



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

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## Supporting Tables

## Part 1 – Annual Budget

### 1.1 Mayor's Report

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## 1.2 Council Resolutions

On the 30 March 2015 the Council of King Sabata Dalindyebo Local Municipality met in the Council Chambers of King Sabata Dalindyebo Hall to consider the draft annual budget of the municipality for the financial year King Sabata Dalindyebo.

1. The Council of King Sabata Dalindyebo Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) notes for consultation the draft budget.
  - 1.1. The annual budget of the municipality for the financial year 2015/2016 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) as contained in [Table 8 on page 16](#);
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in [Table 9 on page 17](#);
    - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in [Table 10 on page 18](#); and
    - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in [Table 11 on page 19](#).
  - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, and asset management are approved as set out in the following tables:
    - 1.2.1. Budgeted Financial Position as contained in [Table 12 on page 20](#);
    - 1.2.2. Budgeted Cash Flows as contained in [Table 13 on page 21](#);
    - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in [Table 15 on page 23](#);
    - 1.2.4. Asset management as contained in [Table 16 on page 24](#); and
2. The Council of King Sabata Dalindyebo Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2015:
  - 2.1. the tariffs for property rates – as set out in [Table 3 on page 8](#)
  - 2.2. the tariffs for electricity as set out in [Table 4 on page 9](#)
  - 2.3. refuse removal tariffs as set out in [Table 5 on page 11](#)
3. The Council of King Sabata Dalindyebo Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect

from 1 July 2015 the tariffs for other services, as set out in Annexures G1 to G21 respectively.

4. To give proper effect to the municipality's annual budget, the Council of King Sabata Dalindyebo Local 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.

### **1.3 Executive Summary**

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

The municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 75 were used to guide the compilation of the 2015/16 MTREF.

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

- The ongoing difficulties in the municipal cash-flows
- Aging roads and electricity infrastructure;
- The need to re-priorities projects and expenditure within the existing resource envelope given the cash flow realities.
- The increased cost of bulk electricity due to tariff increases from Eskom, which is placing upward pressure on service tariffs to residents.
- Wage increases for municipal staff as well as the need to fill critical vacancies and the placement of staff. ;

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

- The 2014/15 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2015/16 annual budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality.
- In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;

- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazette as required by the annual Division of Revenue Act;

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**

Description	Ref	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
R thousand										
<u>Revenue by vote</u>										
Total Revenue - Standard		740 277	910 865	908 792	964 120	980 633	980 633	1 090 368	1 151 376	1 234 368
Total Expenditure		777 656	729 662	963 264	936 277	980 633	980 633	1 090 368	1 151 376	1 234 368
Surplus		(37 379)	181 203	(54 472)	27 843	-	-	-	-	-
<u>Internally generated funds</u>										
Borrowing		4 746	15 329	44 335	27 842	15 384	15 384	22 220	14 645	15 465
Transfers recognised as- capital		152 668	268 101	279 393	121 827	243 864	243 864	296 100	522 406	467 541
Total Capex		170 326	298 822	323 728	149 669	259 248	259 248	318 320	537 051	483 006

Total operating budget has grown by 11 % for the 2015/16 financial year when compared to the 2014/15 Adjustments Budget and by 6% and 7% for two outer years respectively.

The capital budget of R318.3 million for 2015/16 and has increased by 23% from 2014/15 Adjustment Budget and 69% and -10% for the two outer years respectively.

## 1.4 Operating Revenue Framework

For King Sabata Dalindyebo to continue improving the quality of services provided to its citizens it needs to generate the required revenue. This is vital as there is a high rate of employment in the area and high levels of indigence. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The municipality is faced with development backlogs and poverty.

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;

- Efficient revenue management, which aims to ensure a 95 % collection current debts and 10% on arrear debt for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Attempts to achieve a full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing the revenue requirement of each service;
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

**Table 2 Summary of revenue classified by main revenue source**

EC157 King Sabata Dalindyebo - 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	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue By Source</b>										
Property rates	128 537	131 782	153 931	189 717	153 425	153 425	153 425	169 603	179 779	190 566
Property rates - penalties & collection charges										
Service charges - electricity revenue	195 363	231 009	237 528	255 081	255 341	255 341	255 341	291 449	308 936	327 527
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	17 818	27 597	22 297	25 011	27 652	27 652	27 652	29 868	31 074	32 938
Service charges - other		12 841	8 076	8 020	12 960	12 960	12 960	10 011	10 611	11 248
Rental of facilities and equipment	12 505	13 629	16 256	17 343	19 422	19 422	19 422	20 588	21 823	23 132
Interest earned - external investments	9 483	9 553	7 336	7 776	7 776	7 776	7 776	8 243	8 737	9 262
Interest earned - outstanding debtors	27 209	20 826	23 655	25 074	26 790	26 790	26 790	28 397	30 101	31 907
Dividends received	12	4	-	-	-	-	-	-	-	-
Fines	1 607	2 063	3 601	3 954	2 454	2 454	2 454	2 601	2 757	2 923
Licences and permits	11 011	11 438	15 621	17 714	21 575	21 575	21 575	22 869	24 241	25 696
Agency services			-							
Transfers recognised - operational	248 348	173 121	212 639	226 387	233 050	233 050	233 050	273 144	275 821	288 636
Other revenue	25 274	167 574	42 018	38 373	38 373	38 373	38 373	5 484	5 814	6 109
Gains on disposal of PPE										
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>677 165</b>	<b>801 437</b>	<b>742 958</b>	<b>814 451</b>	<b>798 818</b>	<b>798 818</b>	<b>798 818</b>	<b>862 256</b>	<b>899 695</b>	<b>949 943</b>

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues are budgeted for R500 million comprise approximately 58% total revenue mix (Excluding Capital Grant income as reflected in operating expenditure table).

- Operating grants and transfers totals R273.2 million in the 2015/16 financial year.

## **Revising rates, tariffs and other charges**

- It must also be noted that the consumer price index, as measured by CPI is 6% as indicated in the medium term budget policy statement (MTBPS) revenue items will be increased by the same percentage except for refuse removal charges.
- 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 6.3 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.
- Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows:

### **1.4.1 Property Rates**

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. The property rates tariff will be increased by 6. % until the issues of the implementation of the new general valuation has been resolved, in which case a new tariff structure will be developed that will cater for the new values that will result in reduced tariffs to cushion the effects of the higher property values.

The implementation of the new valuation will necessitate the following changes in the municipal rates policy and bylaw to take into account the increase in values:

- 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). In addition to this rebate, a further R45 000 (increase from 25 000 from the previous valuation) reduction on the market value of a property will be granted in terms of the Municipality's own Property Rates Policy.
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy. In this regard the following stipulations are relevant:
  - For physically and mentally disabled persons
  - Owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year.

The following conditions should be met:-

- The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependents without income;
- The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;



- The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
  - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rateable properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

**Table 3 Comparison of proposed property rates to be levied for the 2015/16 financial year**

<b>PROPERTY PRATES AND LEVIES</b>				
<b>Proposed increment 2015/16 @ 6%</b>				
<b>General Rate</b>				
Domestic (cents in a Rand)	1,08	Cents in a Rand	0,58	Cents in a Rand
Business/ Commercial (cents in a Rand)	2,16	Cents in a Rand	1,16	Cents in a Rand
Government/ Parastatals (State Owned) (cents in a Rand)	2,97	Cents in a Rand	1,16	Cents in a Rand
Agricultural (cents in a Rand)	1,08	Cents in a Rand	0,58	Cents in a Rand
Institutional (cents in a Rand)	2,16	Cents in a Rand	1,16	Cents in a Rand
Parking Development Rate (cents in a Rand)	0,17	Cents in a Rand	0,18	Cents in a Rand
<b>Fire Levy</b>				
Domestic - Per annum	293,37		310,97	
Business/ Commercial Per Annum	528,08		559,76	

**The recommended increase in property rates is set at 6 % in line with the NT guidelines.**

#### **1.4.2 Sale of Electricity and Impact of Tariff Increases**

- NERSA has announced the revised bulk electricity pricing structure. NERSA has approved an increase of Eskom tariffs of 12.20 % and 14.24% for bulk purchases. It is also worth noting that municipality should increase the basic charge by 2 cents kWh as announced by the Minister of Finance. The municipality can however not apply this increase on the prepaid consumers this can only be applied on the conventional debtors. Attempts should be made to recover this amount from the consumers.

