



SAKHISIZWE MUNICIPALITY

FINAL

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2016/2017 TO 2018/2019

ANNUAL BUDGET OF

SAKHISIZWE MUNICIPALITY

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

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Abbreviations and Acronyms

BPC	Budget Planning Committee	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
MM	Municipal Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GDP	Gross domestic product	PBO	Public Benefit Organisations
GDS	Gauteng Growth and Development Strategy	PHC	Provincial Health Care
GFS	Government Financial Statistics	PMS	Performance Management System
GRAP	General Recognised Accounting Practice	PPE	Property Plant and Equipment
HR	Human Resources	PPP	Public Private Partnership
IDP	Integrated Development Strategy	PTIS	Public Transport Infrastructure System
IT	Information Technology	RG	Restructuring Grant
kℓ	kilolitre	RSC	Regional Services Council
km	kilometre	SALGA	South African Local Government Association
KPA	Key Performance Area	SDBIP	Service Delivery Budget Implementation Plan
KPI	Key Performance Indicator	SMME	Small Micro and Medium Enterprises
kWh	kilowatt		
ℓ	litre		
LED	Local Economic Development		
MEC	Member of the Executive Committee		

Part 1 – Annual Budget

1.1 Mayor's Report

The Speaker, Municipal Manager, Councillors, Officials and members of the community:

It is my pleasure to be able to submit to you the integrated development plan for the next five years (2016-2021) as well as the Medium-term Revenue and Expenditure framework (MTREF) for 2016 -18through for the Sakhisizwe municipal council.

The economic environment in which we as Sakhisizwe Municipality functions, is not easy, considering our high rate of unemployment and poor revenue base, made worse over the past few years, by the downturn in the economy caused by the world economic recession resulting in such negative economic contributors as sky rocketing fuel and food prices.

In the light of these factors over which we have little or no control we are faced as a municipality with a daunting task and the challenge of

- A huge backlogs in service delivery,
- The socio-economic problems of high unemployment and poverty levels.
- And the realisation that solutions to these challenges can potentially be in conflict with or complement each other.

Today I am able to report to you on the progress made in implementing financial controls, processes and procedures resulting in the drafting of a credible IDP and a credible budget linked and driven by our IDP and the national objectives of:

- Service delivery
- Financial viability and management
- Local economic development
- Municipal institutional development and transformation.
- Good governance and public participation

We as Council committed ourselves to lead by example in ensuring strict financial oversight and compliance with the guidelines of National Treasury as set out in circular 51- 59 and 66 of the MFMA.

In order to achieve this we as the Council and Executive Committee, committed ourselves to providing leadership based on a culture of honesty, ethical business practices and good governance by exercising our oversight responsibility regarding financial and performance reporting as well as adherence to compliance and implementation of internal controls.

We identified the need to support the Accounting Officer and address the management of the financial affairs of the municipality as a matter of urgency.

Allow me now to highlight areas of focus within our departments:

Strategic management

Our public participation and community involvement is an area in which we pride ourselves on our achievements.

In the new financial year our focus will be on building on our achievements in this area and building on the co-operation between the office of the Mayor and the office of the Speaker through the Strategic Manager to ensure we are a leader in the field of public and community participation.

The strategic plan that we have developed, aligns to the IDP and budget and we will in the year ahead ensure the strategic plan is the basis on which we implement all projects.

Corporate services

Our organogram has been developed to ensure that it is consistent with the needs of the organisation. In the months ahead we will further engage with Labour on the organogram and the filling of vacant positions.

The effectiveness of the governance systems is being assessed and staff within the institution must work in an integrated and focussed manner driven by the IDP.

We are striving that Sakhisizwe Municipality becomes an employer of choice that capacitates both the councillors and staff.

Community services

The areas I wish to highlight within the community services department relate to revenue enhancement and solid waste sites.

The development and establishment of a traffic section within Sakhisizwe municipality has been identified as a source of revenue enhancement coupled to ensuring the safety of our community and to this end we will be starting the process to establish such a department in the new financial year.

The solid waste site and its completion remain a priority and we will continue in the new financial year to access and allocate funds to this critical area within community services.

We have allocated R1 562 million to capital projects under community services.

IPED

The 5 year IDP which has been developed and is tabled for adoption today is a reflection of community, sectoral and stakeholder input and involvement and will be our guide over the remainder of our term of office.

Local economic development is a crosscutting function which requires the involvement of all within the institution.

We have within the spatial development framework of our IDP focussed on potential areas of growth and despite our limited resources, have accessed resources to develop these potential areas of economic growth through LED projects.

We plan to utilise our interactions with business forums to assist them to bring together established and emerging businesses to share experience and ideas.

Infrastructure

The focus of MIG funding will be to ensure that projects are identified within IPED, community and infrastructure to ensure the maximum impact on our community.

The emphasis will be on finalising our road projects and continuing on the electrification of our villages.

We have allocated R16 662 050 million toward infrastructure, economic and environmental services

Finance

The process is on-going to ensure credible data that forms the basis of our financial reporting and to this end we will ensure that the SEBATA system is implemented and used as a management tool.

As a municipality we are grant dependant and to this end it is necessary to develop a plan for revenue enhancement to reduce our dependence and improve our financial viability. Hence one of the projects under financial viability is the development of a revenue enhancement strategy.

In the new financial year we will look to ward councillors and committees in assisting us with our debt management and will further table to council strategies and plans to improve our current collection and payment rate of 50%.

Budget figures

The budget we table today projects the following:

Increases

The tariff increases on services will be an average of 6%

The electricity increase is 7.64% and is in line with NERSA guidelines.

By-laws and policies

Council has by- laws and policies in place.

Income and expenditure

Operating budget

Total revenue:	R 109 608 444
Total expenditure:	R 93 202 062
Projected surplus:	R 16 406 382

The implication of this is to alert us to the need for strict budget implementation and control during the financial year.

