public participation, mainstreaming	GG01, GG02, GG03, GG04, GG05, GG06, GG07	20 223	19 370	21 670	26 675	26 331	41 391	41 328	43 765
To provide sustainable infrastructure develop by improving and building housing infrastructure and land administration/building control	Housing, SPATIAL PLANNING	BSD04, BSD05	6 975	1 414	1 393	11 590	1 881	4 040	3 997	2 626
To maintain and upgrade existing access roads and stormwater	Roads	BSD01	33 155	28 719	27 029	38 178	37 921	26 115	27 594	29 252
To provide efficient and economical refuse collection and recycling services	WASTE MANAGEMENT - 09	BSD12	8 251	10 323	10 924	13 609	13 719	24 841	32 582	29 131
To maintain and upgrade the existing network	ELECTRICITY To provide adequate sustainable basic services for improved quality of life for our communities by eradicating service delivery backlogs and providing sustainable and quality water and electricity.	BSD02	22 495	29 203	31 077	35 663	35 579	41 013	43 348	46 116
To maintain and upgrade existing access roads and stormwater	Roads	BSD01	307	78	27	903	723	-	-	-
	To provide adequate sustainable basic services for improved quality of life for our communities by eradicating service delivery backlogs and providing sustainable and quality water and electricity.		200	-	-	-	-	-	-	-



Strategic Objective	Goal	Goal Code	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
To increase the number and length of stay of foreign and domestic tourists in Senqu municipal area by 2017, Making the municipal area more attractive to investors, tourists and individuals, Create an conducive environment for existing, new and start-up business, Support income generating activities for the poor	TOURISM - LED01, ECONOMIC TRANSFORMATION - 02, SMME - 03, CWP - 04	LED01, LED02, LED03, LED04	6 841	9 732	11 655	13 555	16 613	4 278	4 503	4 749
To provide and maintain community facilities, To provide reading and study material , To provide and maintain parks and open spaces creating a pleasant environment for communities	COMMUNITY HALLS - BSD06, CEMETRIES - BSD07, LIBRARIES - BSD09, PARKS AND PUBLIC OPEN SPACES - BSD10	BSD06, BSD07, BSD09, BSD10	5 073	5 864	7 159	11 192	9 624	5 928	6 009	6 219
To provide basic sport and recreation facilities within the identified community areas	SPORTS AND RECREATION FACILITIES - BSD08	BSD08	47	122	243	430	432	1 059	1 114	1 173
To comply with the MFMA prescriptions of supply chain management, To manage, control and maintain all municipal assets according to MFMA regulations and good assets management practices, To become a financial viable municipality that is able to account, report on all monies spent for service delivery purposes, To ensure good payroll management and implementation	SUPPLY CHAIN - FMV01, ASSET MANAGEMENT - FMV02, FINANCIAL MANGEMENT - FMV03, PAYROLL - FMV04	FMV01, FMV02, FMV03, FMV04	7 318	12 887	15 525	20 650	19 695	27 588	27 767	29 362
To have an effective and Transparent performance driven organisation capable of effective service delivery and sound administration, To promote effective and inspiring governance, To have an effective and Transparent performance driven organisation capable of effective service delivery and sound administration, To build a healthy, competent and effective workforce, To promote fair fair Labour Practices , To eliminate the number of litigations against the municipality , To ensure coherent and transparent decision making within the municipality	SKILLS DEVELOPMENT - MTID01, EMPLOYMENT EQUITY - MTID02, RERUITMENT & SELECTION - MTID03, EMPLOYEE WELLNESS PROGRAMME - MTID04, LOCAL LABOUR FORUM - MTID 05, LEGAL SERICES - MTID06, BUILDINGS - MTID07, ADMINISTRATION - MTID08	MTID01, MTID02, MTID03, MTID04, MTID05, MTID06, MTID07, MTID08	6 618	10 831	10 851	16 369	25 761	20 059	21 061	22 292
To manage commonages within Senqu Municipality, To maintatin and upgrade the existing network	COMMONAGES - BSD11, PUBLIC LIGHTING - BSD03	BSD11 , BSD03	328	242	457	766	774	1 209	1 274	1 345
Total Expenditure			117 831	128 785	138 009	189 580	189 054	197 522	210 576	216 030



Table 27 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
To promote and instill good governance practices within Senqu municipality, To promote and instill a culture of performance management in Senqu municipality, To promote and instill good governance practices within Senqu municipality, To promote and instill good governance practices within Senqu municipality, To promote and instill holistic planning practices within the Senqu Municipality, To promote interactive communication with customers around service delivery issues, To promote the mainstreaming and upliftment of HIV and AIDS, women and children, youth, people with disabilities and the elderly into municipal Socio-Economic Programmes and Projects	Risk, compliance and Performance management, Oversight, Governance, IDP, Communication and Public participation, mainstreaming	GG01, GG02, GG03, GG04, GG05, GG06, GG07	137	714	302	1 770	1 741	500	418	630
To provide sustainable infrastructure develop by improving and building housing infrastructure and land administration/building control	Housing, SPATIAL PLANNING -	BSD04, BSD05	-	-	-	490	393	158	53	56
To maintain and upgrade existing access roads and stormwater	Roads	BSD01	31 080	18 947	35 306	16 816	21 681	18 938	20 627	29 605
To provide efficient and economical refuse collection and recycling services	WASTE MANAGEMENT - 09	BSD12	1 120	1 741	2 947	5 872	1 474	7 447	7 972	252
To maintain and upgrade the existing network	ELECTRICITY	BSD02	1 279	775	1 276	5 130	4 413	5 467	6 770	2 031
	To provide adequate sustainable basic services for improved quality of life for our communities by eradicating service delivery backlogs and providing sustainable and quality water and electricity.		-	-	-	-	-	-	-	-
To maintain and upgrade existing access roads and stormwater	Roads	BSD01	-	-	-	-	-	-	-	-
	To provide adequate sustainable basic services for improved quality of life for our communities by eradicating service delivery backlogs and providing sustainable and quality water and electricity.		-	-	-	-	-	-	-	-



Strategic Objective	Goal	Goal Code	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
To increase the number and length of stay of foreign and domestic tourists in Senqu municipal area by 2017, Making the municipal area more attractive to investors, tourists and individuals, Create an conducive environment for existing, new and start-up business, Support income generating activities for	TOURISM - LED01, ECONOMIC TRANSFORMATION - 02, SMME - 03, CWP - 04	LED01, LED02, LED03, LED04	851	7 319	50	1 190	1 190	2 133	2 039	2 149
To provide and maintain community facilities, To provide reading and study material , To provide and maintain parks and open spaces creating a pleasant environment for communities	COMMUNITY HALLS - BSD06, CEMETRIES - BSD07, LIBRARIES - BSD09, PARKS AND PUBLIC OPEN SPACES - BSD10	BSD06, BSD07, BSD09, BSD10	714	2 868	4 090	8 270	4 399	6 010	6 990	4 942
To provide basic sport and recreation facilities within the identified community areas	SPORTS AND RECREATION FACILITIES - BSD08	BSD08	2 838	2 781	2 351	8 818	15 490	16 287	6 972	5 851
To comply with the MFMA prescriptions of supply chain management, To manage, control and maintain all municipal assets according to MFMA regulations and good assets management practices, To become a financial viable municipality that is able to account, report on all monies spent for service delivery purposes, To ensure good payroll management and implementation	SUPPLY CHAIN - FMV01, ASSET MANAGEMENT - FMV02, FINANCIAL MANGEMENT - FMV03, PAYROLL - FMV04	FMV01, FMV02, FMV03, FMV04	371	330	393	800	3 196	1 200	255	255
To have an effective and Transparent performance driven organisation capable of effective service delivery and sound administration, To promote effective and inspiring governance, To have an effective and Transparent performance driven organisation capable of effective service delivery and sound administration, To build a healthy , competent and effective workforce, To promote fair fair Labour Practices , To eliminate the number of litigations against the municipality, To ensure coherent and transparent decision making within the municipality	SKILLS DEVELOPMENT - MTID01, EMPLOYMENT EQUITY - MTID02, RERUITMENT & SELECTION - MTID03, EMPLOYEE WELLNESS PROGRAMME - MTID04, LOCAL LABOUR FORUM - MTID 05, LEGAL SERICES - MTID06, BUILDINGS - MTID07, ADMINISTRATION - MTID08	MTID01, MTID02, MTID03, MTID04, MTID05, MTID06, MTID07, MTID08	570	2 191	5 298	6 950	9 453	3 300	1 390	154
To manage commonages within Senqu Municipality, To maintain and upgrade the existing network	COMMONAGES - BSD11, PUBLIC LIGHTING - BSD03	BSD11, BSD03	-	-	714	100	120	1 450	-	-
Total Capital Expenditure			38 960	37 665	52 727	56 206	63 550	62 890	53 487	45 925

**Measurable performance objectives and indicators**

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

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

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



Table 28 MBRR Table SA7 - Measurable performance objectives

Description	Unit of measurement	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Vote 3 - Corporate Services									
Function 1 - Buildings									
Sub-function 1 - Other Buildings									
<i>Building</i>	Completion of project	-	-	647	-	-	-	-	-
<i>Extention Offices</i>	Completion of project	-	-	2 436	4 500	8 535	-	-	-
<i>Office Renovations</i>	Completion of project	-	-	357	1 500	300	1 200	500	-
Vote5 - Road Transport									
Function 1 - Roads									
Sub-function 1 - Acces Roads									
<i>Construction Access Roads: Wards 1, 2 & 3</i>	Completion of project to the specification of the engineers	482	349	12 231	-	-	-	-	-
<i>Access Roads</i>	Completion of project to the specification of the engineers	1 022	1 811	4 981	1 159	2 632	-	-	-
<i>Constr Access Roads Wards 7,8,9&12 (Ph 4)</i>	Completion of project to the specification of the engineers	-	2 340	4 483	-	3 142	-	-	-
<i>Access Roads Ward 15</i>	Completion of project to the specification of the engineers	-	-	2 646	-	765	-	-	-
<i>Roads Ward 19</i>	Completion of project to the specification of the engineers	-	-	3 164	-	-	-	-	-
<i>Roads & Street Paving Ward 1</i>	Completion of project to the specification of the engineers	-	-	-	752	2 478	-	-	-
<i>Roads & Street Paving Ward 16</i>	Completion of project to the specification of the engineers	-	-	1 080	-	5 837	-	-	-
<i>Access Roads (Maqolweni)</i>	Completion of project to the specification of the engineers	-	-	-	821	118	-	-	-
<i>Access Roads (Mbobo)</i>	Completion of project to the specification of the engineers	-	-	-	605	-	-	-	-
<i>Access Roads 7, 8, 9 & 12 (Ph 4c)</i>	Completion of project to the specification of the engineers	-	-	-	2 731	-	-	-	-
<i>Access Roads Ward 2 (Roads Asset)</i>	Completion of project to the specification of the engineers	-	-	-	-	-	-	-	2 700
<i>Access Roads Ward 3 (Roads Asset)</i>	Completion of project to the specification of the engineers	-	-	-	-	-	1 480	-	-
<i>Access Roads Ward 4 (Roads Asset)</i>	Completion of project to the specification of the engineers	-	-	-	-	-	962	-	-
<i>Access Roads Ward 6 (Roads Asset)</i>	Completion of project to the specification of the engineers	-	-	-	-	-	-	2 400	-
<i>Access Roads Ward 7 (Roads Asset)</i>	Completion of project to the specification of the engineers	-	-	-	-	-	-	-	2 220
<i>Access Roads Ward 11 (Roads Asset)</i>	Completion of project to the specification of the engineers	-	-	-	-	-	-	1 200	1 200
<i>Access Roads Ward 13 (Roads Asset)</i>	Completion of project to the specification of the engineers	-	-	-	-	-	-	1 200	1 200
<i>Access Roads Ward 17 (Roads Asset)</i>	Completion of project to the specification of the engineers	-	-	-	-	-	1 200	1 200	-
<i>Access Roads Ward 18 (Roads Asset)</i>	Completion of project to the specification of the engineers	-	-	-	-	-	1 200	1 200	-