The following table shows the impact of the proposed increases in electricity tariffs:

**Table 4 Comparison between current electricity charges and increases.**

**NERSA TARIFF APPLICATION 2015/2016**

		2014/2015		2015/2016		
<b>1</b>	<b>ELECTRICITY TARIFFS</b>					
	DOMESTIC PREPAYMENT					
<b>1</b>	(TARRIF 1)					
	BLOCK 1	74	c/kw	79	c/kw	
	BLOCK 2	90,73	c/kw	100	c/kw	
	BLOCK 3	124,09	c/kw	141	c/kw	
	BLOCK 4	137,71	c/kw	166	c/kw	
1,1	DOMESTIC PREPAYMET	BLOCK 1	73,85	c/kw	79	c/kw
	(TARIFF 2)	BLOCK 2	90,73	c/kw	100	c/kw
	INDIGENT	BLOCK 3	124,09	c/kw	141	c/kw
		BLOCK 4	137,99	c/kw	166	c/kw
<b>2</b>	<b>COMMERCIAL CONVENTIONAL</b>					
2,1	Basic charge/month		298,04		334,4	
2,2	ENERGY CHARGE		135,68	C/KWh	152,233	C/KWh
<b>3</b>	<b>COMMERCIAL PREPAYMENT</b>		145,68		163,453	
	Energy charge/kwh				0	
	Small (tariff 3)		155,71	C/KWh	174,7066	C/KWh
	Big (tariff 4)		155,71	C/KWh	174,7066	C/KWh
	INDUSTRIAL LOW					
<b>4</b>	<b>≤ 100KVA</b>					
			R			
	Basic charge/month		902,323	/per month	1012,406	/per month
	Energy charge/kwh		53,695	C/KWh	60,24579	C/KWh
	Demand charge/kva		218,9575	/kva	245,6703	/kva
	INDUSTRIAL HIGH					
4,1	>100KVA					
	Basic charge per month		846,9098		950,2328	

	Energy charge		46,45691	C/KWh	52,12465	C/KWh
	Demand charge (kva)		205,5552	/KVA	230,6329	/KVA
	A minimum of 70% will be charged on all NMD readings per month					
5	CHARGES FOR SERVICES RENDERED					
5,1	Call out during working hours		321,2436		360,4353	
5,2	Call out after working hours		461,4286		517,7229	
5,3	Disconnect at request of consumer		315,1168		353,561	
5,4	Disconnect for improper use of service or illegal connection		574,0536		644,0881	
5,5	Disconnection for nonpayment of account		470,3856		527,7726	

### 1.4.3 Solid Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is recommended that the municipality work towards recouping the costs associated with the rendering of this service and as such tariffs should be cost driven. It is widely accepted that the rendering of this service should at least break even, which is currently not the case.

The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are hiring costs, increases in general expenditure and the cost of remuneration. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation will be incorporated into the next planning cycle.

A 8 per cent 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.

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

**Table 5 Comparison between current waste removal fees and increases**

		ESTIMATES OF INCOME AND EXPENDITURE- TARIFFS AS FROM 01 JULY 2015		
		2013/2014	2014/2015	2015/2016
<b>3,0</b>	<b>SOLID WASTE : Proposed increment 7%</b>			
	Refuse Removal : Full Level of Service			
	<b>Annual Charges</b>			
3.1.1	Domestic (2 bags or bins once per week)	1823,13	1950,75	2067,79
3.1.2	week)	3667,08	3923,78	4159,21
3.1.3	Per additional bag or bin	1823,13	1950,75	2067,79
3.1.4	Per additional service removal per week	3667,08	3923,78	4159,21
3.1.5	240 L Bin rental per annum	new	new	
	Emptying charge of 240L bin per annum			
4,2	Refuse Removal : Full Level of Service			
	<b>Monthly Charges</b>			
4.2.1	Domestic (2 bags or bins once per week)	153,80	164,57	174,44
4.2.2	week)	3,79	4,05	4,30
4.2.3	Per additional bag or bin	153,80	164,57	174,44
4.2.4	Per additional service removal per week	309,32	330,97	350,83
4.2.5	240L Bin rental per month			12,00
4.2.6	240L Bin Clearance / per bin			25,00
4.2.7	Emptying charge of 240L bin : Household per month			99,78
<b>4,3</b>	<b>Refuse Removal : Basic Level of Service</b>			
	<b>Annual Charges</b>			
4.3.1	Domestic	1041,78	1114,71	1181,59
4.3.2	Business/Industry	2437,77	2608,41	2764,92
4.3.3	Government Institutions	2437,77	2608,41	2764,92
4.3.4	Coffee Bay & Hole-in-the-Wall			
4,4	<b>Refuse Removal : Basic Level of Service</b>			
	<b>Monthly Charges</b>			
4.4.1	Domestic	87,98	94,13	99,78
4.4.2	Business/Industry	205,24	219,60	232,78
4.4.3	Government Institutions	205,24	219,60	232,78
4,5	<b>Sales</b>			
4.5.1	240L Refuse bins (each)			R580
4.5.2	Plastic Refuse Bags (per pack)			
4,6	<b>Skips</b>			
4.6.1	Rental per skip per month	687,48	735,60	779,73
4.6.2	Rental per skip per year	8154,45	8725,26	9248,78
4.6.3	Charge per clearance of skip	483,86	517,74	548,80
		0,00	0,00	0,00
4,7	<b>Excess Refuse</b>			
4.7.1	Garden Refuse (per 2.5lt load)	0,00	0,00	0,00
4.7.2	Removal of scrap vehicles (per vehicle load)	289,91	310,20	328,81
4.7.3	Hire of skip container per day : Garden Refuse / Excess	405,92	434,33	460,39
4.7.3	Hire of skip container per day : Garden Refuse / Excess	220,38	235,80	249,95
<b>4,8</b>	<b>Penalty for Illegal Dumping : Proposed increment at 7%</b>			
4.8.1	Garden and/ or domestic refuse	321,21	343,70	364,32
<b>4,9</b>	<b>Trolley Bins</b>			
4.9.1	Rental (per bin per month)	321,21	343,70	364,32
4.9.2	Charge per clearance	321,21	343,70	364,32
<b>4,1</b>	<b>Disposal Charges to Mthatha &amp; Mqanduli Landfill Site: Weigh Bridge</b>			
4.10.1	Domestic & Trade Waste per tonne	new	new	50
4.10.2	Rubble or concrete per tonne			25
4.10.3	Material suitable to be used for cover	new	new	free
<b>4,11</b>	<b>Disposal Charges to Mthatha &amp; Mqanduli Site: Not Weighed</b>			
4.11.1	Small vehicle up to 1 tonne load capacity	new	new	45
4.11.2	3 - 4 tonne vehicle	new	new	180
4.11.3	5 - 8 tonne vehicle	new	new	250
<b>4,12</b>	<b>Garden Waste</b>			
4.12.1	Clean Greens per tonne			20
4.12.2	Any other green material including tree trunks per tonne			33
<b>4,13</b>	<b>Permits</b>			
4.13.1	Domestic Solid Waste Handling Permit per vehicle per annum	new	new	500

#### 1.4.4 Other direct income

The tariff increase on direct income is budgeted for at 6 % in line with the recommendations per circulars

### 1.5 Operating Expenditure Framework

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

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

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

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

EC157 King Sabata Dalindyebo - 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	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Expenditure By Type</b>										
Employee related costs	226 442	244 016	257 206	315 478	327 017	327 017	327 017	342 445	357 913	374 555
Remuneration of councillors	17 420	19 036	22 000	21 536	21 536	21 536	21 536	22 483	23 529	24 623
Debt impairment	22 132	25 677	68 162	30 000	30 000	30 000	30 000	30 050	31 823	33 605
Depreciation & asset impairment	179 044	97 077	112 742	102 800	162 784	162 784	162 784	205 000	217 095	229 252
Finance charges	9 107	5 631	5 242	5 400	5 400	5 400	5 400	5 400	5 719	6 039
Bulk purchases	144 976	162 454	181 850	196 507	196 507	196 507	196 507	224 883	256 906	293 490
Other materials										
Contracted services	17 236	17 142	13 936	13 885	8 047	8 047	8 047	6 900	7 498	7 919
Transfers and grants	26 198	27 817	20 000	20 000	20 000	20 000	20 000	24 000	25 416	26 839
Other expenditure	135 101	148 422	282 411	202 830	193 954	193 954	193 954	206 986	210 833	222 581
Loss on disposal of PPE										
<b>Total Expenditure</b>	<b>777 656</b>	<b>747 271</b>	<b>963 548</b>	<b>908 437</b>	<b>965 245</b>	<b>965 245</b>	<b>965 245</b>	<b>1 068 147</b>	<b>1 136 731</b>	<b>1 218 904</b>
<b>Surplus/(Deficit)</b>	<b>(100 491)</b>	<b>54 166</b>	<b>(220 590)</b>	<b>(93 986)</b>	<b>(166 427)</b>	<b>(166 427)</b>	<b>(166 427)</b>	<b>(205 891)</b>	<b>(237 036)</b>	<b>(268 960)</b>
Transfers recognised - capital	72 605	101 287	196 935	121 827	181 811	181 811	181 811	228 111	251 680	284 426
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-
Contributed assets	4 746		(29 982)							
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(23 141)</b>	<b>155 453</b>	<b>(53 637)</b>	<b>27 841</b>	<b>15 384</b>	<b>15 384</b>	<b>15 384</b>	<b>22 220</b>	<b>14 645</b>	<b>15 465</b>

### **1.5.1. Employee related costs.**

The budgeted allocation for employee related costs for the 2015/16 financial year totals R342,4 million after an increase of 4.4 %. The budget is 32% of the total operating revenue budget excluding capital grant income. This has however been distorted by the huge increase in budget for depreciation of R205 million

### **1.5.2. Remuneration of councilors**

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 budget for this expenditure is set at R22.5 million after affecting an increment of 2.1 %. This represents 4% of the total operating revenue budget excluding capital operating grant income.

Employee related costs including remuneration of councilors is 34% of the total operating budget

### **1.5.3. Debt impairment**

The provision of debt impairment was determined based on an annual historical costs and changes in accounting statements. The assumption is that the implementation of the debt collection strategy might yield good results. The budget for the debt impairment is R30 million.

### **1.5.4. Depreciation and impairment of assets.**

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. The budget for the 2015/16 financial is set at R205 million after considerations of the impairment and depreciation costs.

### **1.5.5. Finance Charges**

Interest on external loans is budgeted for at R5.4 million after taking into account loans outstanding at the period of the adjustment budget for the 2014/15 financial year.