Capital budget:

Grant funding:	R18 662 050
Own funds:	R 520 000

Total capital expenditure: R 19 182 050

I hereby table the Medium term Revenue and Expenditure Framework for 2016/17 for adoption by the Sakhisizwe Council as per the resolutions below:

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CLLR M.S. JENTILE

MAYOR

1.2 Council Resolutions

It is recommended that the Council consider and adopt the following resolutions for the final annual budget of 2016/17 financial year:

The Council of Sakhisizwe Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) adopts:

- 1.1. The annual budget of the municipality for the financial year 2016/17 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budget Summary reflected in Table A1;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by standard classification) reflected in Table A2;
 - 1.1.3. Budgeted Financial Performance (revenue and expenditure by municipal vote) reflected in Table A3;
 - 1.1.4. Budgeted Financial Performance (Revenue and Expenditure) reflected in Table A4;
 - 1.1.5. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source reflected in Table A5 as well as individual capital projects reflected under SA36;
- 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management, basic service delivery targets and measurable performance objectives are approved as set out in the following tables and supporting tables attached in the budget documentation:
 - 1.2.1. Budgeted Financial Position reflected in Table A6;
 - 1.2.2. Budgeted Cash Flows reflected in Table A7;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation reflected in table A8;
 - 1.2.4. Asset management in Table A9;
 - 1.2.5. Basic service delivery measurement reflected in Table A10;
 - 1.2.6. IDP strategic objectives reflected in Supporting Table SA4-SA6.
2. The Council of Sakhisizwe Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts the following tariffs as attached in the budget documentation, with effect from 1 July 2016:
 - 2.1. the tariffs for property rates which are increasing on average by 6 %;
 - 2.2. the tariffs for electricity which on average increasing by 7.64 percent;
 - 2.3. the tariffs for solid waste services which are increasing on average by 6 %.
3. The Council of Sakhisizwe Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) considers and adopts with effect from 1 July 2016 the tariffs for other services, which are increasing on average by 6 percent, as set out in the attached budget documentation.

4. Council resolves that the budget related policies reflected in Annexure A and listed below are approved for the budget year 2016/17.
 - Budget Policy
 - Corruption & Fraud Policy
 - Credit Control and Debt Collection Policy
 - Debt Write-off Policy
 - Asset Management Policy
 - Indigent Policy
 - Investment & Cash Management Policy
 - Information Technology Policy
 - Rates & Bylaws Policy
 - Tariff Policy
 - Supply Chain Management Policy
 - Interest Reversal Policy
 - Loans Policy
 - Unforeseen & Unavoidable Expenditure Policy
 - Administration of Immoveable Property Policy
 - MFMA Delegation Policy

5. Council resolves that the filling of the vacant posts as identified by the Municipal Manger and tabled to the Executive Committee, be approved.

6. To give proper effect to the municipality's annual budget, the Council of Sakhisizwe Municipality resolves that:
 - 6.1. 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 Municipal Budget and Reporting Regulations, as well as various circulars issued by National Treasury, provides the guidance for budget preparation by local government.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. In addition, the municipality during January 2016 proactively embarked on a strategic long-term financial sustainability exercise in order to ensure that this budgets, as well as future budgets, are compiled to ensure that services to the community remains at high levels without overburdening the consumers of municipal services with excessive tariffs.

The main areas identified by the strategic planning exercise can be summarised as follows:

- Improvement of service delivery;
- Underdeveloped areas;
- Impoverished communities;
- Co-operative governance;
- Unfunded mandates, core functions service delivery agents;
- Land availability for e.g. economic development;
- Land availability for establishing tip-sites;
- Alternative service delivery options;
- Obtaining a "clean audit" inclusive of performance management;
- Delegation- and procedure manuals;
- Risk management;
- Improved planning beyond 5 years;
- High crime rate;
- Service delivery backlogs;
- Improved maintenance programs;
- Local economic development facilitation;
- Adequacy of municipal reserves and financial sustainability;
- Curtail electricity losses;
- Tourism initiatives; and
- Improved public participation.

For each of these risk areas the municipality is compiling business plans in order to prioritise expenditure according to the risk ratings. These business plans will all be implemented over the MTREF period according to available funding; however, in the 2016/2017 financial year limited provision was made for the implementation of the business plans.

The Municipality has also 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. The municipality, however, acknowledges that there can never be too much information and involvement in its interaction with the public at large, and for that reason it is still identified as a major risk area.

National Treasury's MFMA Circulars No. 58, 59 and 66 as well as the Strategic Workshops and IDP consultation processes, were mainly used to guide the compilation of the 2016/17 MTREF. Some of the key challenges faced by the municipality when compiling the budget were:

- The on-going difficulties in the national and local economy;
- Aging roads and electricity infrastructure;
- The need to prioritise projects and expenditure within the existing resource envelope;
- The increased cost of electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be a point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects and the resultant operational costs associated with new infrastructure projects; and

The municipality is in a healthy financial position, however, it needs to at least stabilise and further stride to continuously better its financial position, coupled with acceptable levels of service delivery at affordable tariffs. The retention of sufficient cash-backed reserves is critical for the long-term sustainability of the municipality.

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

- The 2015/16 Adjustments Budget priorities and targets, as well as the base line allocations contained in the Adjustments Budget were adopted as the upper limits for the new baselines for the 2016/17 annual budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity. 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 gazetted as required by the annual Division of Revenue Act;
- The budget must be spent in full, and all grants should be utilised in full.;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2016/17 Medium-term Revenue and Expenditure Framework:

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Financial Performance										
Property rates	3 684	4 711	5 119	5 126	5 126	5 126	5 126	5 452	5 768	6 102
Service charges	12 816	17 535	11 927	12 191	12 191	12 191	12 391	12 272	12 984	16 875
Investment revenue	530	497	526	456	456	456	456	456	482	510
Transfers recognised - operational	39 475	49 241	54 219	64 709	64 709	64 709	64 709	62 232	63 035	65 734
Other own revenue	17 329	21 594	10 386	8 154	8 154	8 154	8 154	7 731	8 179	8 586
Total Revenue (excluding capital transfers and contributions)	73 834	93 578	82 177	90 635	90 635	90 635	90 835	88 143	90 448	97 808
Employee costs	30 037	32 249	28 361	32 622	32 622	32 622	32 622	34 309	36 299	38 405
Remuneration of councillors	4 954	5 433	5 459	6 162	6 162	6 162	6 162	6 496	6 873	7 272
Depreciation & asset impairment	9 451	10 907	10 618	9 097	9 097	9 097	9 097	9 097	9 625	10 168
Finance charges	952	662	371	277	277	277	277	463	490	495
Materials and bulk purchases	8 141	11 246	10 041	12 291	12 291	12 291	12 291	12 776	12 459	13 181
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	32 744	65 329	26 910	34 128	34 128	34 128	9 115	30 061	30 524	32 164
Total Expenditure	86 279	125 826	81 761	94 577	94 577	94 577	69 564	93 202	96 269	101 684
Surplus/(Deficit)	(12 445)	(32 248)	416	(3 941)	(3 941)	(3 941)	21 272	(5 059)	(5 822)	(3 876)
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed a	22 439	16 563	13 653	21 090	21 090	21 090	21 090	18 662	17 614	18 411
Surplus/(Deficit) after capital transfers & contributions	9 994	(15 685)	14 070	17 148	17 148	17 148	42 361	13 603	11 792	14 535
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	9 994	(15 685)	14 070	17 148	17 148	17 148	42 361	13 603	11 792	14 535
Capital expenditure & funds sources										
Capital expenditure	17 531	19 394	20 251	22 851	22 851	22 851	22 851	23 244	19 817	20 742
Transfers recognised - capital	-	-	-	-	-	-	-	18 662	19 817	20 742
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	520	-	-
Total sources of capital funds	-	-	-	-	-	-	-	19 182	19 817	20 742

Total operating revenue has decreased by 2.72 percent for the 2016/17 financial year when compared to the 2015/16 Adjustments Budget. This is due to the decrease in Equitable Share allocation. For the two outer years, operational revenue will increase by 2.71 and 4.70 percent respectively. The main reason for the increase in revenue is an increase in operational grants.

Total operating expenditure for the 2016/17 financial year has been appropriated at R93 202 million and translates into a budgeted surplus of R16 406 after capital transfers. When compared to the 2015/16 Adjustments Budget, operational expenditure has decreased by 1.47 percent in the 2016/17 budget and increases by 3.29 and 5.81 percent for each of the respective outer years of the MTREF. The operating surplus, after capital grant transfers, decreased to R16 406 million for the 2016/2017 financial year.

The capital budget is R19 182 million for 2016/17 financial year. The capital programme increases to R19 817 for the 2017/18 financial year and to R20 742 for the 2018/19 financial year.

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

1.4 Operating Revenue Framework

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

The municipality will also have to seek for funding to developed a revenue enhancement strategy. The latter will assist the municipality to identify areas to improve their revenue collection. In the absence of a revenue enhancement strategy, the following information were used to help the municipality's revenue management

- National Treasury's guidelines and macroeconomic policy;
- Limited growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure an improved percentage increase in annual collection rate for property rates and other key service charges. This percentage is low compared to past history, but is being calculated conservatively due to the signs of financial stress currently being experienced;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increased ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The inflation forecasts for the MTREF period is on average 6.0% per annum. The municipality's aim is to not exceed inflation in its annual tariff adjustments but external factors such as the Eskom increases and which are beyond the control of the municipality hampers this goal.

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

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousands										
Financial Performance										
Property rates	3 684	4 711	5 119	5 126	5 126	5 126	5 126	5 452	5 768	6 102
Service charges	12 816	17 535	11 927	12 191	12 191	12 191	12 391	12 272	12 984	16 875
Investment revenue	530	497	526	456	456	456	456	456	482	510
Transfers recognised - operational	39 475	49 241	54 219	64 709	64 709	64 709	64 709	62 232	63 035	65 734
Other own revenue	17 329	21 594	10 386	8 154	8 154	8 154	8 154	7 731	8 179	8 586
Total Revenue (excluding capital transfers and contributions)	73 834	93 578	82 177	90 635	90 635	90 635	90 835	88 143	90 448	97 808

The percentage revenue from own sources increases during the budget year. In the two outer years of the MTREF the increases in revenue is fairly consistent, except electricity which is projected to increase by much higher percentages due to the increases allowed by NERSA. The growth in revenue contributions are indicated below (Excluding Capital Transfers). In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

EC138 Sakhisizwe - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source											
Property rates	2	3 684	4 711	5 119	5 126	5 126	5 126	5 126	5 452	5 768	6 102
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	7 326	7 517	9 280	9 909	9 909	9 909	10 109	9 851	10 422	12 744
Service charges - water revenue	2	2 247	4 618	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	1 797	3 362	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	1 446	2 037	2 647	2 282	2 282	2 282	2 282	2 421	2 562	4 131
Service charges - other											
Rental of facilities and equipment		114	171	114	1 076	1 076	1 076	1 076	1 076	1 138	1 204
Interest earned - external investments		530	497	526	456	456	456	456	456	482	510
Interest earned - outstanding debtors		4 239	5 259	3 317	2 375	2 375	2 375	2 375	2 375	2 513	2 603
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		32	9	6	25	25	25	25	25	26	27
Licences and permits		-	-	-	-	-	-	-	-	-	-
Agency services		824	1 560	4 803	899	899	899	899	877	927	969
Transfers recognised - operational		39 475	49 241	54 219	64 709	64 709	64 709	64 709	62 232	63 035	65 734
Other revenue	2	12 120	14 596	2 146	3 779	3 779	3 779	3 779	3 379	3 575	3 782
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		73 834	93 578	82 177	90 635	90 635	90 635	90 835	88 143	90 448	97 808
Expenditure By Type											
Employee related costs	2	30 037	32 249	28 361	32 622	32 622	32 622	32 622	34 309	36 299	38 405
Remuneration of councillors		4 954	5 433	5 459	6 162	6 162	6 162	6 162	6 496	6 873	7 272
Debt impairment	3	5 217	25 769	568	4 180	4 180	4 180	4 180	4 180	4 423	4 679
Depreciation & asset impairment	2	9 451	10 907	10 618	9 097	9 097	9 097	9 097	9 097	9 625	10 168
Finance charges		952	662	371	277	277	277	277	463	490	495
Bulk purchases	2	6 039	6 322	8 619	9 293	9 293	9 293	9 293	9 278	9 816	10 385
Other materials	8	2 102	4 924	1 422	2 998	2 998	2 998	2 998	3 498	2 643	2 796
Contracted services		738	576	1 752	2 015	2 015	2 015	2 015	2 015	2 132	2 225
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	26 789	39 005	24 591	27 933	27 933	27 933	2 920	23 866	23 969	25 260
Loss on disposal of PPE		-	(20)	-	-	-	-	-	-	-	-
Total Expenditure		86 279	125 826	81 761	94 577	94 577	94 577	69 564	93 202	96 269	101 684