Description	Unit of measurement	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Sub-function 2 - Surfaced Roads									
Surfaced Roads	Completion of project to the specification of the engineers	2 914	-	-	-	186	-	-	-
Roads & Streets (Ph 1)	Completion of project to the specification of the engineers	-	-	-	2 140	-	-	-	-
Roads & Streets (Ph 2)	Completion of project to the specification of the engineers	-	-	-	1 820	-	-	-	-
Project Musong Road	Completion of project to the specification of the engineers	-	-	-	-	1 462	-	-	-
Moghesi Bus Route	Completion of project to the specification of the engineers	-	-	-	-	1 430	-	-	-
Roads Resurface in Lady Grey	Completion of project to the specification of the engineers	-	-	-	-	-	9 000	-	-
Function 2 - Bridges									
Sub-function 1 - Bridges									
Bridges	Completion of project to the specification of the engineers	-	1 572	-	-	-	-	-	-
Box Culvert River Crossing	Completion of project to the specification of the engineers	-	-	344	1 668	-	-	-	-
Pedestrian Bridge	Completion of project to the specification of the engineers	-	-	-	1 466	-	-	-	-
Bridge Ward 5	Completion of project to the specification of the engineers	-	-	-	-	-	633	3 367	-
Bridge Ward 7	Completion of project to the specification of the engineers	-	-	-	-	-	-	1 200	3 367
Bridge Ward 17	Completion of project to the specification of the engineers	-	-	-	-	-	-	1 200	3 367
Bridge Ward 19	Completion of project to the specification of the engineers	-	-	-	-	-	-	-	7 500
Function 3 - Storm water									
Sub-function 1 - Storm Water									
Access Roads Ward 2 (Storm Water Asset)	Completion of project to the specification of the engineers	-	-	-	-	-	-	-	1 800
Access Roads Ward 3 (Storm Water Asset)	Completion of project to the specification of the engineers	-	-	-	-	-	797	-	-
Access Roads Ward 4 (Storm Water Asset)	Completion of project to the specification of the engineers	-	-	-	-	-	642	-	-
Access Roads Ward 6 (Storm Water Asset)	Completion of project to the specification of the engineers	-	-	-	-	-	-	1 600	-
Access Roads Ward 7 (Storm Water Asset)	Completion of project to the specification of the engineers	-	-	-	-	-	-	-	1 480
Access Roads Ward 11 (Storm Water Asset)	Completion of project to the specification of the engineers	-	-	-	-	-	-	800	800
Access Roads Ward 13 (Storm Water Asset)	Completion of project to the specification of the engineers	-	-	-	-	-	-	800	800
Access Roads Ward 17 (Storm Water Asset)	Completion of project to the specification of the engineers	-	-	-	-	-	800	800	-
Access Roads Ward 18 (Storm Water Asset)	Completion of project to the specification of the engineers	-	-	-	-	-	800	800	-
Transwilger Storm Water Channel	Completion of project to the specification of the engineers	-	-	-	-	-	-	-	2 200



Description	Unit of measurement	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Vote9 - Community & Social Services									
Function 1 - Community Halls									
Sub-function 1 - Buildings									
Community Halls	Completion of the hall to specifications	-	1 942	544	-	207	-	-	-
Renovations: Community Halls	Renovation of the hall to specifications	-	439	-	-	187	2 500	1 500	-
Community Hall - Ward 3	Renovation of the hall to specifications	-	-	1 548	170	-	-	-	-
Community Hall - Ward 9	Renovation of the hall to specifications	-	-	-	1 000	720	2 580	-	-
Community Hall - Ward 12	Renovation of the hall to specifications	-	-	-	1 000	720	2 580	-	-
Community Hall - Ward 18	Renovation of the hall to specifications	-	-	-	1 000	727	2 573	-	-
Function 2 - Cemeteries									
Sub-function 1 - Cemeteries									
Cemeteries	Completion of the cemeteries to specifications	-	286	699	-	1 100	-	-	-
Fencing: Cemeteries	Fencing of the cemeteries to specifications	-	-	675	1 200	67	1 000	-	250
Cemeteries - Ward 2	Fencing of the cemeteries to specifications	-	-	-	-	-	-	1 500	-
Cemeteries - Ward 3 (Musong)	Completion of the cemeteries to specifications	-	-	-	400	50	1 200	-	-
Cemeteries - Ward 3 (Qhoboshane)	Completion of the cemeteries to specifications	-	-	-	400	50	1 200	-	-
Cemeteries - Ward 6	Completion of the cemeteries to specifications	-	-	-	400	50	1 200	-	-
Cemeteries - Ward 10	Completion of the cemeteries to specifications	-	-	-	200	-	-	1 500	1 000
Cemeteries - Ward 11	Completion of the cemeteries to specifications	-	-	-	200	-	-	1 500	1 000
Cemeteries Ward All	Completion of the cemeteries to specifications	-	-	-	1 000	-	-	-	-
Cemeteries - Ward 16	Completion of the cemeteries to specifications	-	-	-	-	-	-	1 500	1 000
Cemeteries - Ward 19	Completion of the cemeteries to specifications	-	-	-	-	-	-	-	745
Cemeteries Jozana's Nek	Completion of the cemeteries to specifications	-	-	-	-	-	-	284	-
Cemeteries Khiba	Completion of the cemeteries to specifications	-	-	-	-	-	-	284	-
Cemeteries Bikizana	Completion of the cemeteries to specifications	-	-	-	-	-	-	277	-
Cemeteries Macacuma	Completion of the cemeteries to specifications	-	-	-	-	-	-	135	149
Cemeteries Mfinci	Completion of the cemeteries to specifications	-	-	-	-	-	-	-	269
Cemeteries Madakana	Completion of the cemeteries to specifications	-	-	-	-	-	-	-	217
Extention Cemetery Barkly East	Completion of the cemeteries to specifications	-	-	316	1 200	300	900	-	-



Description	Unit of measurement	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Vote10 - Sport & Recreation									
Function 1 - Sport Facilities									
Sub-function 1 - Sport Facilities									
<i>Sport Facilities</i>	Fully functional sport facilities	2 374	2 781	638	-	-	244	-	-
<i>Upgrading Sport Facility-Barkly East</i>	Upgrading of sport facilities	-	-	-	-	8 241	-	-	-
<i>Sport Field Lighting - Ward 10</i>	Fully functional sport facilities	-	-	84	709	3 080	-	-	-
<i>Sport Field Ward 2</i>	Fully functional sport facilities	-	-	-	-	-	2 518	2 938	-
<i>Sport Field Ward 5</i>	Fully functional sport facilities	-	-	-	-	-	-	-	5 851
<i>Sport Field Ward 13</i>	Fully functional sport facilities	-	-	-	-	-	2 820	2 474	-
<i>Sport Field - Ward 19</i>	Fully functional sport facilities	-	-	-	8 109	-	-	-	-
<i>Naledi Sport Field</i>	Fully functional sport facilities	-	-	717	-	2 326	-	-	-
<i>Kwa-Gcina Sport Field</i>	Fully functional sport facilities	-	-	681	-	1 843	-	-	-
Vote11 - Public Safety									
Function 1 - Public Safety									
Sub-function 1 - Pounds									
<i>Lady Grey Pound</i>	Fully functional animal pound	-	-	-	-	-	1 200	-	-
Vote12 - Electricity									
Function 1 - Electricity distribution									
Sub-function 1 - Infrastructure									
<i>Transmission & Reticulation</i>	Completion of project to satisfy specifications of the engineers	1 232	711	791	2 350	2 350	1 271	810	1 000
Function 2 - Street Lighting									
Sub-function 1 - Street Lighting									
<i>Street Lighting</i>	Completion of project to satisfy specifications of the engineers	-	-	-	-	-	294	1 060	-
<i>Public Street Lighting (Barkly East)</i>	Completion of project to satisfy specifications of the engineers	-	-	-	-	-	1 750	-	-
<i>Public Street Lighting (Lady grey)</i>	Completion of project to satisfy specifications of the engineers	-	-	-	-	-	1 000	2 000	-
Vote13 - Waste Management									
Function 1 - Refuse									
Sub-function 1 - Waste sites Infrastructure									
<i>Solid Waste Sites</i>	Completion of project to satisfy specifications of the engineers	117	-	-	-	-	-	-	-
<i>Solid Waste site - Ward 10</i>	Completion of project to satisfy specifications of the engineers	-	-	220	1 808	150	1 586	1 000	-
<i>Solid Waste site - Ward 11</i>	Completion of project to satisfy specifications of the engineers	-	-	-	1 563	50	1 615	1 630	-
<i>Solid Waste site - Ward 15</i>	Completion of project to satisfy specifications of the engineers	-	-	-	592	50	1 201	-	-
<i>Solid Waste site - Ward 16</i>	Completion of project to satisfy specifications of the engineers	-	-	-	589	50	1 201	-	-
<i>Transit Sites</i>	Completion of project to satisfy specifications of the engineers	-	-	-	-	-	250	-	-



The following table sets out the municipalities main performance objectives and benchmarks for the 2015/16 MTREF. (Derived from the National Treasury formats)

Table 29 MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<u>Borrowing Management</u>									
Credit Rating		-	-	-	-	-	-	-	-
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.7%	1.5%	1.5%	1.3%	1.3%	1.0%	1.0%	1.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	5.6%	4.1%	4.4%	6.4%	5.6%	3.9%	3.9%	3.9%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	1.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>									
Gearing	Long Term Borrowing/ Funds & Reserves	1241.8%	879.3%	11.4%	13.5%	10.4%	10.3%	9.5%	8.5%
<u>Liquidity</u>									
Current Ratio	Current assets/current liabilities	5.1	4.7	6.2	10.1	8.4	8.0	6.9	6.5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	5.1	4.7	6.2	10.1	8.4	8.0	6.9	6.5
Liquidity Ratio	Monetary Assets/Current Liabilities	4.3	4.2	5.5	7.9	6.8	7.2	6.3	5.9
<u>Revenue Management</u>									
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		103.9%	86.9%	87.8%	93.9%	59.3%	92.5%	92.5%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		103.9%	86.9%	87.8%	93.9%	59.3%	92.5%	92.5%	89.2%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	12.4%	9.9%	10.4%	11.0%	15.6%	5.6%	4.3%	3.8%
<u>Creditors Management</u>									
Creditors to Cash and Investments		4.4%	1.1%	6.1%	2.5%	7.8%	6.8%	7.9%	8.3%
<u>Other Indicators</u>									
	Total Volume Losses (kW)	3 674	5 276	3 996					
	Total Cost of Losses (Rand '000)	2 255	3 947	2 830					
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	14.9%	20.6%	15.2%					
Employee costs	Employee costs/(Total Revenue - capital revenue)	21.5%	26.5%	30.3%	35.3%	37.3%	36.8%	38.4%	40.4%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	27.4%	32.3%	36.6%	42.0%	40.4%	42.8%	44.8%	47.1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	2.4%	1.7%	2.4%	5.3%	4.3%	5.3%	8.1%	5.9%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	9.0%	9.6%	8.2%	11.8%	17.9%	10.4%	11.0%	11.8%
<u>IDP regulation financial viability indicators</u>									
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	4.3	4.9	6.1	4.9	4.9	6.0	5.9	6.3
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	72.0%	50.1%	53.0%	62.5%	84.5%	29.9%	21.8%	18.2%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	19.6	20.6	19.7	7.3	11.0	10.3	9.1	8.3



Performance indicators and benchmarks

2.2.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Senqu Municipality's borrowing strategy is primarily informed by the affordability of debt repayments.