### **1.5.6. Electricity bulk purchases**

Bulk purchases are directly informed by the purchase of electricity from Eskom which has been confirmed by NERSA to be 14.24 %. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The budget for the 2015/16 is R224.8 million.

### **1.5.7. Contracted Services**

Contracted services excluding the collection of revenue is budgeted at R6.9 million.

### **1.5.8. Other general expenditure**

Other expenditure comprises of various line items relating to the daily operations of the municipality. Growth has been limited to 6 per cent for 2015/16. This is done to cut none core expenditure and to focus on service delivery and other core functions of the municipality. The budget id set at R206.9 million for general expenditure. Included in the other expenditure are the following line items

- **Repairs and Maintenance**

During the compilation of the 2015/16 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance and budget for this line item is set at R32.9 million.

The norm is 8% and 40% of the PPE and capital budget respectively however the municipality due to cash flow challenges has not managed to meet the norms.

#### **General expenses other**

- General expenditure is budgeted for at R174 million

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

The budget for the current year is R24 million to cater for free basic electricity, alternative energy and subsidy for rates and other services.

## 1.6 Capital expenditure

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

**Table 7 2015/16 Medium-term capital budget per vote**

EC157 King Sabata Dalindyebo - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	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	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Capital expenditure - Vote</b>											
<i>Single-year expenditure to be appropriated</i>	2										
Vote 1 - EXECUTIVE & COUNCIL		104	2 292	1 325	622	49	49	49	-	-	-
Vote 2 - FINANCE & ASSET MANAGEMENT		858	3 950	5 746	5 950	3 784	3 784	3 784	8 158	8 639	9 123
Vote 3 - CORPORATE SERVICES		-	105	135	163	-	-	-	-	-	-
Vote 4 - COMMUNITY SERVICES		630	2 415	2 322	3 876	238	238	238	2 000	4 236	4 473
Vote 5 - PUBLIC SAFETY		2 888	11 293	3 142	3 087	2 628	2 628	2 628	2 224	353	373
Vote 6 - PLANNING, SOCIAL AND ECONOMIC DEVELOPM		10 685	13 483	1 063	11 955	11 628	11 628	11 628	-	-	-
Vote 7 - HUMAN SETTLEMENT		50 279	127 393	59 010	20 723	98 446	98 446	98 446	88 968	361 772	360 076
Vote 8 - INFRASTRUCTURE		104 880	137 891	250 985	103 294	142 475	142 475	142 475	216 969	162 050	108 960
Capital single-year expenditure sub-total		170 326	298 822	323 728	149 668	259 248	259 248	259 248	318 319	537 051	483 005
Total Capital Expenditure - Vote		170 326	298 822	323 728	149 668	259 248	259 248	259 248	318 319	537 051	483 005

For 2015/16 an amount of R318.3 million of which R296.1 million is funded by grants and R22.2 million is funded by own income. Refer to table below:

Vote Description	Ref	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	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Funded by:</b>											
National Government		134 921	140 708	211 990	91 367	134 559	134 559	134 559	99 482	100 706	107 541
Provincial Government		17 747	127 393	58 671	30 459	109 305	109 305	109 305	196 618	421 700	360 000
District Municipality				-							
Other transfers and grants				8 732							
Transfers recognised - capital	4	152 668	268 101	279 393	121 827	243 864	243 864	243 864	296 100	522 406	467 541
Public contributions & donations	5										
Borrowing	6	12 912	15 392								
Internally generated funds		4 746	15 329	44 335	27 842	15 384	15 384	15 384	22 220	14 645	15 465
Total Capital Funding	7	170 326	298 822	323 728	149 668	259 248	259 248	259 248	318 319	537 051	483 005



**Table 8 MBRR Table A2- Budgeted Financial Performance (Revenue and expenditure by Standard Classification.**

EC157 King Sabata Dalindyebo - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	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
<b>Revenue - Standard</b>										
<i>Governance and administration</i>		358 496	514 428	396 828	509 490	449 585	449 585	481 551	504 747	531 446
Executive and council		3 175	2 193	37 421	1 585	2 659	2 659	2 521	2 659	2 806
Budget and treasury office		354 683	377 931	357 496	507 172	445 898	445 898	476 387	501 556	528 076
Corporate services		638	134 304	1 911	734	1 028	1 028	2 643	532	564
<i>Community and public safety</i>		7 980	15 435	85 479	37 479	46 302	46 302	81 701	101 111	198 888
Community and social services		712	666	7 430	3 106	7 205	7 205	4 777	1 768	1 875
Sport and recreation		19	19	627	665	1 098	1 098	1 164	1 234	1 308
Public safety		5 671	7 244	11 952	13 323	16 746	16 746	22 301	15 425	16 318
Housing		1 578	1 578	65 470	20 386	21 253	21 253	52 576	82 684	179 388
Health		-	5 927	-	-	-	-	884	-	-
<i>Economic and environmental services</i>		138 257	137 318	95 564	115 593	120 303	120 303	112 990	109 047	122 021
Planning and development		31 577	30 637	6 225	13 940	14 417	14 417	3 016	1 784	1 891
Road transport		106 681	106 681	89 339	101 653	105 886	105 886	109 974	107 262	120 129
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		235 544	235 544	331 756	301 558	364 443	364 443	414 126	436 472	382 013
Electricity		216 926	216 926	308 428	275 503	335 747	335 747	383 156	404 229	347 836
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		18 618	18 618	23 328	26 055	28 696	28 696	30 970	32 242	34 177
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	2	740 277	902 724	909 627	964 120	980 633	980 633	1 090 368	1 151 376	1 234 368
<b>Expenditure - Standard</b>										
<i>Governance and administration</i>		364 243	333 214	480 433	428 910	477 302	477 302	572 061	599 057	632 355
Executive and council		47 260	47 260	117 355	84 558	81 222	81 222	84 110	88 874	93 781
Budget and treasury office		285 533	254 505	309 650	285 045	342 877	342 877	421 354	445 661	470 178
Corporate services		31 449	31 449	53 428	59 307	53 203	53 203	66 597	64 522	68 395
<i>Community and public safety</i>		128 696	128 696	118 017	124 449	127 680	127 680	101 002	102 990	106 493
Community and social services		12 868	12 868	20 699	19 369	18 005	18 005	13 906	12 990	12 791
Sport and recreation		7 178	7 178	13 987	12 415	10 808	10 808	7 872	8 242	8 628
Public safety		71 340	71 340	74 020	83 721	90 072	90 072	76 733	78 604	81 749
Housing		19 497	19 497	7 619	8 944	8 795	8 795	2 491	3 154	3 325
Health		17 814	17 814	1 692	-	-	-	-	-	-
<i>Economic and environmental services</i>		57 027	57 671	84 551	105 735	99 481	99 481	105 421	99 060	103 963
Planning and development		18 427	18 427	20 884	23 294	23 664	23 664	24 227	23 605	24 739
Road transport		35 546	36 190	59 700	76 937	71 488	71 488	79 695	73 935	77 711
Environmental protection		3 054	3 054	3 967	5 504	4 329	4 329	1 499	1 520	1 513
<i>Trading services</i>		227 689	227 689	280 262	277 185	276 170	276 170	311 884	350 268	391 557
Electricity		177 710	177 710	227 893	221 584	225 477	225 477	257 827	291 426	329 836
Water		-	-	-	-	-	-	-	-	-
Waste water management		1 455	1 455	2 555	4 330	3 592	3 592	3 619	3 790	3 969
Waste management		48 524	48 524	49 814	51 271	47 101	47 101	50 439	55 052	57 752
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	3	777 656	747 271	963 263	936 278	980 633	980 633	1 090 368	1 151 376	1 234 368
<b>Surplus/(Deficit) for the year</b>		(37 378)	155 453	(53 636)	27 842	(0)	(0)	0	0	(0)

Table 9 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

EC157 King Sabata Dalindyebo - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	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
<b>Revenue by Vote</b>										
Vote 1 - EXECUTIVE & COUNCIL	1	3 175	2 256	37 421	1 585	2 659	2 659	2 521	2 659	2 806
Vote 2 - FINANCE & ASSET MANAGEMENT		354 683	377 931	357 496	507 172	445 898	445 898	476 387	501 556	528 076
Vote 3 - CORPORATE SERVICES		1 173	134 765	2 480	1 127	1 487	1 487	2 643	532	564
Vote 4 - COMMUNITY SERVICES		18 647	35 220	27 554	26 852	32 494	32 494	31 889	32 280	34 216
Vote 5 - PUBLIC SAFETY		16 473	20 212	28 321	30 818	37 241	37 241	38 962	38 454	40 728
Vote 6 - PLANNING, SOCIAL AND ECONOMIC DEVELOPMENT		30 458	7 290	3 424	14 995	16 474	16 474	11 723	1 512	1 603
Vote 7 - HUMAN SETTLEMENT		2 721	50 421	69 758	21 909	23 242	23 242	54 445	94 169	181 266
Vote 8 - INFRASTRUCTURE		312 947	282 771	382 338	359 661	421 138	421 138	471 797	480 215	445 109
<b>Total Revenue by Vote</b>	<b>2</b>	<b>740 277</b>	<b>910 865</b>	<b>908 792</b>	<b>964 120</b>	<b>980 633</b>	<b>980 633</b>	<b>1 090 368</b>	<b>1 151 376</b>	<b>1 234 368</b>
<b>Expenditure by Vote to be appropriated</b>										
Vote 1 - EXECUTIVE & COUNCIL	1	47 259	72 790	117 337	84 540	81 209	81 209	84 110	88 250	92 538
Vote 2 - FINANCE & ASSET MANAGEMENT		290 784	225 652	323 492	301 007	357 399	357 399	421 354	445 661	470 178
Vote 3 - CORPORATE SERVICES		28 136	28 569	42 854	46 737	42 009	42 009	44 034	44 064	46 305
Vote 4 - COMMUNITY SERVICES		76 564	55 966	68 317	67 802	66 711	66 711	64 383	68 926	72 286
Vote 5 - PUBLIC SAFETY		74 415	71 703	77 877	92 920	95 811	95 811	98 254	100 034	104 756
Vote 6 - PLANNING, SOCIAL AND ECONOMIC DEVELOPMENT		19 871	25 165	25 627	27 333	26 044	26 044	25 942	24 112	25 284
Vote 7 - HUMAN SETTLEMENT		13 263	13 846	24 022	26 617	25 225	25 225	26 187	26 939	28 214
Vote 8 - INFRASTRUCTURE		227 364	235 970	283 738	289 321	286 225	286 225	326 104	353 390	394 808
<b>Total Expenditure by Vote</b>	<b>2</b>	<b>777 656</b>	<b>729 662</b>	<b>963 264</b>	<b>936 277</b>	<b>980 633</b>	<b>980 633</b>	<b>1 090 368</b>	<b>1 151 376</b>	<b>1 234 368</b>
<b>Surplus/(Deficit) for the year</b>	<b>2</b>	<b>(37 378)</b>	<b>181 202</b>	<b>(54 472)</b>	<b>27 843</b>	<b>-</b>	<b>-</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>