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality, but operating grants forms the major funding source. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. **Details in this regard are contained below:**

EC138 Sakhisizwe - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
REVENUE ITEMS:											
Property rates											
Total Property Rates	6	3 300	4 711	5 119	5 426	5 426	5 426	5 426	5 752	6 085	6 438
<i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i>		(384)	-	-	300	300	300	300	300	317	336
Net Property Rates		3 684	4 711	5 119	5 126	5 126	5 126	5 126	5 452	5 768	6 102
Service charges - electricity revenue											
Total Service charges - electricity revenue	6	7 675	7 923	10 298	11 559	11 559	11 559	11 559	11 385	12 045	12 744
<i>less Revenue Foregone (in excess of 50 kwh per indigent household per month)</i>											
<i>less Cost of Free Basis Services (50 kwh per indigent household per month)</i>		349	406	1 018	1 650	1 650	1 650	1 450	1 534	1 623	-
Net Service charges - electricity revenue		7 326	7 517	9 280	9 909	9 909	9 909	10 109	9 851	10 422	12 744
Service charges - water revenue											
Total Service charges - water revenue	6	2 247	4 618								
<i>less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)</i>											
<i>less Cost of Free Basis Services (6 kilolitres per indigent household per month)</i>		-	-	-	-	-	-	-	-	-	-
Net Service charges - water revenue		2 247	4 618	-	-	-	-	-	-	-	-
Service charges - sanitation revenue											
Total Service charges - sanitation revenue		1 797	3 362								
<i>less Revenue Foregone (in excess of free sanitation service to indigent households)</i>											
<i>less Cost of Free Basis Services (free sanitation service to indigent households)</i>		-	-	-	-	-	-	-	-	-	-
Net Service charges - sanitation revenue		1 797	3 362	-	-	-	-	-	-	-	-
Service charges - refuse revenue											
Total refuse removal revenue	6	2 478	2 822	3 260	3 482	3 482	3 482	3 482	3 691	3 905	4 131
Total landfill revenue											
<i>less Revenue Foregone (in excess of one removal a week to indigent households)</i>											
<i>less Cost of Free Basis Services (removed once a week to indigent households)</i>		1 033	786	612	1 200	1 200	1 200	1 200	1 270	1 343	-
Net Service charges - refuse revenue		1 446	2 037	2 647	2 282	2 282	2 282	2 282	2 421	2 562	4 131

Tariffs for indigent households are set out below:

1	Rates free of charge to the value based on market value of this property to the maximum of R50 000
2	50 kWh free electricity per month
3	Free refuse x 4 removal per month

Operating grants and transfers totals R80 673 million in the 2016/17 financial year and increases to R85 081 million by 2018/19. Operating grants usually fluctuates upwards or downwards from year-to-year, as the revenue recognition for such grants depends only on compliance with any conditions attached to such grants and it is also dependant on the funding available from the other spheres of Government. The unconditional Equitable Share Grant, however, is a grant growing annually according to a formula determined nationally and such formula is applicable to all local authorities on an equal basis. The contribution for Councillors Allowances also increased significantly for the budget year. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

EC138 Sakhisizwe - Supporting Table SA18 Transfers and grant receipts										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		-	-	-	-	-	-	62 648	62 543	65 222
Local Government Equitable Share								57 906	60 843	63 522
Finance Management								1 625	1 700	1 700
Municipal Systems Improvement								-	-	-
EPWP Incentive								1 117	-	-
Integrated National Electrification Programme								2 000	-	-
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	-	-	-	1 380	380	402
Local Economic Development (LED) Capacity								-	-	-
Expanded Public Works Programme (EPWP)								-	-	-
Library Subsidies								380	380	402
Other transfers/grants [insert description]								1 000	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	-	-	-	-	-	-	64 028	62 923	65 624
Capital Transfers and Grants										
National Government:		-	-	-	-	-	-	17 539	18 541	19 380
Municipal Infrastructure Grant (MIG)								17 539	18 541	19 380
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Capital Transfers and Grants	5	-	-	-	-	-	-	17 539	18 541	19 380
TOTAL RECEIPTS OF TRANSFERS & GRANTS		-	-	-	-	-	-	81 567	81 464	85 004

Revenue from capital transfers as indicated below is growing steadily from R17 539 in 2016 to R19 380 in 2018 million over the MTREF period.

Total Capital Transfers and Grants	5	-	-	-	-	-	-	17 539	18 541	19 380
TOTAL RECEIPTS OF TRANSFERS & GRANTS		-	-	-	-	-	-	81 567	81 464	85 004

Total revenue per municipal vote, including capital transfers, is listed below:

EC138 Sakhisizwe - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A										
Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote										
Vote 1 - EXECUTIVE AND COUNCIL	1	2 100	2 351	2 960	3 100	3 100	3 100	3 259	3 417	3 583
1.1 - Mayor and Council		2 100	2 351	2 960	3 100	3 100	3 100	3 259	3 417	3 583
1.2 - Municipal Manager										
1.3 - Internal Audit										
1.4 - Strategic Manager										
1.5 - Community service Manager										
Vote 2 - BUDGET AND TREASURY		40 930	48 850	59 774	65 955	65 955	65 955	63 517	66 767	69 668
2.1 - Budget & Treasury		40 930	48 850	59 774	65 955	65 955	65 955	63 517	66 767	69 668
2.2 - Information Technology										
Vote 3 - CORPORATE SERVICES		265	174	94	90	90	90	90	79	84
3.1 - Corporate Services		160	123	-	15	15	15	15	-	-
3.2 - Property Services		105	50	94	75	75	75	75	79	84
Vote 4 - PLANNING & DEVELOPMENT		194	236	-	167	167	167	167	112	110
4.1 - IPED		194	236	-	167	167	167	167	112	110
Vote 5 - TECHNICAL SERVICES		48 320	53 257	28 047	37 225	37 225	37 225	34 318	31 938	33 554
5.1 - Electricity		7 943	8 235	10 805	11 830	11 830	11 830	11 656	12 332	13 048
5.2 - Planning & Development: Projects		3 369	3 964	3 041	6 000	6 000	6 000	3 117	-	-
5.3 - PMU		21 219	17 393	14 170	17 989	17 989	17 989	17 539	18 541	19 380
5.4 - Roads & Streets		9	554	30	1 406	1 406	1 406	2 006	1 064	1 126
5.5 - Sewerage		5 708	7 901							
5.6 - Water		10 071	15 210							
Vote 6 - COMMUNITY SERVICES		5 846	6 584	6 661	8 038	8 038	8 038	8 258	8 715	9 220
6.1 - Caravan Parks		9	4	-	1	1	1	1	1	1
6.2 - Cemeteries		16	18	18	15	15	15	15	16	17
6.3 - Community Halls		7	31	45	30	30	30	30	32	34
6.4 - Housing		60	33	74	50	50	50	50	53	56
6.5 - Libraries		371	373	377	372	372	372	383	383	405
6.6 - Pound		28	43	56	21	21	21	21	22	24
6.7 - Refuse		3 521	4 914	4 717	4 733	4 733	4 733	4 941	5 228	5 531
6.8 - Sports & Recreation										
6.9 - Civil Defence		1 834	1 168	1 373	2 817	2 817	2 817	2 817	2 980	3 153
Total Revenue by Vote	2	97 654	111 452	97 535	114 575	114 575	114 575	109 608	111 028	116 219

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

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

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

The municipality budgets for the non-payment of accounts based on past experience of recovery rates. The municipality applies its Credit Control Policy stringently but there are always situations where there are defaults on payment.

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

1.4.1 Property Rates

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

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

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA);
- 100 percent rebate will be granted to registered indigents in terms of the Indigent Policy to a maximum valuation of R50 000;
- The limit for indigent household's income is twice the amount of government social pensions.

The municipality investigates a tariff structure consistent with operational requirements but also to ensure that the ratepayers are not over-burdened.

The categories of rateable properties for purposes of levying rates and the proposed rates for the 2016/17 financial year based on a general 6 percent increase from 1 July 2016.

SAKHISIZWE MUNICIPALITY		
BUDGET 2016 - 2017		
TARIFFS & CHARGES - ASSESSMENT RATES		
Description	2016/2017	2015/2016
	Cent	Cent
On total value of property	0.004168556	0.0039326
Differential Rating		
Different rates shall be applied to different category of property.		
The choice of rate shall take into consideration socio economic objectives of the municipality.		
Rates shall be charged at the following ratios:		
Special Residential: Ratio 1.0	0.004169	0.0039326
General Residential: Ratio 1.0	0.004169	0.0039326
Industrial: Ration 1.5	0.006253	0.0058989
Agricultural land for Farming: Ratio 0.25	0.001042	0.00098315
Agricultural land for Eco-Tourism: Ration 0.25	0.001042	0.00098315
Agricultural land for Trading: Ration 0.25	0.001042	0.00098315
Business: Ratio 1.5	0.006253	0.0058989
Government Property use by local people only: Ratio 1.5	0.006253	0.0058989
Government Property serving communities in Sakhisizwe and neighbouring municipalities: Ratio 1.5	0.006253	0.0058989
Government Properties that serves national interest Ratio 1.5	0.006253	0.0058989
Increase %	6.00	6.00
Standard Interest rate + 1% would be charged on all late payments.		
Tariffs are applicable throughout SAKHISIZWE Municipality unless indicated otherwise		
The tariff is cents in the rand		

1.4.2 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 7.85 percent increase in the Eskom bulk electricity was given by NERSA. However, NERSA has indicated a 6.74% tariff increase to municipalities will be effective from 1 July 2016.

Considering the Eskom increases, the consumer tariff had to be increased by 7.64% percent to offset the additional bulk purchase cost from 1 July 2016. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity. Registered indigents will again be granted 50 kWh per 30-day period free of charge.

ELECTRICITY TARIFFS & CHARGES (Excl VAT)

Standard interest + 1.00% would be charged on all late payments

Implementation subject to NERSA approval

Tariffs are applicable throughout Sakhisizwe Municipality unless indicated otherwise

Description	2016/2017	2015/2016
<u>Domestic Conventional</u>		
Energy Charge - per Unit (c/kWh) consumed		
Block 1 - 0 - 50 kWh	0.8504	0.7900
Block 2 - 51 - 350 kWh	1.0764	1.0000
Block 3 - 351 - 600 kWh	1.4531	1.3500
Block 4 - > 600	1.7438	1.6200
<u>Domestic Prepaid</u>		
Energy Charge - per Unit (c/kWh) consumed		
Block 1 - 0 - 50 kWh	0.8504	0.79
Block 2 - 51 - 350 kWh	1.0764	1.00
Block 3 - 351 - 600 kWh	1.4531	1.35
Block 4 - > 600	1.7438	1.62
<u>Commercial Tariffs - Small Users 0-59 Amps (Conventional)</u>		
Basic / Availability Charge - per month	257.14	238.89
Energy Charge - per Unit (Kw h) consumed	1.03	0.96
<u>Commercial Tariffs - Small Users 0-59 Amps (Prepaid)</u>		
Basic / Availability Charge - per month	257.14	238.89
Energy Charge - per Unit (Kw h) consumed	1.03	0.96
<u>Commercial Tariffs - Medium Users 60-100 Amps (Conventional)</u>		
Basic / Availability Charge - per month	418.2352	388.55
Energy Charge - per Unit (Kw h) consumed	1.37	1.27
<u>Commercial Tariffs - Medium Users 60-100 Amps (Prepaid)</u>		
Basic / Availability Charge - per month	418.2352	388.55
Energy Charge - per Unit (Kw h) consumed	1.37	1.27
<u>Industrial Large Power Users 0-15 Amp</u>		
Basic / Availability Charge - per month	930.58	864.53
Energy Charge - c/kWh	1.03	0.9537
Demand Charge: /kVa	96.14	89.3200
<u>Industrial Large Power Users 16-30 Amp</u>		
Basic / Availability Charge - per month	930.58	864.53
Energy Charge - c/kWh	1.03	0.95
Demand Charge: /kVa	108.58	100.8700
<u>Industrial Large Power Users > 100 Amp</u>		
Basic / Availability Charge - per month	930.58	864.5300
Energy Charge - c/kWh	1.03	0.9537
Demand Charge: /kVa	132.85	123.4200
<u>Consumer Deposits (to be paid prior connection)</u>		
Domestic / Residential	1 282.59	1 191.56
Businesses / Commercial (Small): 0 - 59 Amp	1 603.24	1 489.45
Businesses / Commercial (Medium): 60 - 100 Amp	2 243.52	2 084.28
Businesses / Commercial (Large): 100 + Amp	3 206.47	2 978.89
<u>Availability Fees</u>		
Electricity	5.98	5.55