The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2014/15 MTREF:

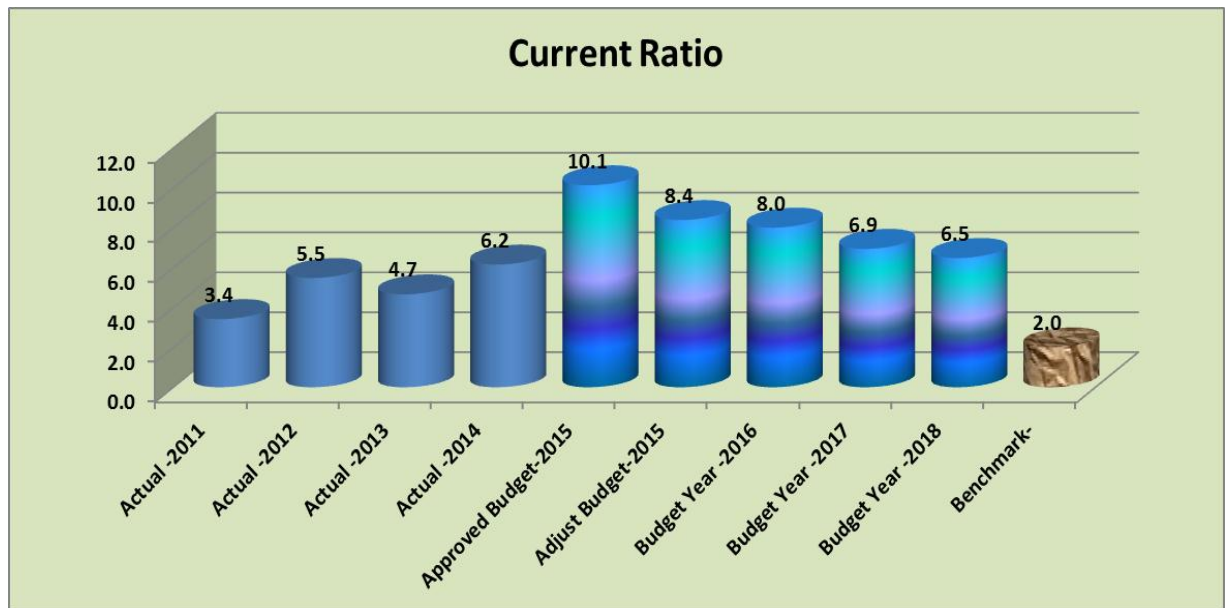
- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily decreased from 1,3 per cent in 2014/15 to 1 per cent in 2017/18. This decrease can mainly be attributed to an increase in operating expenditure over the MTREF resulting in the ratio declining over the period.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The municipality does not intend borrowing any money during the MTREF period.

2.2.1.2 Safety of Capital

- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

2.2.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 2, hence at no point in time should this ratio be less than 2. This ratio is above this norm set for the entire MTREF as depicted below. There are however a rapid decline as a result of the declining cash resources at the Senqu Municipality.



- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2015/16 financial year the ratio was 8 and this ratio is projected to decline to 6,5 in 2017/18. Although these ratios are still considered to be healthy, the municipality should put in place measures to stem the downward trend in the liquidity ratio.

2.2.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection. Payment levels and credit control is considered to be favorable.

2.2.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.



2.2.1.6 Other Indicators

- The electricity distribution losses have been managed downwards from 20,6 per cent in the 2012/13 financial year to 15,2 per cent in 2013/14. The municipality invested in infrastructure to reduce this high level, and the fruits of such investment were already obvious in the year of implementation i.e. 2013/2014. Reductions are expected for the current year and the MTREF period and the target is to bring this down to a more acceptable level of 10%. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity by rolling out smart metering systems, including prepaid meters.
- Employee costs as a percentage of operating revenue increase slightly over the MTREF from 37 per cent to 40 per cent. As discussed previously in this report, the employee related costs at the municipality is in line with the benchmarks set in the Western Cape.
- Repairs and maintenance as percentage of operating revenue is increasing owing directly to cost drivers such as bulk purchases and employee costs. The expenditure on repairs and maintenance is well below acceptable levels, but the actual cost will only be determined when a costing system is implemented.

2.3 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies. As per section 21 of the MFMA All Budget related Policies were reviewed and in certain cases amended. A List of All Budget Related Policies can be seen below.

<u>Policy Name</u>	<u>Date Reviewed</u>	<u>Amendments Made</u>
Asset Management and Insurance Policy	March 2015	Yes
Borrowing & Funding & Reserves Policy	March 2015	No
Cash Management Banking Investment Policy	March 2015	No
Credit Control & Debt Collection Policy	March 2015	No
Free Basic Services & Indigent Subsidy Support POLICY	March 2015	Yes
Property Rates & Valuation Policy	March 2015	No
Supply Chain Management POLICY	March 2015	Yes
Tariff & Services Policy	March 2015	Yes

The Following Amendments were made to the Policies as listed above



2.3.1 Asset Management and Insurance Policy

- The word “GAMAP” is changed to “GRAP”
- On page 18 “The Specifications & Evaluations Committee will also be the Disposal Committee and will inspect the disposals before it goes out on tender” were added
- Under item (31) Insurance of fixed Assets: The inclusion of the wording, “where the insurance broker permits insurance of employee assets as part of the insurance of the municipality, such insurance shall take place at no cost to the municipality.

2.3.2 Free Basic Services and Indigent Subsidy Support Policy

- Under item (5.1) the threshold figure of R2540 were removed and replaced with R2740.
- Under item (5.1) the word “monthly” were inserted in the first sentence after the word “joint”
- The words “water and sanitation” were removed from the policy where it refers a service being subsidised.
- Under item (5.8) “Child headed households, with the eldest child as head of the household being not older than 18 years” were inserted.
- Under item (6.3.7) the words “willingness to give consent for” were removed
- Under item (6.4) the words “Municipality, through a verification committee” were inserted and “Accountant: Revenue” were removed.
- Under item 7.4.6 (b) the words “with regards to a qualifying indigent” were added
- Under item 7.4.6 item [c] were added which should read “arrears of the account of the property of an owner will not be subsidized or written of if a tenant that resides on such property becomes a qualifying indigent as per item 7.4.6[a]”.

2.3.3 SCM Policy

- Under item 10 (6) the following were added: “All quotations above R15000.00, the Municipality must verify the Supplier’s registration with SARS if the Supplier is registered and a valid tax clearance certificate should be submitted”.
- Under Item 12(1) [a] “R0” after the word “value” were inserted.
- Under item 12(1) [b] R2000 after the word “over” were deleted.
- Under item 26(1) [a] were added and [b] deleted



[a] bid specification committee consisting of the following members:

Budget & Treasury Manager	Chairperson
Chief Operations Officer	Deputy-Chairperson
Manager: Project Management Unit	Permanent
Manager: SCM & Expenditure	Permanent
Manager: Human Resources	Rotational – Compulsory if procurement relates to department.
Manager: Administration	
Manager: Technical Operations	
Electro Technical Controller	
Superintendent: Roads	
Manager: Community Services	
Manager: Information Technology	
Chief Traffic Officer	
Manager: Revenue	
Manager: Integrated Planning	
Manager: Governance & Compliance	

[b] a bid evaluation committee consisting of the following members:

Budget & Treasury Manager	Chairperson
Chief Operations Officer	Deputy-Chairperson
Manager: Project Management Unit	Permanent
Demand & Acquisition Officer	Permanent
Manager: Human Resources	Rotational – Compulsory if procurement relates to
Manager: Administration	
Manager: Technical Operations	
Electro Technical Controller	
Superintendent: Roads	
Manager: Community Services	



Manager: Information Technology	department.
Chief Traffic Officer	
Manager: Revenue	
Manager: Integrated Planning	
Manager: Governance & Compliance	

- And replaced with

Members of the Specifications and Evaluation Bid Committees

The Members of the Bid Specifications and Bid Evaluation Committee is presented in the Table below and is consistent with the SCM Policy section 26.

Manager: Budget & Treasury	Chairperson
Manager: Revenue	Deputy-Chairperson
Manager: SCM & Creditors	Permanent member
Manager: Project Management Unit	Permanent member
Manager: HR & LRO	Member
Manager: Administration	Member
Manager: Community Services	Member
Manager: Information Technology	Member
Manager: IPED	Member
Manager: Governance & Compliance	Member
Manager: IGR, Communication & Stakeholder Relations	Member
Chief Operations Officer	Member
Demand & Acquisition Officer	Permanent member
Superintendent: Roads	Member
Superintendent: Electricity	Member

- Under item 26(1)[c] the “ Manager: SCM & Expenditure” were replaced with “Accountant Expenditure” and “secretary” were added as that office holders duty to the committee

2.3.4 Tariff and Services Policy

- The following items were removed to cater for the function having moved to the district municipality:

[5.2] WATER - at the index as well as the full item on page 12

[5.4] SEWERAGE - at the index as well as the full item on page 12



- Under item 3 – Definitions below were removed

“sanitation services”- means collection, removal, disposal or purification of human excreta, domestic waste-water, sewage and effluent resulting from the use of water for commercial purposes;

“water services” – means water supply services and sanitation services;

“water services institution” – means a water services authority, a water services provider, a board or a water services committee;

“water services provider” – means any person who provides water services to consumers or to another water services institution.

“basic sanitation” – means the prescribed minimum standard of services necessary for the safe, hygienic and adequate collection, removal, disposal or purification of human excreta, domestic waste-water and sewage from households, including informal households;

“basic water supply” – means the prescribed minimum standard of water supply services necessary for the reliable supply of a sufficient quantity and quality of water to households, including informal households, to support life and personal hygiene;

“person” – includes a water services institution;

“sanitation services”- means collection, removal, disposal or purification of human excreta, domestic waste-water, sewage and effluent resulting from the use of water for commercial purposes;

- Under item 4 : the word “four” before the word “major” on paragraph 3 were removed and also items

[b] water;

[c] sewage (waste water); and – the listed services

- Further the word “water” on the first line of paragraph 9 were removed
- Again the words “water” as well as “sewerage” on the first line of paragraph 10 of page 6 were removed
- Under item 5 – Financial Factors: the word “water” at item number (a) & (c) on page 7 were removed.
- The paragraph above “User Groups” on page 8 were removed.



- Under item 6: the words “water” and “sewerage” at the item numbered (f) on page 13 were removed
- Lastly the word “water” at item numbered (d) on page 14 were removed.