Table 10 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

EC157 King Sabata Dalindyebo - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	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	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>	1										
<b>Revenue By Source</b>											
Property rates	2	128 537	131 782	153 931	189 717	153 425	153 425	153 425	169 603	179 779	190 566
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	195 363	231 009	237 528	255 081	255 341	255 341	255 341	291 449	308 936	327 527
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	17 818	27 597	22 297	25 011	27 652	27 652	27 652	29 868	31 074	32 938
Service charges - other			12 841	8 076	8 020	12 960	12 960	12 960	10 011	10 611	11 248
Rental of facilities and equipment		12 505	13 629	16 256	17 343	19 422	19 422	19 422	20 588	21 823	23 132
Interest earned - external investments		9 483	9 553	7 336	7 776	7 776	7 776	7 776	8 243	8 737	9 262
Interest earned - outstanding debtors		27 209	20 826	23 655	25 074	26 790	26 790	26 790	28 397	30 101	31 907
Dividends received		12	4	-	-	-	-	-	-	-	-
Fines		1 607	2 063	3 601	3 954	2 454	2 454	2 454	2 601	2 757	2 923
Licences and permits		11 011	11 438	15 621	17 714	21 575	21 575	21 575	22 869	24 241	25 696
Agency services											
Transfers recognised - operational		248 348	173 121	212 639	226 387	233 050	233 050	233 050	273 144	275 821	288 636
Other revenue	2	25 274	167 574	42 018	38 373	38 373	38 373	38 373	5 484	5 814	6 109
Gains on disposal of PPE											
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>677 165</b>	<b>801 437</b>	<b>742 958</b>	<b>814 451</b>	<b>798 818</b>	<b>798 818</b>	<b>798 818</b>	<b>862 256</b>	<b>899 695</b>	<b>949 943</b>
<b>Expenditure By Type</b>											
Employee related costs	2	226 442	244 016	257 206	315 478	327 017	327 017	327 017	342 445	357 913	374 555
Remuneration of councillors		17 420	19 036	22 000	21 536	21 536	21 536	21 536	22 483	23 529	24 623
Debt impairment	3	22 132	25 677	68 162	30 000	30 000	30 000	30 000	30 050	31 823	33 605
Depreciation & asset impairment	2	179 044	97 077	112 742	102 800	162 784	162 784	162 784	205 000	217 095	229 252
Finance charges		9 107	5 631	5 242	5 400	5 400	5 400	5 400	5 400	5 719	6 039
Bulk purchases	2	144 976	162 454	181 850	196 507	196 507	196 507	196 507	224 883	256 906	293 490
Other materials	8										
Contracted services		17 236	17 142	13 936	13 885	8 047	8 047	8 047	6 900	7 498	7 919
Transfers and grants		26 198	27 817	20 000	20 000	20 000	20 000	20 000	24 000	25 416	26 839
Other expenditure	4,5	135 101	148 422	282 411	202 830	193 954	193 954	193 954	206 986	210 833	222 581
Loss on disposal of PPE											
<b>Total Expenditure</b>		<b>777 656</b>	<b>747 271</b>	<b>963 548</b>	<b>908 437</b>	<b>965 245</b>	<b>965 245</b>	<b>965 245</b>	<b>1 068 147</b>	<b>1 136 731</b>	<b>1 218 904</b>
<b>Surplus/(Deficit)</b>		<b>(100 491)</b>	<b>54 166</b>	<b>(220 590)</b>	<b>(93 986)</b>	<b>(166 427)</b>	<b>(166 427)</b>	<b>(166 427)</b>	<b>(205 891)</b>	<b>(237 036)</b>	<b>(268 960)</b>
Transfers recognised - capital		72 605	101 287	196 935	121 827	181 811	181 811	181 811	228 111	251 680	284 426
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets		4 746		(29 982)							
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(23 141)</b>	<b>155 453</b>	<b>(53 637)</b>	<b>27 841</b>	<b>15 384</b>	<b>15 384</b>	<b>15 384</b>	<b>22 220</b>	<b>14 645</b>	<b>15 465</b>
Taxation											
<b>Surplus/(Deficit) after taxation</b>		<b>(23 141)</b>	<b>155 453</b>	<b>(53 637)</b>	<b>27 841</b>	<b>15 384</b>	<b>15 384</b>	<b>15 384</b>	<b>22 220</b>	<b>14 645</b>	<b>15 465</b>
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(23 141)</b>	<b>155 453</b>	<b>(53 637)</b>	<b>27 841</b>	<b>15 384</b>	<b>15 384</b>	<b>15 384</b>	<b>22 220</b>	<b>14 645</b>	<b>15 465</b>
Share of surplus/ (deficit) of associate	7										
<b>Surplus/(Deficit) for the year</b>		<b>(23 141)</b>	<b>155 453</b>	<b>(53 637)</b>	<b>27 841</b>	<b>15 384</b>	<b>15 384</b>	<b>15 384</b>	<b>22 220</b>	<b>14 645</b>	<b>15 465</b>

Table 11 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

EC157 King Sabata Dalindyebo - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	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	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Capital Expenditure - Standard</b>											
<i>Governance and administration</i>		963	6 610	7 750	6 730	3 777	3 777	3 777	8 158	8 639	9 123
Executive and council		104	2 292	1 325	622	29	29	29	-	-	-
Budget and treasury office		479	3 950	2 835	1 574	3 748	3 748	3 748	8 158	8 639	9 123
Corporate services		379	368	3 590	4 535				-	-	-
<i>Community and public safety</i>		54 068	126 935	53 231	24 615	100 771	100 771	100 771	91 192	362 125	360 446
Community and social services		217	221	189	961	849	849	849	-	-	-
Sport and recreation		5 760	3 800	1 306	1 170	312	312	312	68	72	73
Public safety		2 888	10 843	3 023	2 944	2 531	2 531	2 531	2 224	353	373
Housing		44 507	112 001	48 713	19 541	97 079	97 079	97 079	88 900	361 700	360 000
Health		696	70	-	-						
<i>Economic and environmental services</i>		57 218	73 484	121 083	97 791	94 990	94 990	94 990	95 969	82 991	87 842
Planning and development		10 021	9 547	10 151	3 316	3 800	3 800	3 800	-	-	-
Road transport		47 190	63 708	110 636	94 385	91 101	91 101	91 101	95 969	82 991	87 842
Environmental protection		8	229	297	89	89	89	89	-	-	-
<i>Trading services</i>		58 078	76 400	132 933	20 532	59 711	59 711	59 711	123 000	83 295	25 592
Electricity		57 694	74 283	130 513	16 769	59 397	59 397	59 397	121 000	79 059	21 118
Water				-	-						
Waste water management			630	505	505						
Waste management		384	1 487	1 914	3 258	314	314	314	2 000	4 236	4 473
<i>Other</i>			15 392	8 731	-						
<b>Total Capital Expenditure - Standard</b>	3	170 326	298 822	323 728	149 668	259 248	259 248	259 248	318 319	537 051	483 002
<b>Funded by:</b>											
National Government		134 921	140 708	211 990	91 367	134 559	134 559	134 559	99 482	100 706	107 541
Provincial Government		17 747	127 393	58 671	30 459	109 305	109 305	109 305	196 618	421 700	360 000
District Municipality				-							
Other transfers and grants				8 732							
Transfers recognised - capital	4	152 668	268 101	279 393	121 827	243 864	243 864	243 864	296 100	522 406	467 541
Public contributions & donations	5										
Borrowing	6	12 912	15 392								
Internally generated funds		4 746	15 329	44 335	27 842	15 384	15 384	15 384	22 220	14 645	15 465
<b>Total Capital Funding</b>	7	170 326	298 822	323 728	149 668	259 248	259 248	259 248	318 319	537 051	483 005