Other		
New Connection (to be paid in Advance) - Material & Labour plus	30%	30%
Re-connecting existing connection	250.00	220.00
Re-connecting (after default / disconnection) - 1st Offence	2 000.00	2 000.00
2nd	5 000.00	5 000.00
3rd	5 650.00	5 650.00
4th Criminal Charge - Permanently disconnect	6 780.00	6 780.00
Test Meter (Not Refundable)	150.00	120.00
Increase %	7.64%	9.70%
Standard Interest + 1.00% would be charged on all late payments		
Implementation subject to NER approval		
Tariffs are applicable throughout SAKHISIZWE Municipality unless indicated otherwise		
All Tariffs excludes VAT.		

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

Electricity line losses should be continuously monitored as it can represent a significant financial loss for the municipality. In general electricity line losses of 10% are being regarded as “acceptable” in the industry and Sakhisizwe Municipality is well above that norm.

Comparison between current electricity charges and increases

It should further be noted that NERSA has advised that a stepped tariff structure must be used. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). The Municipality should comply with this requirement.

1.4.3 Waste Removal and Impact of Tariff Increases

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 cost drivers for this section are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration. In addition, the cost of new landfill sites, the effect of depreciation and rehabilitation on these landfill sites all plays an important role as cost drivers. 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 should be incorporated into the next planning cycle.

Higher increases than inflation will not be viable in 2016/17 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 6 percent would not only be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt, but also, although on a small scale, not assisting the national government in reaching the CPIX target of between 3 and 6 percent.

The following table compares current and proposed amounts payable from 1 July 2016:

Comparison between current waste removal fees and increases

SAKHISIZWE MUNICIPALITY		
BUDGET 2016 - 2017		
TARIFFS & CHARGES - REFUSE REMOVAL		
Description	2016/2017	2015/2016
Domestic Consumers		
Per month for one removal per week	63.22	59.64
Additional removal	63.15	59.58
Commercial Consumers Small / Medium		
Per month for two removal per week	130.03	122.67
Additional removal (per load or part thereof)	157.88	148.94
Commercial Consumers Large		
Per month for two removals per week	315.76	297.89
Additional removal (per load or part thereof)	315.76	297.89
Government Departments (Schools, Hostels, SAPS, Prison, Hospitals, etc.)		
Per month for two removals per week	631.52	595.78
Additional removal (per load or part thereof)	157.88	148.94
Garden Refuse		
Per load (to be paid in advance)	157.88	148.94
Building Rubble		
Per load (to be paid in advance)	189.46	178.73
Cleaning of Erven		
	184.09	173.67
Cutting / Cleaning of pavement per erven		
	45.23	42.67
Increase %		
	6.00	6%
All tariffs exclude VAT		
Standard Interest rate + 1% would be charged on all late payments.		
Tariffs are applicable throughout SAKHISIZWE Municipality unless indicated otherwise		

1.4.4 Overall impact of tariff increases on households

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

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to about 4.9%, excluding the electricity adjustments.

EC138 Sakhisizwe - Supporting Table SA14 Household bills											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17 % Incr.	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
sub-total		-	-	-	-	-	-	-	-	-	-
VAT on Services											
Total large household bill:		-	-	-	-	-	-	-	-	-	-
% increase/-decrease			-	-	-	-	-	-	-	-	-
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
sub-total		-	-	-	-	-	-	-	-	-	-
VAT on Services											
Total small household bill:		-	-	-	-	-	-	-	-	-	-
% increase/-decrease			-	-	-	-	-	-	-	-	-
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
sub-total		-	-	-	-	-	-	-	-	-	-
VAT on Services											
Total small household bill:		-	-	-	-	-	-	-	-	-	-
% increase/-decrease			-	-	-	-	-	-	-	-	-

1.5 Operating Expenditure Framework

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

- Guidance provided by National Treasury in Circulars 58, 59 and 66;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Limitation on tariff increases.

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

Expenditure By Type											
Employee related costs	2	30 037	32 249	28 361	32 622	32 622	32 622	32 622	34 309	36 299	38 405
Remuneration of councillors		4 954	5 433	5 459	6 162	6 162	6 162	6 162	6 496	6 873	7 272
Debt impairment	3	5 217	25 769	568	4 180	4 180	4 180	4 180	4 180	4 423	4 679
Depreciation & asset impairment	2	9 451	10 907	10 618	9 097	9 097	9 097	9 097	9 097	9 625	10 168
Finance charges		952	662	371	277	277	277	277	463	490	495
Bulk purchases	2	6 039	6 322	8 619	9 293	9 293	9 293	9 293	9 278	9 816	10 385
Other materials	8	2 102	4 924	1 422	2 998	2 998	2 998	2 998	3 498	2 643	2 796
Contracted services		738	576	1 752	2 015	2 015	2 015	2 015	2 015	2 132	2 225
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	26 789	39 005	24 591	27 933	27 933	27 933	2 920	23 866	23 969	25 260
Loss on disposal of PPE		-	(20)	-	-	-	-	-	-	-	-
Total Expenditure		86 279	125 826	81 761	94 577	94 577	94 577	69 564	93 202	96 269	101 684
Surplus/(Deficit)		(12 445)	(32 248)	416	(3 941)	(3 941)	(3 941)	21 272	(5 059)	(5 822)	(3 876)
Transfers recognised - capital											
Contributions recognised - capital	6	22 439	16 563	13 653	21 090	21 090	21 090	21 090	18 662	17 614	18 411
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		9 994	(15 685)	14 070	17 148	17 148	17 148	42 361	13 603	11 792	14 535
Taxation											
Surplus/(Deficit) after taxation		9 994	(15 685)	14 070	17 148	17 148	17 148	42 361	13 603	11 792	14 535
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		9 994	(15 685)	14 070	17 148	17 148	17 148	42 361	13 603	11 792	14 535
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		9 994	(15 685)	14 070	17 148	17 148	17 148	42 361	13 603	11 792	14 535