2.3.5 Challenges

Potential Service Delivery inefficiencies may result if proposed amendments are not adopted.

2.3.6 Financial Implications

Potential Financial losses may occur if policies are not amended due to inefficiencies left unaddressed.

2.3.7 Legal Implications

To comply with Section 21 (1) (b) (ii) of the Municipal Finance Management Act 56 of 2003

2.3.8 Recommendations

That the Committee Members take note of the Reviewal of all the Budget Related Policies and the recommend that the amendments as listed above be adopted with the approval of the 2015_16 MTREF

2.4 Overview of budget assumptions

2.4.1 External factors

Domestically, after five years of strong growth, during which about two million jobs were created, the economy shrank fast and millions of people lost their jobs. It is expected that recovery from this deterioration will be slow and uneven and that growth for 2015 will minimal with a slightly better growth in the outer years.

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

2.4.2 General inflation outlook and its impact on the municipal activities

The inflation outlook for South Africa is indicated below and has been taken into consideration in the compilation of the 2015/16 MTREF.

Fiscal year	2014	2015	2016	2017	2018
	Actual	Estimate	Forecast		
Real GDP growth	2.2	1.4	2.0	2.6	3.0
CPI Inflation	5.8	5.6	4.8	5.9	5.6

Source: Budget Review 2015

2.4.3 Credit rating outlook

The credit outlook of South Africa remained under pressure. The current electricity crisis in South Africa is a large contributing factor to this pressure, as the uncertainties surrounding the supply of electricity is negatively impacting on any possible growth opportunities.

Interest rates for borrowing and investment of funds

On 30 January 2014 the South African Reserve Bank increased its lending rate by 50 basis points. On 18 July 2014 the lending rate was increased by a further 25 basis points. The inflation rate is currently within the target range of the South African Reserve Bank (3 % – 6 %) and it is not expected that interest will go up any further in the near future. The low inflation rate is mainly the result of a decline in oil prices in recent months.

2.4.4 Collection rate for revenue services

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

The rate of revenue collection is currently expressed as a percentage (85 per cent) of annual billings. Cash flow is assumed to be 95 per cent of billings. The performance of any increased collections or arrear collections will however only be considered a source of additional cash inflow once the performance has been carefully monitored.

2.4.5 Growth or decline in tax base of the municipality

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



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

2.4.6 Salary increases

The Salary and Wage Collective Agreement for the period 01 July 2012 to 30 June 2015 has come to an end. The South African Local Government Association issued a press release on 03 March 2015 indicating that it tabled the following offer for salaries and wages increase:

- 2015/16 Financial Year – 4.4 per cent (inflation linked)
- 2016/17 and 2017/18 Financial Years – inflation related increase plus additional 0.25 per cent

As the negotiations are still underway, municipalities are advised to use the above proposed guidelines in preparing their 2015/16 budgets.

2.4.7 Impact of national, provincial and local policies

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

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

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

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

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2015/16 MTREF of which performance has been factored into the cash flow budget.

2.5 Overview of budget funding

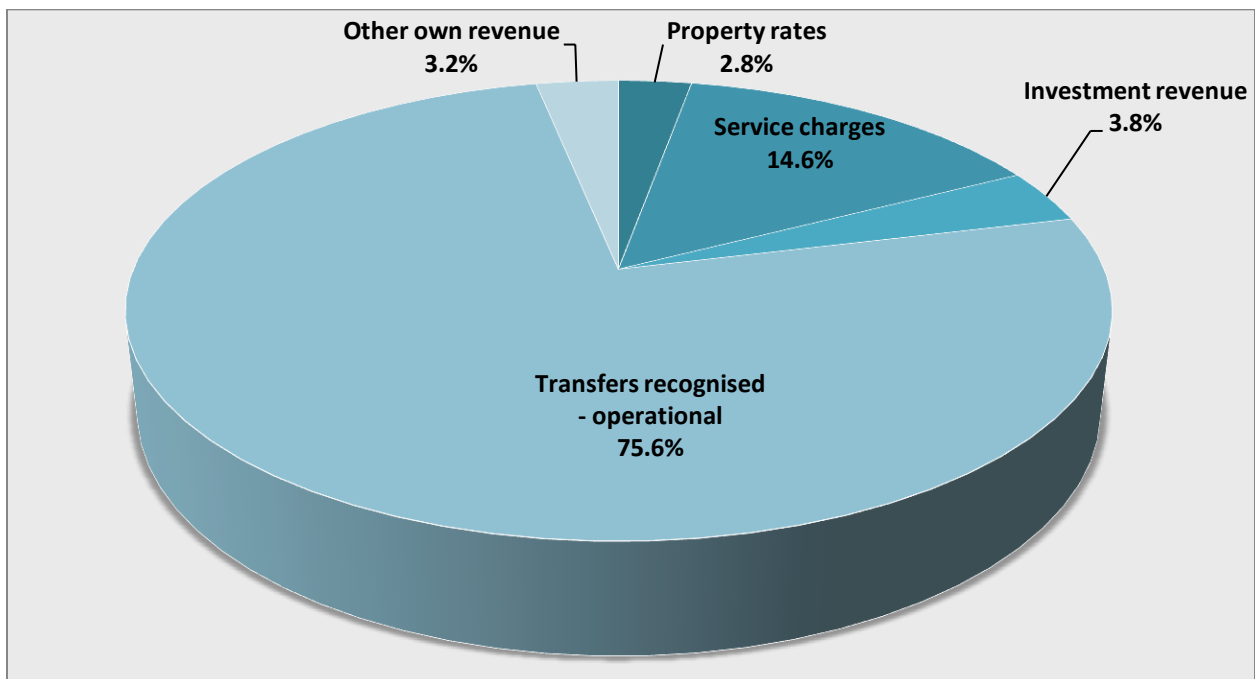
2.5.1 Medium-term outlook: operating revenue

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

Table 30 Operating revenue over medium-term

Description	2015/16 Medium Term Revenue & Expenditure Framework					
	Budget Year		Budget Year		Budget Year	
	R thousand	%	R thousand	%	R thousand	%
	2015/16		+1 2016/17		+2 2017/18	
Property rates	6 856	3.5%	7 267	3.7%	7 695	4.0%
Service charges	29 381	15.0%	31 144	16.0%	32 951	16.9%
Investment revenue	7 360	3.8%	6 742	3.5%	7 146	3.7%
Transfers recognised - operational	143 637	73.4%	141 282	72.4%	137 632	70.7%
Other own revenue	8 494	4.3%	8 810	4.5%	9 338	4.8%
Total Revenue (excluding capital transfers and contributions)	195 728	100.0%	195 245	100.0%	194 762	100.0%
Total Expenditure	197 522		210 576		216 030	
Surplus/(Deficit)	(1 794)		(15 332)		(21 268)	

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





Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity and solid waste removal, property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

Investment revenue contributes significantly to the revenue base of the Municipality. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

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

Table 31 MBRR SA15 – Detail Investment Information

Investment type	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand								
<u>Parent municipality</u>								
Deposits - Bank	124 993	-	161 791	77 750	116 487	112 993	110 733	108 518
Municipality sub-total	124 993	-	161 791	77 750	116 487	112 993	110 733	108 518
Total:	124 993	-	161 791	77 750	116 487	112 993	110 733	108 518

Table 32 MBRR SA16 – Investment particulars by maturity

Investments by Maturity	Period of Investment	Type of Investment	Opening balance	Interest to be realised	Closing Balance
Name of institution & investment ID	Yrs/Months				
<u>Parent municipality</u>					
Standard Bank 38 848 973 1 - 005	32 day	32 day	39 364	2 743	42 107
Standard Bank 38 848 606 6 - 001	Call Deposit	Call Deposit	4 634	323	4 957
Standard Bank 38 848 916 2 - 002	Call Deposit	Call Deposit	61 634	4 294	65 928
					-
Municipality sub-total			105 633		112 993
TOTAL INVESTMENTS AND INTEREST			105 633		112 993



2.5.2 Cash Flow Management

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

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

Table 33 MBRR Table A7 - Budget cash flow statement

Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates, penalties & collection charges	4 001	4 312	4 492	4 521	3 237	6 445	6 831	6 925
Service charges	19 951	25 267	26 052	23 163	16 585	27 618	29 275	29 656
Other revenue	5 618	5 487	2 774	3 090	2 213	7 333	7 580	8 020
Government - operating	101 456	102 171	98 618	119 988	122 480	143 637	141 282	137 632
Government - capital	22 106	32 219	35 686	44 614	36 513	35 399	36 721	38 704
Interest	6 790	7 476	8 881	6 898	7 048	8 433	7 879	8 301
Payments								
Suppliers and employees	(109 123)	(109 280)	(113 152)	(170 032)	(171 162)	(169 820)	(181 822)	(186 324)
Finance charges	(1 259)	(1 147)	(1 281)	(1 639)	1 639	(1 221)	(1 294)	(1 378)
Transfers and Grants	(732)	(333)	(111)	(150)	483	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	48 808	66 173	61 961	30 454	19 037	57 824	46 452	41 536
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	213	236	128	-	-	-	-	-
Decrease (Increase) in non-current debtors	14	-	-	-	-	-	-	-
Payments								
Capital assets	(39 029)	(37 665)	(52 727)	(56 206)	(63 550)	(62 890)	(53 487)	(45 925)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(38 802)	(37 429)	(52 600)	(56 206)	(63 550)	(62 890)	(53 487)	(45 925)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	282	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	191	417	169	82	3	45	47	49
Payments								
Repayment of borrowing	(728)	(805)	(793)	(827)	(792)	(803)	(815)	(828)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(255)	(388)	(624)	(745)	(789)	(758)	(768)	(779)
NET INCREASE/ (DECREASE) IN CASH HELD	9 751	28 356	8 737	(26 498)	(45 303)	(5 824)	(7 803)	(5 169)
Cash/cash equivalents at the year begin:	116 147	125 897	154 253	105 448	162 990	128 103	122 279	114 476
Cash/cash equivalents at the year end:	125 897	154 253	162 990	78 950	117 687	122 279	114 476	109 307



2.5.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

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

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

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

Table 34 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash and investments available								
Cash/cash equivalents at the year end	125 897	154 253	162 990	78 950	117 687	122 279	114 476	109 307
Cash and investments available:	125 897	154 253	162 990	78 950	117 687	122 279	114 476	109 307
Application of cash and investments								
Unspent conditional transfers	17 318	27 825	11 301	-	-	-	-	-
Other working capital requirements	(12 871)	(11 345)	(4 528)	(14 433)	(6 138)	(1 790)	1 263	2 350
Reserves to be backed by cash/investments	87 699	-	117 156	91 849	108 106	102 020	102 885	106 696
Total Application of cash and investments:	92 146	16 480	123 929	77 416	101 968	100 230	104 148	109 046
Surplus(shortfall)	33 751	137 773	39 061	1 535	15 719	22 049	10 328	261

From the above table it can be seen that the cash and investments available over the MTREF will be sufficient to cover all commitments. Commitments include the following:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year.



- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, resulting in cash flow challenges. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be at least 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations. The municipality's levels are for 10 months.
- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the Capital Replacement Reserve, Employee Benefits Reserves and the Valuation Roll Reserve.