Table 12 MBRR Table A6 - Budgeted Financial Position

EC157 King Sabata Dalindyebo - Table A6 Budgeted Financial Position

Description	Ref	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	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		39 129	21 293	5 011	47 980	47 980	47 980	47 980	47 980	47 980	47 980
Call investment deposits	1	180 185	216 895	122 649	195 459	195 459	195 459	195 459	-	-	-
Consumer debtors	1	68 043	94 013	63 300	68 317	68 317	68 317	68 317	51 091	32 733	13 266
Other debtors		18 224	14 807	340	27 118	27 118	27 118	27 118	25 762	25 762	25 762
Current portion of long-term receivables			-	-							
Inventory	2	2 880	3 099	9 529	2 880	2 880	2 880	2 880	2 880	2 880	2 880
<b>Total current assets</b>		<b>308 462</b>	<b>350 107</b>	<b>200 829</b>	<b>341 754</b>	<b>341 754</b>	<b>341 754</b>	<b>341 754</b>	<b>127 713</b>	<b>109 355</b>	<b>89 889</b>
<b>Non current assets</b>											
Long-term receivables		156	-	-	157	157	157	157	157	157	157
Investments			-	-							
Investment property		103 189	124 507	189 420	103 189	103 189	103 189	103 189	189 420	189 420	189 420
Investment in Associate											
Property, plant and equipment	3	1 485 310	1 524 874	2 269 216	1 570 349	1 570 349	1 570 349	1 570 349	1 822 691	1 837 506	1 853 858
Agricultural Biological											
Intangible		243	185	440	640	640	640	640	640	640	640
Other non-current assets				4 697							
<b>Total non current assets</b>		<b>1 588 898</b>	<b>1 649 567</b>	<b>2 463 773</b>	<b>1 674 335</b>	<b>1 674 335</b>	<b>1 674 335</b>	<b>1 674 335</b>	<b>2 012 907</b>	<b>2 027 722</b>	<b>2 044 075</b>
<b>TOTAL ASSETS</b>		<b>1 897 360</b>	<b>1 999 674</b>	<b>2 664 602</b>	<b>2 016 089</b>	<b>2 016 089</b>	<b>2 016 089</b>	<b>2 016 089</b>	<b>2 140 620</b>	<b>2 137 077</b>	<b>2 133 963</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1			-							
Borrowing	4	6 928	9 107	47 767	15 650	15 650	15 650	15 650	9 845	10 518	6 155
Consumer deposits		1 600	3 047	11 343	1 600	1 600	1 600	1 600	11 343	11 343	11 343
Trade and other payables	4	181 950	519 472	333 727	155 405	155 405	155 405	155 405	128 448	134 870	141 614
Provisions				-							
<b>Total current liabilities</b>		<b>190 478</b>	<b>531 625</b>	<b>392 837</b>	<b>172 655</b>	<b>172 655</b>	<b>172 655</b>	<b>172 655</b>	<b>149 636</b>	<b>156 731</b>	<b>159 112</b>
<b>Non current liabilities</b>											
Borrowing		58 073	59 169	144 464	44 478	44 478	44 478	44 478	192 028	181 509	175 354
Provisions		26 271	23 293	42 346	48 028	48 028	48 028	48 028	48 028	48 028	48 028
<b>Total non current liabilities</b>		<b>84 344</b>	<b>82 462</b>	<b>186 809</b>	<b>92 505</b>	<b>92 505</b>	<b>92 505</b>	<b>92 505</b>	<b>240 055</b>	<b>229 537</b>	<b>223 382</b>
<b>TOTAL LIABILITIES</b>		<b>274 822</b>	<b>614 087</b>	<b>579 646</b>	<b>265 160</b>	<b>265 160</b>	<b>265 160</b>	<b>265 160</b>	<b>389 691</b>	<b>386 268</b>	<b>382 494</b>
<b>NET ASSETS</b>	5	<b>1 622 538</b>	<b>1 385 586</b>	<b>2 084 956</b>	<b>1 750 929</b>	<b>1 750 929</b>	<b>1 750 929</b>	<b>1 750 929</b>	<b>1 750 929</b>	<b>1 750 809</b>	<b>1 751 470</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		1 492 054	1 253 365	1 697 513	1 618 958	1 618 958	1 618 958	1 618 958	1 618 958	1 618 958	1 618 958
Reserves	4	130 483	132 221	387 443	131 971	131 971	131 971	131 971	131 971	131 971	132 854
Minorities' interests											
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>1 622 538</b>	<b>1 385 586</b>	<b>2 084 956</b>	<b>1 750 929</b>	<b>1 750 929</b>	<b>1 750 929</b>	<b>1 750 929</b>	<b>1 750 929</b>	<b>1 750 809</b>	<b>1 751 812</b>

Table 13 MBRR Table A7 - Budget cash flow statement

EC157 King Sabata Dalindyebo - Table A7 Budgeted Cash Flows

Description	Ref	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	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates, penalties & collection charges		294 476	436 270	277 860	481 982	445 689	445 689	445 689	239 067	358 600	502 041
Service charges		147 888	167 213	181 578	198 883	200 106	200 106	200 106	414 584	501 083	549 608
Other revenue									56 880	84 915	121 039
Government - operating	1	62 576	88 139	208 040	169 428	291 466	291 466	291 466	267 014	264 555	263 551
Government - capital	1	29 116	36 691	151 839	32 436	32 436	32 436	32 436	316 516	160 706	107 541
Interest			12	5 239					38 060	38 838	53 519
Dividends									-	-	-
<b>Payments</b>											
Suppliers and employees		(440 332)	(569 147)	(612 286)	(709 574)	(730 339)	(730 339)	(730 339)	(826 979)	(886 074)	(959 076)
Finance charges		(8 639)	(9 107)	(12 710)	(5 242)	(5 242)	(5 242)	(5 242)	(5 400)	(5 697)	(5 999)
Transfers and Grants	1			-	(20 000)	(20 000)	(20 000)	(20 000)	(24 000)	(25 320)	(26 662)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>85 085</b>	<b>150 072</b>	<b>199 560</b>	<b>147 914</b>	<b>214 116</b>	<b>214 116</b>	<b>214 116</b>	<b>475 741</b>	<b>491 607</b>	<b>605 562</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		-	505						-	-	-
Decrease (Increase) in non-current debtors	4								-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments			193 259						-	-	-
<b>Payments</b>											
Capital assets		(73 170)	(127 044)	(205 329)	(232 561)	(259 248)	(259 248)	(259 248)	(316 521)	(190 746)	(138 888)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(73 166)</b>	<b>66 720</b>	<b>(205 329)</b>	<b>(232 561)</b>	<b>(259 248)</b>	<b>(259 248)</b>	<b>(259 248)</b>	<b>(316 521)</b>	<b>(190 746)</b>	<b>(138 888)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans		(82)							-	-	-
Borrowing long term/refinancing		346							-	-	-
Increase (decrease) in consumer deposits									-	-	-
<b>Payments</b>											
Repayment of borrowing		1 467	7 672	(104 685)	(5 484)	(5 484)	(5 484)	(5 484)	(6 508)	(9 845)	(10 518)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>1 731</b>	<b>7 672</b>	<b>(104 685)</b>	<b>(5 484)</b>	<b>(5 484)</b>	<b>(5 484)</b>	<b>(5 484)</b>	<b>(6 508)</b>	<b>(9 845)</b>	<b>(10 518)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>13 650</b>	<b>224 464</b>	<b>(110 454)</b>	<b>(90 131)</b>	<b>(50 616)</b>	<b>(50 616)</b>	<b>(50 616)</b>	<b>152 712</b>	<b>291 016</b>	<b>456 155</b>
Cash/cash equivalents at the year begin:	2		13 650	238 114	127 660	127 660	127 660	127 660	77 044	229 756	520 771
Cash/cash equivalents at the year end:	2	13 650	238 114	127 660	37 528	77 044	77 044	77 044	229 756	520 771	976 927