The budgeted allocation for employee related costs for the 2016/17 financial year totals

R34 309 million, which equals 36.81 percent of the total operating expenditure. This percentage remains to 37.7 and 37.7 percent in the outer years of the MTREF period. Based on the guidance provided by National Treasury in Circular 78 and in the absence on a new collective agreement on increases, salary increases have been factored into this budget at a percentage increase of 7.0 percent (including the notch increases of 2.5 %) for the 2016/17 financial year. An annual increase of 5.8 and 5.8 percent has been included in the two outer years of the MTREF.

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

The provision of debt impairment was determined based on an annual collection rate of 15 percent and the Debt Write-off Policy of the Municipality. For the 2016/17 financial year this amount equates to R4 180 million and escalates to R4 679 million by 2018/19. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard total R9 097 million for the 2016/17 financial and equates to 9.76 percent of the total operating expenditure. The average for local municipalities in recent research is 11,76 percent, and this small difference indicating that expected useful lives and depreciation rates are realistic.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue

provisions. The expenditures include distribution losses. Electricity bulk purchases represent 9.95 percent of expenditure and increase to 10.19 percent and 10.21 percent in the outer years.

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

Main operational expenditure categories for the 2016/17 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2016/17 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset management policy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, National Treasury requires municipalities to adapt their costing systems to reflect these costs as Repairs and Maintenance. The municipality financial systems, as yet, cannot provide for this request and it will be implemented in future budgets.

During the compilation of the 2016/17 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, the municipality identified this, together with other strategic items, as priority to be investigated and changes to be incorporated into the next budget, if not already to the 2016/2017 Adjustments Budget. The table below provides a breakdown of the repairs and maintenance in relation to asset class:

EC138 Sakhisizwe - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		1 789	4 621	1 229	2 106	2 106	2 106	2 606	1 699	1 798
Infrastructure - Road transport		381	549	373	1 200	1 200	1 200	2 000	1 058	1 119
<i>Roads, Pavements & Bridges</i>		381	549	373	1 200	1 200	1 200	2 000	1 058	1 119
<i>Storm water</i>										
Infrastructure - Electricity		192	416	655	780	780	780	480	508	537
<i>Generation</i>										
<i>Transmission & Reticulation</i>		192	416	655	780	780	780	480	508	537
<i>Street Lighting</i>										
Infrastructure - Water		899	3 267	-	-	-	-	-	-	-
<i>Dams & Reservoirs</i>										
<i>Water purification</i>										
<i>Reticulation</i>		899	3 267	-	-	-	-	-	-	-
Infrastructure - Sanitation		191	261	-	-	-	-	-	-	-
<i>Reticulation</i>		191	261	-	-	-	-	-	-	-
<i>Sewerage purification</i>										
Infrastructure - Other		126	129	201	126	126	126	126	133	141
<i>Waste Management</i>		126	129	201	126	126	126	126	133	141
<i>Transportation</i>										
<i>Gas</i>										
<i>Other</i>										
Community		25	18	32	130	130	130	130	138	146
Parks & gardens		8	2	7	10	10	10	10	11	11
Sportsfields & stadia		15	15	24	20	20	20	20	21	22
Swimming pools										
Community halls		3	-	1	100	100	100	100	106	112
Heritage assets		2 134	4 864	53	50	50	50	50	53	55
Buildings		2 134	4 864	53	50	50	50	50	53	55
Other										
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		288	235	150	355	355	355	355	376	397
General vehicles		169	81	40	110	110	110	110	116	123
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment										
Computers - hardware/equipment		33	-	1	25	25	25	25	26	28
Furniture and other office equipment		57	144	58	180	180	180	180	190	201
Other Land		30	10	51	40	40	40	40	42	45
Surplus Assets - (Investment or Inventory)										
Other										
Agricultural assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Biological assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (<i>list sub-class</i>)										
Total Repairs and Maintenance Expenditure	1	4 236	9 737	1 464	2 641	2 641	2 641	3 141	2 265	2 396

Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register all indigent households during the 2016/17 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained below

The cost of the social package of the registered indigent households is financed by the municipality self and largely by utilising the municipality's unconditional equitable share, allocated in terms of the Constitution to local government, and received in terms of the annual Division of Revenue Act. The Transfer of grants as a result of free basic services totals R2 850 million in the budget year of 2016/17 and increasing to R3 200 million and R3 386 million in the outer years.

1.6 Capital expenditure

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

EC138 Sakhisizwe - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding											
Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		505	517	41	100	100	100	100	100	106	112
Vote 2 - BUDGET AND TREASURY		90	-	58	400	400	400	400	400	423	448
Vote 3 - CORPORATE SERVICES		412	-	-	126	126	126	126	-	-	-
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 5 - TECHNICAL SERVICES		7 768	13 153	9 131	21 490	21 490	21 490	21 490	18 682	17 635	18 433
Vote 6 - COMMUNITY SERVICES		8 525	4 708	11 021	736	736	736	736	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	17 299	18 377	20 251	22 851	22 851	22 851	22 851	19 182	18 164	18 993
Single-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET AND TREASURY		-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 5 - TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote		17 299	18 377	20 251	22 851	22 851	22 851	22 851	19 182	18 164	18 993
Capital Expenditure - Standard											
Governance and administration		1 007	1 533	99	626	626	626	626	500	529	560
Executive and council		505	517	41	100	100	100	100	100	106	112
Budget and treasury office		90	-	58	400	400	400	400	400	423	448
Corporate services		412	1 017	-	126	126	126	126	-	-	-
Community and public safety		5 364	840	1 662	736	736	736	736	4 062	1 653	1 749
Community and social services		5 364	840	1 662	-	-	-	-	2 500	-	-
Sport and recreation		-	-	-	-	-	-	-	1 562	1 653	1 749
Public safety		-	-	-	736	736	736	736	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		6 833	10 995	9 131	17 100	17 100	17 100	17 100	16 672	17 625	18 422
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		6 833	10 995	9 131	17 100	17 100	17 100	17 100	16 672	17 625	18 422
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		4 326	6 025	9 359	4 390	4 390	4 390	4 390	2 010	11	11
Electricity		934	2 158	-	4 390	4 390	4 390	4 390	2 010	11	11
Water		231	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		3 161	3 868	9 359	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	17 531	19 394	20 251	22 851	22 851	22 851	22 851	23 244	19 817	20 742
Funded by:											
National Government		-	-	-	-	-	-	-	18 662	19 817	20 742
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	-	-	-	-	-	-	-	18 662	19 817	20 742
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	520	-	-
Total Capital Funding	7	-	-	-	-	-	-	-	19 182	19 817	20 742