2.5.4 Funding compliance measurement

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

Table 35 MBRR SA10 – Funding compliance measurement

Description	MFMA section	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Funding measures									
Cash/cash equivalents at the year end - R'000	18(1)b	125 897	154 253	162 990	78 950	117 687	122 279	114 476	109 307
Cash + investments at the yr end less applications - R'000	18(1)b	33 751	137 773	39 061	1 535	15 719	22 049	10 328	261
Cash year end/monthly employee/supplier payments	18(1)b	19.6	20.6	19.7	7.3	11.0	10.3	9.1	8.3
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	47 285	42 606	56 037	13 786	12 865	33 605	21 389	17 436
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	N.A.	17.5%	(2.7%)	(15.4%)	3.0%	14.1%	0.0%	(0.2%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	103.9%	86.9%	87.8%	93.9%	59.3%	92.5%	92.5%	89.2%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	11.2%	17.2%	16.7%	16.5%	15.1%	12.7%	12.7%	12.8%
Capital payments % of capital expenditure	18(1)c;19	100.2%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (ex cl. 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						100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	(14.9%)	9.5%	6.1%	47.3%	(57.5%)	(22.8%)	(11.6%)
Long term receivables % change - incr(decr)	18(1)a	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	1.9%	1.3%	1.6%	2.9%	2.6%	3.3%	4.5%	3.1%
Asset renewal % of capital budget	20(1)(vi)	0.0%	0.0%	0.1%	3.2%	3.3%	28.5%	11.7%	0.0%



2.5.4.1 *Cash/cash equivalent position*

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

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2015/16 MTREF shows R122,28 million, R114,48 million and R109,31 million for each respective financial year.

2.5.4.2 *Cash plus investments less application of funds*

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

2.5.4.3 *Monthly average payments covered by cash or cash equivalents*

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. The ratio is, at 10,3, well above the benchmark indicators.

2.5.4.4 *Surplus/deficit excluding depreciation offsets*

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2015/16 MTREF the indicative outcome is a surplus of R33,6 million, R21,39 million and R17,4 million.

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



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

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

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue.

2.5.4.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. Given that the assumed collection rate was based on a 85 per cent performance target, the cash flow statement has been conservatively determined. However, the percentage in the above table includes direct receipts for services being paid in cash such as agency services and permits. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.5.4.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues.

2.5.4.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 100 per cent payments has been factored into the cash position forecasted over the entire financial year.

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

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers and therefore no percentage is being shown as outstanding.



2.5.4.10 Consumer debtors change (Current and Non-current)

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

2.5.4.11 Repairs and maintenance expenditure level

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

2.5.4.12 Asset renewal/rehabilitation expenditure level

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



2.6 Expenditure on grants and reconciliations of unspent funds

Table 36 MBRR SA19 - Expenditure on transfers and grant programmes

Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand								
EXPENDITURE:								
<u>Operating expenditure of Transfers and Grants</u>								
National Government:	86 087	100 016	109 118	118 039	117 244	142 437	140 082	136 372
Local Government Equitable Share	76 964	85 187	93 052	104 535	104 535	129 273	128 548	124 272
Finance Management	1 396	1 500	1 550	1 600	1 600	1 600	1 625	1 700
Nat Gov: Neighbourhood Dev Partners	1 932	2 881	-	893	-	-	-	-
Nat Gov: Councillor Remuneration	2 226	4 536	5 081	6 407	6 407	6 712	7 019	7 330
Municipal Systems Improvement	790	800	890	934	934	930	957	1 033
Municipal Infrastructure (MIG)	1 155	3 255	6 385	1 694	1 792	1 863	1 933	2 037
Nat Gov: EPWP Incentive Grant	1 625	1 857	2 160	1 976	1 976	2 059	-	-
Provincial Government:	20 231	3 336	2 409	1 949	5 022	1 200	1 200	1 260
Prov Gov: Housing - Hillside 1 000	6 213	508	221	424	-	-	-	-
Prov Gov: Housing - Lady Grey 1 000	1 619	-	-	-	-	-	-	-
Prov Gov: Revitalization of the second economy interve	97	110	-	-	-	-	-	-
Peach & Vegetable Processing	8	-	-	-	-	-	-	-
Clean Audit	-	95	110	325	685	-	-	-
Co-op's Development	3	-	-	-	-	-	-	-
Holo Hlahatsi Agricultural Project	1	104	-	-	-	-	-	-
Implementation Ownership	45	53	-	-	-	-	-	-
DEAT Brickmaking	-	-	-	-	-	-	-	-
Rossouw Agricultural Project	43	50	-	-	-	-	-	-
Libraries	-	1 200	1 200	1 200	1 200	1 200	1 200	1 260
DEDEAT - Alien Vegetation	-	-	878	-	3 138	-	-	-
Internet Communication system	-	-	-	-	-	-	-	-
Greenest Municipality	-	500	-	-	-	-	-	-
Prov Gov: Musong Road	12 085	627	-	-	-	-	-	-
Plastic Products	116	90	-	-	-	-	-	-
District Municipality:	1 440	46	-	-	-	-	-	-
<i>District: Libraries</i>	1 279	-	-	-	-	-	-	-
<i>Joe Gqabi DM - District Call Centre</i>	87	-	-	-	-	-	-	-
<i>Commonage Management Plan</i>	12	46	-	-	-	-	-	-
<i>Support Programme</i>	62	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:	107 758	103 398	111 527	119 988	122 266	143 637	141 282	137 632
<u>Capital expenditure of Transfers and Grants</u>								
National Government:	22 022	20 143	35 686	44 614	36 513	35 399	36 721	38 704
Municipal Infrastructure (MIG)	22 022	12 694	34 288	44 614	34 046	35 399	36 721	38 704
Nat Gov: Neighbourhood Dev Partners	-	7 274	-	-	-	-	-	-
Dept Sport & Recreation	-	175	1 398	-	2 467	-	-	-
Provincial Government:	84	-	-	-	-	-	-	-
Internet Communication system	84	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants	22 106	20 143	35 686	44 614	36 513	35 399	36 721	38 704
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	129 864	123 541	147 213	164 602	158 779	179 036	178 003	176 336



Table 37 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand								
Operating transfers and grants:								
National Government:								
Balance unspent at beginning of the year	(810)	213	213	-	(795)	-	-	-
Current year receipts	87 110	100 016	104 331	118 039	118 039	142 437	140 082	136 372
Conditions met - transferred to revenue	86 087	100 016	109 118	118 039	117 244	142 437	140 082	136 372
Conditions still to be met - transferred to liabilities	213	213	(4 574)	-	-	-	-	-
Provincial Government:								
Balance unspent at beginning of the year	8 854	1 642	400	-	581	-	-	-
Current year receipts	13 018	2 094	3 193	1 949	4 442	1 200	1 200	1 260
Conditions met - transferred to revenue	20 231	3 336	2 409	1 949	5 022	1 200	1 200	1 260
Conditions still to be met - transferred to liabilities	1 642	400	1 184	-	-	-	-	-
District Municipality:								
Balance unspent at beginning of the year	207	46	-	-	-	-	-	-
Current year receipts	1 279	-	-	-	-	-	-	-
Conditions met - transferred to revenue	1 440	46	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities	46	-	-	-	-	-	-	-
Total operating transfers and grants revenue	107 758	103 398	111 527	119 988	122 266	143 637	141 282	137 632
Total operating transfers and grants - CTBM	1 901	613	(3 390)	-	-	-	-	-
Capital transfers and grants:								
National Government:								
Balance unspent at beginning of the year	(317)	(392)	11 734	-	(10 568)	-	-	-
Current year receipts	21 947	32 269	27 753	44 614	47 081	35 399	36 721	38 704
Conditions met - transferred to revenue	22 022	20 143	35 686	44 614	36 513	35 399	36 721	38 704
Conditions still to be met - transferred to liabilities	(392)	11 734	3 801	-	-	-	-	-
Total capital transfers and grants revenue	22 022	20 143	35 686	44 614	36 513	35 399	36 721	38 704
Total capital transfers and grants - CTBM	(392)	11 734	3 801	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE	129 780	123 541	147 213	164 602	158 779	179 036	178 003	176 336
TOTAL TRANSFERS AND GRANTS - CTBM	1 508	12 347	411	-	-	-	-	-



2.7 Allocations and Grants made by the municipality

The following cash allocations are provided for in the proposed budget of the municipality:

Table 38 Allocations and Grants made by the municipality

Description R thousand	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash Transfers to Organisations								
<i>Grants and donations in aid</i>	732	333	111	150	483	-	-	-
Total Cash Transfers To Organisations	732	333	111	150	483	-	-	-
TOTAL TRANSFERS AND GRANTS	732	333	111	150	483	-	-	-



2.8 Councilor and employee benefits

Table 39 MBRR SA22 - Summary of councilor and staff benefits

Summary of Employee and Councillor remuneration R thousand	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Councillors (Political Office Bearers plus Other)								
Basic Salaries and Wages	5 992	6 329	6 925	9 652	9 652	10 520	11 152	11 821
Cellphone Allowance	438	461	497	767	767	986	1 045	1 108
Other benefits and allowances	1 956	2 068	2 557	212	342	222	236	250
Sub Total - Councillors	8 387	8 858	9 980	10 630	10 760	11 729	12 432	13 178
% increase		5.6%	12.7%	6.5%	1.2%	9.0%	6.0%	6.0%
Senior Managers of the Municipality								
Basic Salaries and Wages	5 434	5 954	6 357	6 548	6 548	7 749	8 214	8 707
Pension and UIF Contributions	-	113	11	-	-	89	95	100
Performance Bonus	1 376	-	1 872	1 478	1 478	1 490	1 579	1 674
Motor Vehicle Allowance	293	324	320	-	-	-	-	-
Cellphone Allowance	78	82	84	102	102	91	96	102
Housing Allowances	30	8	-	-	-	-	-	-
Other benefits and allowances	9	-	-	648	648	-	-	-
Sub Total - Senior Managers of Municipality	7 220	6 479	8 644	8 776	8 776	9 419	9 984	10 583
% increase		(10.3%)	33.4%	1.5%	-	7.3%	6.0%	6.0%
Other Municipal Staff								
Basic Salaries and Wages	14 695	21 674	26 355	31 789	32 549	36 995	38 054	39 579
Pension and UIF Contributions	2 611	3 999	4 163	7 029	7 009	7 029	7 369	7 811
Medical Aid Contributions	2 629	3 068	3 466	4 769	4 131	10 333	10 809	11 353
Overtime	482	483	719	-	969	-	-	-
Performance Bonus	1 090	2 994	2 008	3 204	2 204	4 705	4 952	5 249
Cellphone Allowance	84	23	208	265	282	277	294	311
Housing Allowances	(12)	23	15	-	12	26	28	29
Other benefits and allowances	267	536	670	135	126	880	933	988
Payments in lieu of leave	1 491	530	1 497	-	-	-	-	-
Long service awards	237	209	256	-	-	285	302	320
Post-retirement benefit obligations	-	-	-	-	-	2 149	2 278	2 414
Sub Total - Other Municipal Staff	23 573	33 538	39 356	47 191	47 283	62 680	65 018	68 056
% increase		42.3%	17.3%	19.9%	0.2%	32.6%	3.7%	4.7%
Total Parent Municipality	39 180	48 876	57 980	66 597	66 819	83 827	87 435	91 817
		24.7%	18.6%	14.9%	0.3%	25.5%	4.3%	5.0%
TOTAL SALARY, ALLOWANCES & BENEFITS	39 180	48 876	57 980	66 597	66 819	83 827	87 435	91 817
% increase		24.7%	18.6%	14.9%	0.3%	25.5%	4.3%	5.0%
TOTAL MANAGERS AND STAFF	30 793	40 018	48 001	55 967	56 059	72 099	75 002	78 639