Table 14 MBRR Table A1 – Budget Summary

EC157 King Sabata Dalindyebo - 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	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	128 537	131 782	153 931	189 717	153 425	153 425	153 425	169 603	179 779	190 566
Service charges	213 180	271 447	267 901	288 112	295 953	295 953	295 953	331 328	350 621	371 713
Investment revenue	9 483	9 553	7 336	7 776	7 776	7 776	7 776	8 243	8 737	9 262
Transfers recognised - operational	248 348	173 121	212 639	226 387	233 050	233 050	233 050	273 144	275 821	288 636
Other own revenue	77 618	215 534	101 151	102 459	108 614	108 614	108 614	79 939	84 736	89 766
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>677 165</b>	<b>801 437</b>	<b>742 958</b>	<b>814 451</b>	<b>798 818</b>	<b>798 818</b>	<b>798 818</b>	<b>862 256</b>	<b>899 695</b>	<b>949 943</b>
Employee costs	226 442	244 016	257 206	315 478	327 017	327 017	327 017	342 445	357 913	374 555
Remuneration of councillors	17 420	19 036	22 000	21 536	21 536	21 536	21 536	22 483	23 529	24 623
Depreciation & asset impairment	179 044	97 077	112 742	102 800	162 784	162 784	162 784	205 000	217 095	229 252
Finance charges	9 107	5 631	5 242	5 400	5 400	5 400	5 400	5 400	5 719	6 039
Materials and bulk purchases	144 976	162 454	181 850	196 507	196 507	196 507	196 507	224 883	256 906	293 490
Transfers and grants	26 198	27 817	20 000	20 000	20 000	20 000	20 000	24 000	25 416	26 839
Other expenditure	174 469	191 240	364 508	246 715	232 001	232 001	232 001	243 935	250 154	264 105
<b>Total Expenditure</b>	<b>777 656</b>	<b>747 271</b>	<b>963 548</b>	<b>908 437</b>	<b>965 245</b>	<b>965 245</b>	<b>965 245</b>	<b>1 068 147</b>	<b>1 136 731</b>	<b>1 218 904</b>
<b>Surplus/(Deficit)</b>	<b>(100 491)</b>	<b>54 166</b>	<b>(220 590)</b>	<b>(93 986)</b>	<b>(166 427)</b>	<b>(166 427)</b>	<b>(166 427)</b>	<b>(205 891)</b>	<b>(237 036)</b>	<b>(268 960)</b>
Transfers recognised - capital	72 605	101 287	196 935	121 827	181 811	181 811	181 811	228 111	251 680	284 426
Contributions recognised - capital & contributed assets	4 746	-	(29 982)	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(23 141)</b>	<b>155 453</b>	<b>(53 637)</b>	<b>27 841</b>	<b>15 384</b>	<b>15 384</b>	<b>15 384</b>	<b>22 220</b>	<b>14 645</b>	<b>15 465</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(23 141)</b>	<b>155 453</b>	<b>(53 637)</b>	<b>27 841</b>	<b>15 384</b>	<b>15 384</b>	<b>15 384</b>	<b>#VALUE!</b>	<b>14 645</b>	<b>15 465</b>
<b>Capital expenditure &amp; funds sources</b>										
Capital expenditure	170 326	298 822	323 728	149 668	259 248	259 248	259 248	318 319	537 051	483 002
Transfers recognised - capital	152 668	268 101	279 393	121 827	243 864	243 864	243 864	296 100	522 406	467 541
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	12 912	15 392	-	-	-	-	-	-	-	-
Internally generated funds	4 746	15 329	44 335	27 842	15 384	15 384	15 384	22 220	14 645	15 465
<b>Total sources of capital funds</b>	<b>170 326</b>	<b>298 822</b>	<b>323 728</b>	<b>149 668</b>	<b>259 248</b>	<b>259 248</b>	<b>259 248</b>	<b>318 319</b>	<b>537 051</b>	<b>483 005</b>
<b>Financial position</b>										
Total current assets	308 462	350 107	200 829	341 754	341 754	341 754	341 754	127 713	109 355	89 889
Total non current assets	1 588 898	1 649 567	2 463 773	1 674 335	1 674 335	1 674 335	1 674 335	2 012 907	2 027 722	2 044 075
Total current liabilities	190 478	531 625	392 837	172 655	172 655	172 655	172 655	149 636	156 731	159 112
Total non current liabilities	84 344	82 462	186 809	92 505	92 505	92 505	92 505	240 055	229 537	223 382
Community wealth/Equity	1 622 538	1 385 586	2 084 956	1 750 929	1 750 929	1 750 929	1 750 929	1 750 929	1 750 929	1 751 812
<b>Cash flows</b>										
Net cash from (used) operating	85 085	150 072	199 560	147 914	214 116	214 116	214 116	475 741	491 607	605 562
Net cash from (used) investing	(73 166)	66 720	(205 329)	(232 561)	(259 248)	(259 248)	(259 248)	(316 521)	(190 746)	(138 888)
Net cash from (used) financing	1 731	7 672	(104 685)	(5 484)	(5 484)	(5 484)	(5 484)	(6 508)	(9 845)	(10 518)
<b>Cash/cash equivalents at the year end</b>	<b>13 650</b>	<b>238 114</b>	<b>127 660</b>	<b>37 528</b>	<b>77 044</b>	<b>77 044</b>	<b>77 044</b>	<b>229 756</b>	<b>520 771</b>	<b>976 927</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	219 314	238 188	127 660	243 439	243 439	243 439	243 439	47 980	47 980	47 980
Application of cash and investments	90 778	413 339	238 735	43 246	44 772	44 772	44 772	34 249	44 806	71 141
<b>Balance - surplus (shortfall)</b>	<b>128 536</b>	<b>(175 150)</b>	<b>(111 076)</b>	<b>200 193</b>	<b>198 667</b>	<b>198 667</b>	<b>198 667</b>	<b>13 731</b>	<b>3 174</b>	<b>(23 161)</b>
<b>Asset management</b>										
Asset register summary (WDV)	1 588 691	2 129 431	2 049 123	1 674 178	1 674 178	1 674 178	1 860 409	1 860 409	1 700 409	1 760 409
Depreciation & asset impairment	179 044	97 077	112 742	102 800	162 784	162 784	205 000	205 000	217 095	229 252
Renewal of Existing Assets	46 284	40 635	117 142	76 067	76 067	76 067	76 067	177 898	429 281	386 655
Repairs and Maintenance	31 692	-	35 216	27 702	-	-	32 877	32 877	34 685	36 523
<b>Free services</b>										
Cost of Free Basic Services provided	4 887	4 887	5 546	5 935	5 935	5 935	5 935	5 935	5 935	5 935
Revenue cost of free services provided	10 071	10 327	11 690	26 614	26 614	26 614	26 614	26 614	26 614	26 614
<b>Households below minimum service level</b>										
Water:	52	52	42	42	42	42	42	42	42	42
Sanitation/sewerage:	41	41	15	15	15	15	15	15	15	15
Energy:	30	30	81	81	81	81	81	81	81	81
Refuse:	68	68	76	76	76	76	76	76	76	76

Table 15 MBRR Table A8 – Cash Backed Reserves

EC157 King Sabata Dalindyebo - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	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	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	13 650	238 114	127 660	37 528	77 044	77 044	77 044	229 756	520 771	976 927
Other current investments > 90 days		205 664	75	(0)	205 911	166 396	166 396	166 396	(181 776)	(472 791)	(928 947)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>219 314</b>	<b>238 188</b>	<b>127 660</b>	<b>243 439</b>	<b>243 439</b>	<b>243 439</b>	<b>243 439</b>	<b>47 980</b>	<b>47 980</b>	<b>47 980</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		81 467	142 711	110 684	54 922	54 922	54 922	54 922	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	9 311	270 628	128 051	(11 676)	(10 150)	(10 150)	(10 150)	34 249	44 806	71 141
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
<b>Total Application of cash and investments:</b>		<b>90 778</b>	<b>413 339</b>	<b>238 735</b>	<b>43 246</b>	<b>44 772</b>	<b>44 772</b>	<b>44 772</b>	<b>34 249</b>	<b>44 806</b>	<b>71 141</b>
<b>Surplus(shortfall)</b>		<b>128 536</b>	<b>(175 150)</b>	<b>(111 076)</b>	<b>200 193</b>	<b>198 667</b>	<b>198 667</b>	<b>198 667</b>	<b>13 731</b>	<b>3 174</b>	<b>(23 161)</b>



Table 16 MBRR Table A9 – Assets Management

EC157 King Sabata Dalindyebo - Table A9 Asset Management

Description	Ref	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
<b>R thousand</b>										
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	124 042	258 187	206 586	73 601	183 181	183 181	140 422	107 770	51 348
Infrastructure - Road transport		906	23 073	-	-	-	-	-	-	-
Infrastructure - Electricity		29 103	74 283	107 826	16 769	16 769	16 769	120 000	78 000	20 000
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		26 197	-	-	-	-	-	-	-	-
Infrastructure		56 206	97 356	107 826	16 769	16 769	16 769	120 000	78 000	20 000
Community		62 483	129 192	52 559	32 033	32 033	32 033	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	5 353	31 638	45 950	24 535	134 378	134 378	20 422	29 770	31 348
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	250	264	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	2	46 284	40 635	117 142	76 067	76 067	76 067	177 898	429 281	386 655
Infrastructure - Road transport		46 284	40 635	94 069	76 067	76 067	76 067	87 200	82 706	87 541
Infrastructure - Electricity		-	-	-	-	-	-	1 798	346 575	299 114
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	88 900	-	-
Infrastructure		46 284	40 635	94 069	76 067	76 067	76 067	177 898	429 281	386 655
Community		-	-	23 073	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	4	47 190	63 708	94 069	76 067	76 067	76 067	87 200	82 706	87 541
Infrastructure - Road transport		29 103	74 283	107 826	16 769	16 769	16 769	121 798	424 575	319 114
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		26 197	-	-	-	-	-	88 900	-	-
Infrastructure		102 490	137 991	201 896	92 837	92 837	92 837	297 898	507 281	406 655
Community		62 483	129 192	75 632	32 033	32 033	32 033	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	5 353	31 638	45 950	24 535	134 378	134 378	20 422	29 770	31 348
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	250	264	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	2	170 326	298 822	323 728	149 668	259 248	259 248	318 319	537 051	438 002
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>										
Infrastructure - Road transport	5	740 621	-	-	666 635	666 635	666 635	666 635	666 635	666 635
Infrastructure - Electricity		96 062	246 572	249 279	167 301	167 301	167 301	267 301	107 301	167 301
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		254 612	1 331 477	1 139 335	393 986	393 986	393 986	393 986	393 986	393 986
Infrastructure		1 091 295	1 578 050	1 388 614	1 227 923	1 227 923	1 227 923	1 327 923	1 167 923	1 227 923
Community		386 039	410 615	436 589	331 637	331 637	331 637	331 637	331 637	331 637
Heritage assets		-	4 363	4 697	-	-	-	-	-	-
Investment properties		103 189	124 507	189 420	103 189	103 189	103 189	189 420	189 420	189 420
Other assets		7 925	11 711	29 363	10 790	10 790	10 790	10 790	10 790	10 790
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		243	185	440	640	640	640	640	640	640
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	1 588 691	2 129 431	2 049 123	1 674 178	1 674 178	1 674 178	1 860 409	1 700 409	1 760 409
<b>EXPENDITURE OTHER ITEMS</b>										
<b>Depreciation &amp; asset impairment</b>	3	179 044	97 077	112 742	102 800	162 784	162 784	205 000	217 095	229 252
<b>Repairs and Maintenance by Asset Class</b>		31 692	-	35 216	27 702	-	-	32 877	34 685	36 523
Infrastructure - Road transport		19 362	-	14 413	10 191	-	-	10 143	18 040	18 996
Infrastructure - Electricity		9 386	-	9 586	7 037	-	-	10 737	5 877	6 188
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		28 747	-	23 999	17 227	-	-	20 880	23 917	25 184
Community		-	-	1 013	2 496	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	2 945	-	10 204	7 979	-	-	11 997	10 768	11 339
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		210 737	97 077	147 958	130 502	162 784	162 784	237 877	251 780	265 776
<i>Renewal of Existing Assets as % of total capex</i>		27,2%	13,6%	36,2%	50,8%	29,3%	29,3%	55,9%	79,9%	88,3%
<i>Renewal of Existing Assets as % of deprechn"</i>		25,9%	41,9%	103,9%	74,0%	46,7%	46,7%	86,8%	197,7%	168,7%
<i>R&amp;M as a % of PPE</i>		2,1%	0,0%	1,6%	1,8%	0,0%	0,0%	1,8%	1,9%	2,0%
<i>Renewal and R&amp;M as a % of PPE</i>		5,0%	2,0%	7,0%	6,0%	5,0%	5,0%	11,0%	27,0%	24,0%