Table 40 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Salary	Contributions	Allowances	Performance Bonuses	Total Package
Rand per annum		1.			2.
<u>Councillors</u>					
Speaker	593 554	-	72 660	-	666 213
Chief Whip	308 256	-	42 788	-	351 044
Executive Mayor	804 860	-	41 069	-	845 929
Deputy Executive Mayor	-	-	-	-	-
Executive Committee	1 596 398	-	179 345	-	1 775 743
Total for all other councillors	7 217 252	-	872 570	-	8 089 822
Total Councillors	10 520 319	-	1 208 432	-	11 728 752
<u>Senior Managers of the Municipality</u>					
Municipal Manager (MM)	1 648 734	1 785	26 000	318 199	1 994 718
Chief Finance Officer	1 384 847	17 485	13 000	265 591	1 680 923
Technical Services	1 384 847	19 234	13 000	265 481	1 682 562
Community and Social Services	1 043 241	15 737	13 000	200 686	1 272 664
Corporate and Support Services	1 065 612	17 485	13 000	204 936	1 301 033
IPME	1 221 984	17 485	13 000	234 647	1 487 116
Total Senior Managers of the Municipality	7 749 265	89 210	91 000	1 489 540	9 419 015
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	18 269 584	89 210	1 299 432	1 489 540	21 147 767



Table 41 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers Number	2013/14			Current Year 2014/15			Budget Year 2015/16		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	37		37	37		37			
Municipal employees									
Municipal Manager and Senior Managers	6		6	6		6			
Other Managers	8		8	8		8			
Professionals	32	30	6	32	30	6	-	-	-
<i>Finance</i>	5	4	1	5	4	1			
<i>Spatial/town planning</i>	2	2		2	2				
<i>Information Technology</i>	2	2		2	2				
<i>Roads</i>	1	1		1	1				
<i>Electricity</i>	1		1	1		1			
<i>Refuse</i>	4	4	4	4	4	4			
<i>Other</i>	17	17		17	17				
Technicians	3	2	1	3	2	1	-	-	-
<i>Roads</i>	1		1	1		1			
<i>Electricity</i>	2	2		2	2				
Clerks (Clerical and administrative)	44	44		44	44				
Service and sales workers	7	7		7	7				
Plant and Machine Operators	8	8		8	8				
Elementary Occupations	12	12		12	12				
TOTAL PERSONNEL NUMBERS	157	103	58	157	103	58	-	-	-
% increase	-	-	-	-	-	-	(100.0%)	(100.0%)	(100.0%)
Total municipal employees headcount									
Finance personnel headcount	27	26	1	27	26	1			
Human Resources personnel headcount	3	2	1	3	2	1			

2.9 Monthly targets for revenue, expenditure and cash flow

Table 42 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand															
Revenue By Source															
Property rates	(142)	7 637	(64)	(64)	(64)	(64)	(64)	(64)	(64)	(64)	(64)	(64)	6 856	7 267	7 695
Service charges - electricity revenue	2 245	2 245	2 245	2 245	2 245	2 245	2 245	2 245	2 245	2 245	2 245	2 245	26 937	28 553	30 230
Service charges - refuse revenue	202	206	184	202	206	206	206	206	206	206	206	207	2 444	2 591	2 721
Rental of facilities and equipment	26	26	26	26	26	26	26	26	26	26	26	26	312	331	351
Interest earned - external investments	613	613	613	613	613	613	613	613	613	613	613	613	7 360	6 742	7 146
Interest earned - outstanding debtors	95	95	95	95	95	95	95	95	95	95	95	95	1 142	1 210	1 283
Fines	21	21	21	21	21	21	21	21	21	21	21	21	250	71	76
Licences and permits	186	186	186	186	186	186	186	186	186	186	186	186	2 231	2 365	2 507
Agency services	197	197	197	197	197	197	197	197	197	197	197	197	2 362	2 504	2 654
Transfers recognised - operational	55 895	1 753	-	300	46 726	300	-	618	37 745	-	300	-	143 637	141 282	137 632
Other revenue	183	183	183	183	183	183	183	183	183	183	183	183	2 197	2 329	2 468
Total Revenue (excluding capital transfers and	59 521	13 162	3 686	4 004	50 435	4 008	3 708	4 326	41 453	3 708	4 008	3 709	195 728	195 245	194 762
Expenditure By Type															
Employee related costs	5 492	5 492	5 492	5 492	8 575	5 492	5 492	5 492	5 492	5 492	6 982	7 114	72 099	75 002	78 639
Remuneration of councillors	977	977	977	977	977	977	977	977	977	977	977	977	11 729	12 432	13 178
Debt impairment	-	-	3	-	-	2 303	-	-	3	-	-	2 303	4 610	4 887	5 204
Depreciation & asset impairment	44	44	49	44	44	9 338	44	44	49	44	44	9 346	19 132	20 280	21 598
Finance charges	-	-	361	-	-	151	-	-	361	-	-	348	1 221	1 294	1 378
Bulk purchases	2 600	2 600	2 600	2 600	2 600	2 600	2 600	2 600	2 600	2 600	2 600	2 600	31 200	33 072	35 222
Other expenditure	3 819	3 695	7 157	5 879	4 310	5 692	2 983	3 018	6 135	3 700	5 052	6 092	57 532	63 609	60 810
Total Expenditure	12 932	12 808	16 638	14 992	16 506	26 553	12 096	12 131	15 616	12 813	15 655	28 781	197 522	210 576	216 030
Surplus/(Deficit)	46 588	354	(12 952)	(10 988)	33 928	(22 545)	(8 388)	(7 805)	25 837	(9 105)	(11 647)	(25 072)	(1 794)	(15 332)	(21 268)
Transfers recognised - capital	8 890	-	-	-	14 816	-	-	-	11 693	-	-	-	35 399	36 721	38 704
Surplus/(Deficit)	55 478	354	(12 952)	(10 988)	48 744	(22 545)	(8 388)	(7 805)	37 530	(9 105)	(11 647)	(25 072)	33 605	21 389	17 436



Table 43 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand															
Revenue by Vote															
Vote 1 - Executive & Council	2 657	500	-	-	2 237	-	-	-	1 818	-	-	-	7 212	7 546	7 913
Vote 2 - Planning & Development	469	1	1	1	781	1	1	1	617	1	1	1	1 880	1 951	2 056
Vote 3 - Corporate Services	154	154	154	154	154	154	154	154	154	154	154	154	1 850	1 961	2 079
Vote 4 - Budget & Treasury	32 915	8 821	691	691	26 546	691	691	691	21 698	691	691	691	95 507	94 991	93 460
Vote 5 - Road Transport	2 906	1 124	300	300	5 261	300	300	918	3 728	300	300	300	16 039	23 327	32 317
Vote 9 - Community & Social Services	2 850	4	4	304	4 747	304	4	4	4 047	4	304	4	12 579	8 228	5 693
Vote 10 - Sport & Recreation	1 341	-	-	-	2 234	-	-	-	1 763	-	-	-	5 338	5 412	5 851
Vote 11 - Public Safety	28	28	28	28	28	28	28	28	28	28	28	28	339	359	381
Vote 12 - Electricity	13 232	2 308	2 308	2 308	12 077	2 308	2 308	2 308	10 218	2 308	2 308	2 308	56 296	57 062	55 932
Vote 13 - Waste Management	11 858	222	200	218	11 185	222	222	222	9 074	222	222	222	34 087	31 128	27 784
Total Revenue by Vote	68 410	13 162	3 686	4 004	65 251	4 008	3 708	4 326	53 146	3 708	4 008	3 709	231 127	231 966	233 466
Expenditure by Vote to be appropriated															
Vote 1 - Executive & Council	2 569	2 026	2 763	1 853	2 251	3 086	1 766	1 791	2 595	1 791	2 094	3 507	28 092	27 364	28 982
Vote 2 - Planning & Development	1 017	1 051	1 363	1 115	1 739	1 132	1 027	1 437	1 783	1 312	3 431	1 893	18 299	18 949	18 418
Vote 3 - Corporate Services	1 510	1 496	3 268	1 422	1 844	2 267	1 412	1 478	2 394	1 964	1 605	2 575	23 234	24 416	25 850
Vote 4 - Budget & Treasury	1 313	1 848	2 685	2 480	2 105	3 715	1 279	1 207	2 419	1 348	1 872	3 521	25 792	25 873	27 362
Vote 5 - Road Transport	919	976	1 131	1 102	1 431	6 861	889	852	1 020	960	995	6 832	23 969	25 323	26 840
Vote 6 - Waste Water Management	46	46	61	46	63	898	46	46	61	46	88	917	2 362	2 499	2 654
Vote 9 - Community & Social Services	740	554	523	723	705	759	637	466	502	641	535	796	7 580	7 759	8 078
Vote 10 - Sport & Recreation	84	77	78	81	113	118	72	77	73	78	86	140	1 076	1 131	1 191
Vote 11 - Public Safety	362	282	319	272	507	367	279	332	319	272	429	380	4 120	4 339	4 576
Vote 12 - Electricity	3 026	3 135	3 101	3 993	3 497	4 485	3 219	3 084	3 103	3 060	3 007	4 305	41 013	43 348	46 116
Vote 13 - Waste Management	1 348	1 317	1 345	1 905	2 252	2 866	1 472	1 362	1 347	1 341	1 515	3 915	21 985	29 576	25 963
Total Expenditure by Vote	12 932	12 808	16 638	14 992	16 506	26 553	12 096	12 131	15 616	12 813	15 655	28 781	197 522	210 576	216 030
Surplus/(Deficit)	55 478	354	(12 952)	(10 988)	48 744	(22 545)	(8 388)	(7 805)	37 530	(9 105)	(11 647)	(25 072)	33 605	21 389	17 436



Table 44 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework			
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
Revenue - Standard																
<i>Governance and administration</i>	35 726	9 476	845	845	28 937	845	845	845	23 670	845	845	845	104 569	104 499	103 452	
Executive and council	2 657	500	-	-	2 237	-	-	-	1 818	-	-	-	7 212	7 546	7 913	
Budget and treasury office	32 915	8 821	691	691	26 546	691	691	691	21 698	691	691	691	95 507	94 991	93 460	
Corporate services	154	154	154	154	154	154	154	154	154	154	154	154	1 850	1 961	2 079	
<i>Community and public safety</i>	4 219	32	32	332	7 010	332	32	32	5 839	32	332	2 782	21 006	15 999	11 924	
Community and social services	2 850	4	4	304	4 747	304	4	4	4 047	4	304	4	12 579	8 228	5 693	
Sport and recreation	1 341	-	-	-	2 234	-	-	-	1 763	-	-	-	5 338	5 412	5 851	
Public safety	28	28	28	28	28	28	28	28	28	28	28	2 778	3 089	2 359	381	
<i>Economic and environmental services</i>	3 375	1 125	302	302	6 042	302	302	920	4 345	302	302	302	17 919	25 278	34 373	
Planning and development	469	1	1	1	781	1	1	1	617	1	1	1	1 880	1 951	2 056	
Road transport	2 906	1 124	300	300	5 261	300	300	918	3 728	300	300	300	16 039	23 327	32 317	
<i>Trading services</i>	25 090	2 529	2 507	2 525	23 262	2 529	2 529	2 529	19 293	2 529	2 529	(220)	87 633	86 190	83 716	
Electricity	13 232	2 308	2 308	2 308	12 077	2 308	2 308	2 308	10 218	2 308	2 308	(442)	53 546	55 062	55 932	
Waste management	11 858	222	200	218	11 185	222	222	222	9 074	222	222	222	34 087	31 128	27 784	
Total Revenue - Standard	68 410	13 162	3 686	4 004	65 251	4 008	3 708	4 326	53 146	3 708	4 008	3 709	231 127	231 966	233 466	
Expenditure - Standard																
<i>Governance and administration</i>	5 392	5 370	8 716	5 755	6 200	9 069	4 457	4 476	7 408	5 103	5 571	9 603	77 118	77 653	82 194	
Executive and council	2 569	2 026	2 763	1 853	2 251	3 086	1 766	1 791	2 595	1 791	2 094	3 507	28 092	27 364	28 982	
Budget and treasury office	1 313	1 848	2 685	2 480	2 105	3 715	1 279	1 207	2 419	1 348	1 872	3 521	25 792	25 873	27 362	
Corporate services	1 510	1 496	3 268	1 422	1 844	2 267	1 412	1 478	2 394	1 964	1 605	2 575	23 234	24 416	25 850	
<i>Community and public safety</i>	1 185	913	921	1 077	1 324	1 243	987	875	894	991	1 049	4 029	15 489	16 097	16 892	
Community and social services	740	554	523	723	705	759	637	466	502	641	535	796	7 580	7 759	8 078	
Sport and recreation	84	77	78	81	113	118	72	77	73	78	86	140	1 076	1 131	1 191	
Public safety	362	282	319	272	507	367	279	332	319	272	429	3 093	6 833	7 206	7 622	
<i>Economic and environmental services</i>	1 936	2 027	2 494	2 217	3 170	7 993	1 916	2 289	2 804	2 272	4 426	8 725	42 268	44 271	45 258	
Planning and development	1 017	1 051	1 363	1 115	1 739	1 132	1 027	1 437	1 783	1 312	3 431	1 893	18 299	18 949	18 418	
Road transport	919	976	1 131	1 102	1 431	6 861	889	852	1 020	960	995	6 832	23 969	25 323	26 840	
<i>Trading services</i>	4 420	4 498	4 507	5 944	5 812	8 249	4 736	4 492	4 510	4 446	4 609	6 424	62 647	72 555	71 686	
Electricity	3 026	3 135	3 101	3 993	3 497	4 485	3 219	3 084	3 103	3 060	3 007	1 592	38 301	40 481	43 069	
Waste water management	46	46	61	46	63	898	46	46	61	46	88	917	2 362	2 499	2 654	
Waste management	1 348	1 317	1 345	1 905	2 252	2 866	1 472	1 362	1 347	1 341	1 515	3 915	21 985	29 576	25 963	
Total Expenditure - Standard	12 932	12 808	16 638	14 992	16 506	26 553	12 096	12 131	15 616	12 813	15 655	28 781	197 522	210 576	216 030	
Surplus/(Deficit)	55 478	354	(12 952)	(10 988)	48 744	(22 545)	(8 388)	(7 805)	37 530	(9 105)	(11 647)	(25 072)	33 605	21 389	17 436	



Table 45 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Multi-year expenditure to be appropriated															
Vote 3 - Corporate Services	150	150	150	150	150	150	150	150	-	-	-	-	1 200	500	-
Vote 5 - Road Transport	1 732	1 500	1 500	1 500	1 970	2 290	790	790	766	478	158	158	13 633	13 767	18 235
Vote 9 - Community & Social Services	225	1 125	1 125	1 125	900	-	-	-	-	-	-	-	4 500	4 635	3 149
Vote 10 - Sport & Recreation	-	-	-	362	-	-	447	617	695	620	1 298	1 298	5 338	5 412	-
Vote 12 - Electricity	-	-	-	-	200	200	200	200	200	-	-	-	1 000	2 000	-
Vote 13 - Waste Management	175	-	-	-	160	157	361	574	527	773	467	8	3 201	2 630	-
Capital multi-year expenditure sub-total	2 282	2 775	2 775	3 137	3 380	2 797	1 948	2 331	2 188	1 871	1 923	1 464	28 871	28 944	21 384
Single-year expenditure to be appropriated															
Vote 1 - Executive & Council	-	250	150	-	100	-	-	-	-	-	-	-	500	418	630
Vote 2 - Planning & Development	108	131	50	170	300	300	300	300	300	283	-	-	2 241	2 039	2 149
Vote 3 - Corporate Services	325	525	475	325	325	125	-	-	-	-	-	-	2 100	890	154
Vote 4 - Budget & Treasury	-	300	900	-	-	-	-	-	-	-	-	-	1 200	455	255
Vote 5 - Road Transport	490	989	784	1 332	620	321	321	321	128	-	-	-	5 305	6 660	11 370
Vote 7 - Housing	-	50	-	-	-	-	-	-	-	-	-	-	50	53	56
Vote 9 - Community & Social Services	2 005	2 035	2 405	2 803	875	875	708	83	83	-	-	-	11 873	6 658	2 045
Vote 10 - Sport & Recreation	-	656	-	-	125	125	125	125	-	-	-	-	1 156	-	5 851
Vote 11 - Public Safety	-	-	-	240	240	240	240	240	-	-	-	-	1 200	-	-
Vote 12 - Electricity	158	522	1 423	464	550	400	350	550	50	-	-	-	4 467	4 770	2 031
Vote 13 - Waste Management	131	1 015	260	119	-	637	163	500	511	237	347	6	3 926	2 600	-
Capital single-year expenditure sub-total	3 217	6 473	6 447	5 452	3 135	3 023	2 207	2 119	1 072	521	347	6	34 019	24 543	24 541
Total Capital Expenditure	5 499	9 248	9 222	8 590	6 514	5 820	4 155	4 450	3 260	2 391	2 271	1 470	62 890	53 487	45 925

Table 46 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework			
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
Capital Expenditure - Standard																
<i>Governance and administration</i>	475	1 225	1 675	475	575	275	150	150	-	-	-	-	5 000	2 263	1 039	
Executive and council	-	250	150	-	100	-	-	-	-	-	-	-	500	418	630	
Budget and treasury office	-	300	900	-	-	-	-	-	-	-	-	-	1 200	455	255	
Corporate services	475	675	625	475	475	275	150	150	-	-	-	-	3 300	1 390	154	
<i>Community and public safety</i>	2 230	3 866	3 530	4 530	2 140	1 240	1 521	1 065	778	620	1 298	1 298	24 117	16 757	11 101	
Community and social services	2 230	3 160	3 530	3 928	1 775	875	708	83	83	-	-	-	16 373	11 292	5 194	
Sport and recreation	-	656	-	362	125	125	572	742	695	620	1 298	1 298	6 494	5 412	5 851	
Public safety	-	-	-	240	240	240	240	240	-	-	-	-	1 200	-	-	
Housing	-	50	-	-	-	-	-	-	-	-	-	-	50	53	56	
<i>Economic and environmental services</i>	2 330	2 620	2 334	3 002	2 890	2 911	1 411	1 411	1 194	762	158	158	21 179	22 466	31 754	
Planning and development	108	131	50	170	300	300	300	300	300	283	-	-	2 241	2 039	2 149	
Road transport	2 222	2 489	2 284	2 832	2 590	2 611	1 111	1 111	894	478	158	158	18 938	20 427	29 605	
<i>Trading services</i>	464	1 537	1 683	583	910	1 394	1 074	1 824	1 287	1 010	814	14	12 594	12 000	2 031	
Electricity	158	522	1 423	464	750	600	550	750	250	-	-	-	5 467	6 770	2 031	
Waste management	306	1 015	260	119	160	794	524	1 074	1 037	1 010	814	14	7 127	5 230	-	
Total Capital Expenditure - Standard	5 499	9 248	9 222	8 590	6 514	5 820	4 155	4 450	3 260	2 391	2 271	1 470	62 890	53 487	45 925	
Funded by:																
National Government	2 963	3 605	3 534	4 051	2 899	2 505	2 932	3 651	3 127	2 391	2 271	1 470	35 399	36 721	38 704	
Transfers recognised - capital	2 963	3 605	3 534	4 051	2 899	2 505	2 932	3 651	3 127	2 391	2 271	1 470	35 399	36 721	38 704	
Internally generated funds	2 536	5 643	5 688	4 539	3 615	3 315	1 223	798	133	-	-	-	27 491	16 765	7 221	
Total Capital Funding	5 499	9 248	9 222	8 590	6 514	5 820	4 155	4 450	3 260	2 391	2 271	1 470	62 890	53 487	45 925	



Table 47 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash Receipts By Source													1			
Property rates	537	537	537	537	537	537	537	537	537	537	537	537	6 445	6 831	6 925	
Service charges - electricity revenue	2 110	2 110	2 110	2 110	2 110	2 110	2 110	2 110	2 110	2 110	2 110	2 110	25 320	26 840	27 207	
Service charges - refuse revenue	190	194	173	190	194	194	194	194	194	194	194	194	2 298	2 436	2 449	
Rental of facilities and equipment	24	24	24	24	24	24	24	24	24	24	24	24	294	311	316	
Interest earned - external investments	613	613	613	613	613	613	613	613	613	613	613	613	7 360	6 742	7 146	
Interest earned - outstanding debtors	89	89	89	89	89	89	89	89	89	89	89	89	1 073	1 138	1 155	
Fines	21	21	21	21	21	21	21	21	21	21	21	21	250	71	76	
Licences and permits	186	186	186	186	186	186	186	186	186	186	186	186	2 231	2 365	2 507	
Agency services	197	197	197	197	197	197	197	197	197	197	197	197	2 362	2 504	2 654	
Transfer receipts - operational	55 895	1 753	-	300	46 726	300	-	618	37 745	-	300	-	143 637	141 282	137 632	
Other revenue	183	183	183	183	183	183	183	183	183	183	183	183	2 197	2 329	2 468	
Cash Receipts by Source	60 045	5 908	4 134	4 451	50 881	4 455	4 155	4 773	41 900	4 155	4 455	4 155	193 467	192 847	190 534	
Other Cash Flows by Source																
Transfer receipts - capital	8 890	-	-	-	14 816	-	-	-	11 693	-	-	-	35 399	36 721	38 704	
Increase (decrease) in consumer deposits	4	4	4	4	4	4	4	4	4	4	4	4	45	47	49	
Total Cash Receipts by Source	68 939	5 912	4 138	4 455	65 701	4 459	4 159	4 776	53 596	4 159	4 459	4 159	228 910	229 615	229 286	
Cash Payments by Type																
Employee related costs	5 314	5 314	5 314	5 314	8 297	5 314	5 314	5 314	5 314	5 314	6 755	6 884	69 760	72 572	76 107	
Remuneration of councillors	977	977	977	977	977	977	977	977	977	977	977	977	11 729	12 432	13 178	
Finance charges	-	-	361	-	-	151	-	-	361	-	-	348	1 221	1 294	1 378	
Bulk purchases - Electricity	2 581	2 581	2 581	2 581	2 581	2 581	2 581	2 581	2 581	2 581	2 581	2 581	30 975	32 817	35 244	
Other expenditure	3 808	3 684	7 135	5 861	4 297	5 674	2 974	3 009	6 116	3 688	5 037	6 073	57 356	64 001	61 794	
Cash Payments by Type	12 680	12 556	16 368	14 734	16 153	14 698	11 847	11 881	15 349	12 561	15 351	16 864	171 041	183 117	187 702	
Other Cash Flows/Payments by Type																
Capital assets	5 499	9 248	9 222	8 590	6 514	5 820	4 155	4 450	3 260	2 391	2 271	1 470	62 890	53 487	45 925	
Repayment of borrowing	-	-	-	-	-	402	-	-	-	-	-	402	803	815	828	
Total Cash Payments by Type	18 180	21 804	25 590	23 323	22 667	20 919	16 002	16 331	18 609	14 952	17 621	18 735	234 734	237 418	234 455	
NET INCREASE/(DECREASE) IN CASH HELD	50 759	(15 892)	(21 452)	(18 869)	43 034	(16 461)	(11 844)	(11 555)	34 987	(10 794)	(13 163)	(14 576)	(5 824)	(7 803)	(5 169)	
Cash/cash equivalents at the month/year begin:	128 103	178 862	162 969	141 517	122 649	165 683	149 222	137 379	125 824	160 811	150 018	136 855	128 103	122 279	114 476	
Cash/cash equivalents at the month/year end:	178 862	162 969	141 517	122 649	165 683	149 222	137 379	125 824	160 811	150 018	136 855	122 279	122 279	114 476	109 307	