Table 17 MBRR Table A10 – Ser Del

EC157 King Sabata Dalindyebo - Table A10 Basic service delivery measurement

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		21 413	21 413	42 626	42 626	42 626	42 626	42 626	42 626	42 626
Piped water inside yard (but not in dwelling)		16 771	16 771	24 405	24 405	24 405	24 405	24 405	24 405	24 405
Using public tap (at least min.service level)	2									
Other water supply (at least min.service level)	4									
<i>Minimum Service Level and Above sub-total</i>		38 184	38 184	67 031	67 031	67 031	67 031	67 031	67 031	67 031
Using public tap (< min.service level)	3									
Other water supply (< min.service level)	4									
No water supply		51 512	51 512	42 434	42 434	42 434	42 434	42 434	42 434	42 434
<i>Below Minimum Service Level sub-total</i>		51 512	51 512	42 434	42 434	42 434	42 434	42 434	42 434	42 434
<b>Total number of households</b>	5	<b>89 696</b>	<b>89 696</b>	<b>109 465</b>	<b>109 465</b>	<b>109 465</b>	<b>109 465</b>	<b>109 465</b>	<b>109 465</b>	<b>109 465</b>
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)										
Flush toilet (with septic tank)		22 174	22 174	37 356	37 356	37 356	37 356	37 356	37 356	37 356
Chemical toilet										
Pit toilet (ventilated)		26 191	26 191	53 138	53 138	53 138	53 138	53 138	53 138	53 138
Other toilet provisions (> min.service level)										
<i>Minimum Service Level and Above sub-total</i>		48 365	48 365	90 494	90 494	90 494	90 494	90 494	90 494	90 494
Bucket toilet		1 458	1 458	496	496	496	496	496	496	496
Other toilet provisions (< min.service level)										
No toilet provisions		39 874	39 874	14 416	14 416	14 416	14 416	14 416	14 416	14 416
<i>Below Minimum Service Level sub-total</i>		41 332	41 332	14 912	14 912	14 912	14 912	14 912	14 912	14 912
<b>Total number of households</b>	5	<b>89 697</b>	<b>89 697</b>	<b>105 406</b>	<b>105 406</b>	<b>105 406</b>	<b>105 406</b>	<b>105 406</b>	<b>105 406</b>	<b>105 406</b>
<b>Energy:</b>										
Electricity (at least min.service level)		400	400	450	450	450	450	450	450	450
Electricity - prepaid (min.service level)		36 985	36 985	76 732	76 732	76 732	76 732	76 732	76 732	76 732
<i>Minimum Service Level and Above sub-total</i>		37 385	37 385	77 182	77 182	77 182	77 182	77 182	77 182	77 182
Electricity (< min.service level)		18 130	18 130	60 464	60 464	60 464	60 464	60 464	60 464	60 464
Electricity - prepaid (< min. service level)		12 230	12 230	20 888	20 888	20 888	20 888	20 888	20 888	20 888
Other energy sources										
<i>Below Minimum Service Level sub-total</i>		30 360	30 360	81 352	81 352	81 352	81 352	81 352	81 352	81 352
<b>Total number of households</b>	5	<b>67 745</b>	<b>67 745</b>	<b>158 534</b>	<b>158 534</b>	<b>158 534</b>	<b>158 534</b>	<b>158 534</b>	<b>158 534</b>	<b>158 534</b>
<b>Refuse:</b>										
Removed at least once a week		21 498	21 498	27 562	27 562	27 562	27 562	27 562	27 562	27 562
<i>Minimum Service Level and Above sub-total</i>		21 498	21 498	27 562	27 562	27 562	27 562	27 562	27 562	27 562
Removed less frequently than once a week										
Using communal refuse dump		45 056	45 056	64 603	64 603	64 603	64 603	64 603	64 603	64 603
Using own refuse dump										
Other rubbish disposal										
No rubbish disposal		23 143	23 143	11 494	11 494	11 494	11 494	11 494	11 494	11 494
<i>Below Minimum Service Level sub-total</i>		68 199	68 199	76 097	76 097	76 097	76 097	76 097	76 097	76 097
<b>Total number of households</b>	5	<b>89 697</b>	<b>89 697</b>	<b>103 659</b>	<b>103 659</b>	<b>103 659</b>	<b>103 659</b>	<b>103 659</b>	<b>103 659</b>	<b>103 659</b>
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)										
Sanitation (free minimum level service)										
Electricity/other energy (50kwh per household per month)		5 870	5 870	6 370	6 370	6 370	6 370	6 370	6 370	6 370
Refuse (removed at least once a week)		1 327	1 327	1 370	1 370	1 370	1 370	1 370	1 370	1 370
<b>Cost of Free Basic Services provided (R'000)</b>	8									
Water (6 kilolitres per household per month)										
Sanitation (free sanitation service)										
Electricity/other energy (50kwh per household per month)		2 400	2 400	2 500	2 676	2 676	2 676	2 676	2 676	2 676
Refuse (removed once a week)		2 487	2 487	3 046	3 259	3 259	3 259	3 259	3 259	3 259
<b>Total cost of FBS provided (minimum social package)</b>		<b>4 887</b>	<b>4 887</b>	<b>5 546</b>	<b>5 935</b>	<b>5 935</b>	<b>5 935</b>	<b>5 935</b>	<b>5 935</b>	<b>5 935</b>
<b>Highest level of free service provided</b>										
Property rates (R value threshold)		40 000	40 000	40 000	40 000	40 000	40 000	40 000	40 000	40 000
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		8	8	8	8	8	8	8	8	8
<b>Revenue cost of free services provided (R'000)</b>	9									
Property rates (R15 000 threshold rebate)		1 944	2 040	2 304	2 544	2 544	2 544	2 544	2 544	2 544
Property rates (other exemptions, reductions and rebates)		3 240	3 400	3 840	4 070	4 070	4 070	4 070	4 070	4 070
Water										
Sanitation										
Electricity/other energy		2 400	2 400	2 500	2 676	2 676	2 676	2 676	2 676	2 676
Refuse		2 487	2 487	3 046	3 259	3 259	3 259	3 259	3 259	3 259
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other	6				14 065	14 065	14 065	14 065	14 065	14 065
<b>Total revenue cost of free services provided (total social package)</b>		<b>10 071</b>	<b>10 327</b>	<b>11 690</b>	<b>26 614</b>	<b>26 614</b>	<b>26 614</b>	<b>26 614</b>	<b>26 614</b>	<b>26 614</b>

## Part 2 – Supporting Documentation

### 1.7 Overview of the annual budget process

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

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

The primary 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.

#### 1.7.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year .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 in August 2014. Key dates applicable to the process were:

## FINAL BUDGET PROCESS PLAN 2015-2016

ACTION	LEGISLATION	DATE	RESPONSIBLE PERSON
<b>JULY 2014</b>			
Review of Rollovers to be included in the 2014/15 Budget	Section 28(2) (e) A Municipality may authorize the spending of funds that were unspent at the end of the past financial year where under spending could not reasonably have been foreseen at the time to include projected roll overs when an annual budget for the current financial year was approved by the council.	02-15 July 2014	CFO and GM: Budget and Accounting
Develop draft process and timetable for the 2015/17 Budget	Section 21(1)(b - )At least 10 months before the start of the budget year the mayor of the Municipality must table in the municipal council a time schedule outlining key deadlines for the preparation , tabling and approval of the annual budget ; annual review of the integrated development plan in terms of section 34 of the Municipal Systems Act and the budget related policies ; the tabling and adoption of any amendments to the integrated development plan and the budget related policies and any consultative processes forming part of the processes	31 July 2014	CFO
<b>AUGUST 2014</b>			
IDP, Budget and PMS Technical Committee to discuss Draft process plan.	Section 21(1);the Mayor of the Municipality must table the annual budget at a Council Meeting at least 90 days before the start of the budget year and Section 28 of the MFMA: Municipal Adjustment Budget	11 August 2014	GM: Budget and Accounting
IDP/Budget Steering Committee -to submit process plan.		14 August 2014	Portfolio Head Finance
Council adopts Budget process plan		29 August 2014	Executive Mayor
2013/14 Financial Statements submitted to Auditor-General	Section 126(1) MFMA .The accounting officer of a municipality must prepare the annual financial statements of the municipality and, within two months after the end of the financial year to which those statements relate, submit the statements to the Auditor General for auditing.	31 August 2014	MM
<b>SEPTEMBER 2014</b>			
Submission of the IDP and PMS Process plan to O.R Tambo and other spheres of government.		1 September 2014	Director Corporate Services
Advertise IDP/PMS and budget process plan on the local newspaper		4 September 2014	Director Corporate Services & CFO
IDP/Budget Framework Workshop	Section 21 of the MFMA 56 of 2003:Budget Preparation Process	12 September 2014	CFO and GM Budget and Accounting
Submission of Personnel Request Forms		16 - 30 Sept 2014	All Directorates