2.10 Contracts having future budgetary implications

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

2.11 Capital expenditure details

The following four tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets, then the repair and maintenance of assets and finally the depreciation per asset class.



Table 48 MBRR SA34a - Capital expenditure on new assets by asset class

Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand								
Capital expenditure on new assets by Asset Class/Sub-class								
Infrastructure	28 865	10 250	34 169	22 408	22 438	15 636	25 457	30 485
Infrastructure - Road transport	17 383	8 512	32 131	14 406	18 302	8 513	17 767	28 635
<i>Roads, Pavements & Bridges</i>	15 899	6 071	32 131	14 406	18 302	5 475	12 967	21 555
<i>Storm water</i>	1 483	2 441	-	-	-	3 038	4 800	7 080
Infrastructure - Electricity	1 237	711	791	3 450	3 360	1 271	2 460	1 850
<i>Transmission & Reticulation</i>	1 237	711	791	2 350	2 350	1 271	1 610	1 850
<i>Street Lighting</i>	-	-	-	1 100	1 010	-	850	-
Infrastructure - Other	10 245	1 027	1 247	4 552	776	5 852	5 230	-
<i>Waste Management</i>	117	-	220	4 552	776	5 852	5 230	-
<i>Transportation</i>	10 127	1 027	1 027	-	-	-	-	-
Community	3 478	12 721	6 132	15 788	19 302	18 315	12 391	10 482
Parks & gardens	-	-	230	-	121	500	-	-
Sportsfields & stadia	2 838	2 781	2 120	8 818	15 490	5 582	5 412	5 851
Swimming pools	-	-	-	-	-	-	-	-
Community halls	640	2 381	2 092	3 170	2 374	7 733	-	-
Recreational facilities	-	7 274	-	-	-	-	-	-
Cemeteries	-	286	1 689	3 800	1 317	4 500	6 979	4 631
Other assets	6 618	14 670	12 342	16 210	19 723	11 024	9 381	4 958
General vehicles	2 727	675	1 382	6 290	4 630	1 560	860	300
Specialised vehicles	-	1 737	1 732	-	-	1 000	-	-
Plant & equipment	176	8 737	2 438	1 455	1 494	1 925	5 285	1 275
Computers - hardware/equipment	-	230	420	350	354	1 264	585	531
Furniture and other office equipment	793	493	1 219	1 465	3 640	982	718	815
Civic Land and Buildings	1 723	-	-	-	-	-	-	-
Other Buildings	1 200	2 098	4 961	6 650	9 205	1 860	-	-
Other Land	-	700	-	-	400	400	-	-
Other	-	-	191	-	-	2 033	1 933	2 037
Intangibles	-	24	56	-	-	-	-	-
Computers - software & programming	-	24	56	-	-	-	-	-
Other (<i>list sub-class</i>)	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	38 960	37 665	52 699	54 406	61 463	44 975	47 230	45 925
Specialised vehicles	-	1 737	1 732	-	-	1 000	-	-
Refuse	-	1 737	1 732	-	-	1 000	-	-



Table 49 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	-	-	-	-	-	-	12 215	3 507	-
Infrastructure - Road transport	-	-	-	-	-	-	9 000	-	-
<i>Roads, Pavements & Bridges</i>	-	-	-	-	-	-	9 000	-	-
Infrastructure - Electricity	-	-	-	-	-	-	3 215	3 507	-
<i>Transmission & Reticulation</i>	-	-	-	-	-	-	171	1 297	-
<i>Street Lighting</i>	-	-	-	-	-	-	3 044	2 210	-
Community	-	-	-	1 200	487	487	3 750	1 500	-
Community halls	-	-	-	-	187	187	2 500	1 500	-
Cemeteries	-	-	-	1 200	300	300	1 000	-	-
Other	-	-	-	-	-	-	250	-	-
Other assets	-	-	28	600	1 600	1 600	1 950	1 250	-
Other Buildings	-	-	28	600	1 600	1 600	1 950	1 250	-
Total Capital Expenditure on renewal of existing	-	-	28	1 800	2 087	2 087	17 915	6 257	-



Table 50 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Repairs and maintenance expenditure by Asset Class/Sub-class								
Infrastructure	2 571	695	1 302	3 049	2 842	5 279	9 774	5 073
Infrastructure - Road transport	1 549	577	105	2 257	2 077	2 926	3 101	3 303
<i>Roads, Pavements & Bridges</i>	1 096	494	78	2 000	2 000	2 866	3 038	3 235
<i>Storm water</i>	452	83	27	257	77	60	64	68
Infrastructure - Electricity	110	48	1 192	745	718	1 488	1 578	1 680
<i>Transmission & Reticulation</i>	110	48	956	400	480	256	271	289
<i>Street Lighting</i>	-	-	236	345	238	1 233	1 307	1 392
Infrastructure - Water	-	-	-	4	4	-	-	-
<i>Reticulation</i>	-	-	-	4	4	-	-	-
Infrastructure - Other	913	70	5	43	43	865	5 095	90
<i>Waste Management</i>	10	-	-	-	-	865	5 095	90
<i>Transportation</i>	902	70	5	43	43	-	-	-
Community	310	863	79	2 652	1 402	1 345	1 346	1 433
Parks & gardens	-	-	-	24	24	150	159	169
Sportsfields & stadia	253	189	35	15	15	-	-	-
Community halls	57	161	-	2 500	1 250	385	408	435
Recreational facilities	-	493	-	-	-	-	-	-
Security and policing	-	-	44	109	109	-	-	-
Cemeteries	-	-	-	4	4	810	778	829
Other	-	19	-	-	-	-	-	-
Other assets	524	995	2 377	2 777	2 939	3 722	4 688	4 993
General vehicles	243	46	1 191	1 315	1 426	1 686	1 787	1 903
Specialised vehicles	-	118	-	-	-	-	-	-
Plant & equipment	16	593	606	223	199	982	1 783	1 899
Furniture and other office equipment	76	49	206	199	329	45	48	51
Civic Land and Buildings	153	190	374	1 039	984	405	429	457
Other Buildings	36	-	-	-	-	501	531	566
Other	-	-	-	-	-	104	110	117
Intangibles	-	2	-	-	-	-	-	-
Computers - software & programming	-	2	-	-	-	-	-	-
Other (<i>list sub-class</i>)	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	3 405	2 554	3 758	8 478	7 183	10 346	15 808	11 499



Table 51 MBRR SA34d - Depreciation by asset class

Description	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand								
Depreciation by Asset Class/Sub-class								
Infrastructure	8 880	9 817	7 572	13 167	13 167	11 736	12 440	13 249
Infrastructure - Road transport	8 605	9 350	6 958	12 483	12 483	11 098	11 764	12 529
<i>Roads, Pavements & Bridges</i>	7 637	8 361	5 944	11 079	11 079	9 684	10 265	10 932
<i>Storm water</i>	968	989	1 014	1 404	1 404	1 414	1 499	1 596
Infrastructure - Electricity	122	315	310	177	177	454	482	513
<i>Transmission & Reticulation</i>	122	315	310	177	177	389	413	440
<i>Street Lighting</i>	-	-	-	-	-	65	69	73
Infrastructure - Other	153	152	304	508	508	184	195	207
<i>Waste Management</i>	153	152	303	338	338	184	195	207
<i>Transportation</i>	-	-	1	-	-	-	-	-
<i>Other</i>	-	-	-	169	169	-	-	-
Community	0	4	322	4	4	448	475	505
Parks & gardens	0	0	5	0	0	-	-	-
Sportsfields & stadia	-	-	44	-	-	-	-	-
Community halls	-	-	-	-	-	448	475	505
Cemeteries	-	-	11	-	-	-	-	-
Other	-	4	261	4	4	-	-	-
Other assets	2 599	2 988	3 798	3 886	3 886	6 299	6 677	7 111
General vehicles	424	520	725	614	614	1 537	1 629	1 735
Specialised vehicles	-	57	154	-	-	-	-	-
Plant & equipment	906	1 072	1 546	1 347	1 347	2 685	2 846	3 031
Computers - hardware/equipment	382	404	377	602	602	1 255	1 330	1 417
Furniture and other office equipment	476	494	472	739	739	805	853	909
Other Buildings	383	415	448	543	543	18	19	20
Other	28	27	75	41	41	-	-	-
Intangibles	100	105	75	48	48	121	128	136
Computers - software & programming	100	105	75	48	48	121	128	136
Other (<i>list sub-class</i>)	-	-	-	-	-	-	-	-
Total Depreciation	11 579	12 914	11 766	17 105	17 105	18 604	19 720	21 002

Table 52 MBRR SA35 - Future financial implications of the capital budget

No future implications identified on the capital budget beyond the MTREF period.

Table 53 MBRR SA36 - Detailed capital budget per municipal vote

Full detail with regards to the capital budget is available in Table SA 36 accompanying this report.



2.12 Legislation compliance status

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

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed seven interns undergoing training in various divisions of the Financial Services Department. Previous Interns employed permanently by Senqu Municipality are Miss Nolitha Makaba (SCM Demand & Acquisition Officer) , Mr Tshepo Belebesi (SCM Asset & Disposal Officer) and Mr. M. Mvumvu (Creditors Officer), Miss.W. Sontshi (Cashier). Since the introduction of the Internship programme the Municipality has successfully employed and trained 40 interns through this programme and a majority of them were appointed either in the Municipality or other Institutions such as KPMG, Ernest &Young, SARS, Auditor General, National Treasury.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2015/16 MTREF in May 2015 directly aligned and informed by the 2015/16 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.
8. Policies
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.



2.13 Other supporting documents

All other supporting schedules are included in the A-Schedules accompanying this report.



2.14 Municipal Manager's quality certificate

I, Municipal Manager of Senqu Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal Manager of Senqu Municipality

Signature _____

Date _____