OCTOBER 2014			
HR and Budget collate Personnel Request Forms and analyze results through staff keys book	Section 21 of the MFMA 56 of 2003:Budget Preparation Process	01 – 18 Oct 2014	Director Corporate Services, CFO,GM Budget and Accounting and GM: Human Resources
Analyze results of personnel expenditure and communicate to Directorates		21 - 31 Oct 2014	Director Corporate Services, CFO,GM Budget and Accounting and GM: Human Resources
Submission of D-Form to NERSA	Section 43 of the MFMA: Applicability of Tax and Tariff capping on Municipalities	31 October 2014	GM: Budget and Accounting ,CFO and Electrical Engineer
NOVEMBER 2014			
Submission of Budget Request Forms General Expenses-Capital outlay ,Capital Budget ,Operating Projects and Review of Tariffs	Section 21 of the MFMA 56 of 2003:Budget Preparation Process	04-21 November 2014	All Directorates
Check with National, Provincial Governments and District Municipalities for any information in relation to budget and adjustment budget to projected allocations for the next three years.		04-28 November 2014	GM: Accounting and Budget /CFO
CFO to collate budgets and analyze results		25 -28 November 2014	GM: Accounting and Budget /CFO
Discuss Draft audit report from the Auditor-General for the 2013/2014 financial statements		11 -28 November 2014	GM: Accounting and Budget /CFO & Auditor General
Review of Budget Related Policies	Section 21 of the MFMA 56 of 2003:Budget Preparation Process	26 November 2014	GM: Accounting and Budget /CFO
DECEMBER 2014			
Technical Committee meeting to Review three year capital budget and	Section 21 of the MFMA 56 of 2003:Budget Preparation Process	02-05 December	All Directorates

Operating projects		2014	
<b>JANUARY 2015</b>			
Obtain any projected adjustment allocations from National, Provincial Governments & District Municipality for the next three years.	Section 21 of the MFMA 56 of 2003: Budget Preparation Process	14-21 Jan 2015	GM: Accounting and Budget /CFO
Special Council Meeting – Table in to the Council an annual report, the audit report for 2013/2014, and Mid –year report 2014/2015	Section 72 (1) of the MFMA: The Accounting Officer of a Municipality must by 25 January of each year assess the performance of the Municipality during the first half of the financial year.  Section 121 of the MFMA: Preparation and adoption of the annual report	27 Jan 2015	Executive Mayor
<b>FEBRUARY 2015</b>			
Budget adjustment Consultation Process begins	Section 28 of the MFMA the Municipality May revise an approved annual budget through an adjustment budget	02-06 February 2015	GM: Budgeting and Accounting
IDP, Budget and PMS Technical Committee - To discuss and Finalize the Draft MTREF Budget and 1 <sup>st</sup> Adjustment Budget	Section 21 of the MFMA 56 of 2003: Budget Preparation Process	09 February 2015	All Directorates
IDP, Budget and PMS Steering Committee - To discuss the and Finalize the Draft MTREF Budget and 1 <sup>st</sup> Adjustment Budget	Section 21 of the MFMA 56 of 2003: Budget Preparation Process	16 February 2015	Executive Mayor and Municipal Manager
Council to approve 1 <sup>st</sup> Adjustment Budget	Section 28 of the MFMA the Municipality May revise an approved annual budget though an adjustment budget and read together with Section 72(3) The Accounting Officer must as part of the review make recommendations as to whether an adjustment budget is necessary and recommend revised projection of revenue and expenditure to the extent that this may be necessary	27 February 2015	Executive Mayor and Municipal Manager
<b>MARCH 2015</b>			
2015/2018 First Draft Budget to IDP, Budget and PMS Technical Committee	Section 16(2) Annual Budget: The Mayor of a Municipality must table the annual budget at a council meeting 90 days before the start of the budget year	04 March 2015	CFO and GM: Budget and Accounting
2015/2018 First Draft Budget to IDP, Budget and PMS Steering Committee	Section 43 of the MFMA	13 March 2015	Portfolio Head: Finance
Approval of Electricity Tariffs by NERSA		05-31 March 2015	GM: Budget and Accounting ,CFO and

			Electrical Engineer
Council adopts First Draft Budget for 2015/2018		30 March 2015	Executive Mayor
<b>APRIL 2014</b>			
Submit to National Treasury, Provincial Treasury and the MEC responsible for Local Government the annual report, Annual financial statements, the audit report and any corrective action taken in response to the findings of the audit report relating to 2012/13.	Regulation 15(4)a: The Municipal Manager must send copies of the annual budget and supporting documentation as tabled in the Municipal Council in both printed and electronic form	10 April 2015	GM: Budget and Accounting/CFO
Budget advertised for public comments, Public Meetings & Consultation	Section 22(a) after an annual budget is tabled in the municipal Council ,the Accounting Officer must make public the annual budget and documents referred to in section 17(3) and invite the local Community to submit representation in connection with the budget	10 April 2015	GM: Budget and Accounting/CFO
IDP/Budget road shows- present draft IDP, PMS Review and 2015-16 Budget to solicit comments from members of the community.	Section 23(1)a when the annual budget has been tabled the Municipal council must consider views of local community	03-30 April 2015	Executive Mayor and All Councillors
<b>MAY 2014</b>			
2015/2018 Final Draft Budget to IDP, Budget and PMS Technical Committee	Section 24(1) the Municipal Council must at least 30 days before the start of the budget year consider approval of the budget	07 May 2015	GM: Budget and Accounting/CFO
2015/2018 Final Draft Budget to IDP, Budget and PMS Steering Committee	Section 24(1)-The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget	13 May 2015	Portfolio Head Finance
Council consider adoption of Final Draft Budget for 2015/2018	Section 24(1) – The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget	29 May 2015	Executive Mayor and Municipal Manager
<b>JUNE 2014</b>			
MTREF Budget, Budget related policies, annual report published on Council website.	Section 75(1)(a,b)The Accounting Officer of a Municipality must place on the website referred to in section 21A of the systems Act the following documents: Annual and Adjustment budget and all related policies	12 June 2015	GM: Accounting and Budget
Annual Budget Reports to National & Provincial Treasury.	Regulation 20(1) The Municipal Manager must comply with section 24(3) of the Act within 10 working days after the council has approved the annual budget ,The Municipal Manager must submit to National Treasury and relevant provincial Treasury in both electronic and printed form	12 June 2015	GM: Accounting and Budget

There were some deviations from the key dates set out in the Budget Time Schedule tabled in Council. MFMA deadlines in terms of submission of reports such as midyear assessment and tabling and submission of reports were however not met.

### **1.7.2 IDP and 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.

With the compilation of the 2015/2016 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 2015/2016 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.

### **1.7.3 Financial Modeling and Key Planning Drivers**

As part of the compilation of the 2015/2016 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2015/2016 MTREF:

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

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



#### **1.7.4 Community Consultation**

The draft 2015/2016 MTREF as tabled before Council on 30 March 2015 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries. The opportunity to give feedback was also communicated on the Municipality's website, and the Municipality's call centre was engaged in collecting inputs via e-mail, fax and SMS.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process public briefing sessions. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects will be addressed, and where relevant will be considered as part of the finalisation of the 2015/2016 MTREF. Feedback and responses to the submissions received will be made available on request.

### **1.8 Overview of alignment of annual budget with IDP**

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

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

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

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

municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

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

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

- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

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

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

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
  - Provide Electricity;
  - Provide waste removal;
  - Provide roads and storm water;
  - Provide municipality planning services; and
  - Maintaining the infrastructure of the Municipality.
  
2. Economic growth and development that leads to sustainable job creation by:
  - Ensuring there is a clear structural plan for the Municipality;
  - Ensuring planning processes function in accordance with set timeframes;

- Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
3. Fight poverty and build clean, healthy, safe and sustainable communities:
    - Effective implementation of the Indigent Policy;;
    - Extending waste removal services and ensuring effective municipality cleansing;
    - Working with strategic partners such as SAPS to address crime;
    - Ensuring save working environments by effective enforcement of building and health regulations;
    - Promote viable, sustainable communities through proper zoning; and
    - Promote environmental sustainability by protecting wetlands and key open spaces.
  4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
    - Optimising effective community participation in the ward committee system; and
    - Implementing Batho Pele in the revenue management strategy.
  - 5.1 Ensure financial sustainability through:
    - Reviewing the use of contracted services
    - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
  - 5.2 Optimal institutional transformation to ensure capacity to achieve set objectives
    - Review of the organizational structure to optimize the use of personnel;

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

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2013/14 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

### **1.9 Measurable performance objectives and indicators**

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

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

### **1.10 Municipal manager's quality certificate**

I ....., municipal manager of King Sabata Dalindyebo, 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 King Sabata Dalindyebo (EC 157)

Signature \_\_\_\_\_

Date \_\_\_\_\_