The following table provides more information on the breakdown of the capital budget and the related maintenance of assets.

EC138 Sakhisizwe - Supporting Table SA34a Capital expenditure on new assets by asset class										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		11 160	17 020	18 489	21 490	21 490	21 490	14 600	20 386	21 344
Infrastructure - Road transport		6 833	10 995	9 131	17 100	17 100	17 100	12 600	20 375	21 333
<i>Roads, Pavements & Bridges</i>		6 833	10 995	9 131	17 100	17 100	17 100	12 600	20 375	21 333
<i>Storm water</i>										
Infrastructure - Electricity		934	2 158	-	4 390	4 390	4 390	2 000	11	11
<i>Generation</i>										
<i>Transmission & Reticulation</i>		934	2 158	-	4 390	4 390	4 390	2 000	11	11
<i>Street Lighting</i>										
Infrastructure - Water		231	-	-	-	-	-	-	-	-
<i>Dams & Reservoirs</i>										
<i>Water purification</i>										
<i>Reticulation</i>		231								
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
<i>Reticulation</i>										
<i>Sewerage purification</i>										
Infrastructure - Other		3 161	3 868	9 359	-	-	-	-	-	-
<i>Waste Management</i>		3 161	3 868	9 359						
<i>Transportation</i>	2									
<i>Gas</i>	3									
<i>Other</i>										
Community		5 364	840	1 662	736	736	736	4 062	-	-
Parks & gardens										
Sportsfields & stadia								1 562		
Swimming pools										
Community halls		5 364	840	1 662	-	-	-	2 500	-	-
Other		-	-	-	736	736	736			
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		1 007	1 533	99	626	626	626	520	529	560
General vehicles										
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment								20	-	-
Computers - hardware/equipment										
Furniture and other office equipment		1 007	1 533	99	626	626	626	500	529	560
Abattoirs		-	-	-	-	-	-	-	-	-
Markets										
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		-	-	-	-	-	-	-	-	-
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Agricultural assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Biological assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Intangibles		-	-	-	-	-	-	-	-	-

1.6.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included. This table shows that future operational costs associated with the capital programme totals R19 182 million in 2016/17 and escalates to R18 164 million by 2017/18. This concomitant operational expenditure is expected to escalate to R18 933 million by 2018/19.

EC138 Sakhisizwe - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2016/17 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Present value
R thousand								
Capital expenditure	1							
Vote 1 - EXECUTIVE AND COUNCIL		100	106	112				
Vote 2 - BUDGET AND TREASURY		400	423	448				
Vote 3 - CORPORATE SERVICES		-	-	-				
Vote 4 - PLANNING & DEVELOPMENT		-	-	-				
Vote 5 - TECHNICAL SERVICES		18 682	17 635	18 433				
Vote 6 - COMMUNITY SERVICES		-	-	-				
Vote 7 - [NAME OF VOTE 7]		-	-	-				
Vote 8 - [NAME OF VOTE 8]		-	-	-				
Vote 9 - [NAME OF VOTE 9]		-	-	-				
Vote 10 - [NAME OF VOTE 10]		-	-	-				
Vote 11 - [NAME OF VOTE 11]		-	-	-				
Vote 12 - [NAME OF VOTE 12]		-	-	-				
Vote 13 - [NAME OF VOTE 13]		-	-	-				
Vote 14 - [NAME OF VOTE 14]		-	-	-				
Vote 15 - [NAME OF VOTE 15]		-	-	-				
<i>List entity summary if applicable</i>								
Total Capital Expenditure		19 182	18 164	18 993	-	-	-	-
Future operational costs by vote	2							
Vote 1 - EXECUTIVE AND COUNCIL								
Vote 2 - BUDGET AND TREASURY								
Vote 3 - CORPORATE SERVICES								
Vote 4 - PLANNING & DEVELOPMENT								
Vote 5 - TECHNICAL SERVICES								
Vote 6 - COMMUNITY SERVICES								
Vote 7 - [NAME OF VOTE 7]								
Vote 8 - [NAME OF VOTE 8]								
Vote 9 - [NAME OF VOTE 9]								
Vote 10 - [NAME OF VOTE 10]								
Vote 11 - [NAME OF VOTE 11]								
Vote 12 - [NAME OF VOTE 12]								
Vote 13 - [NAME OF VOTE 13]								
Vote 14 - [NAME OF VOTE 14]								
Vote 15 - [NAME OF VOTE 15]								
<i>List entity summary if applicable</i>								
Total future operational costs		-	-	-	-	-	-	-
Future revenue by source	3							
Property rates								
Property rates - penalties & collection charges								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
Total future revenue		-	-	-	-	-	-	-
Net Financial Implications		19 182	18 164	18 993	-	-	-	-

1.7 Annual Budget Tables

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

Sakhisizwe Municipality

EC138 Sakhisizwe - Table A1 Budget Summary										
Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Financial Performance										
Property rates	3 684	4 711	5 119	5 126	5 126	5 126	5 126	5 452	5 768	6 102
Service charges	12 816	17 535	11 927	12 191	12 191	12 191	12 391	12 272	12 984	16 875
Investment revenue	530	497	526	456	456	456	456	456	482	510
Transfers recognised - operational	39 475	49 241	54 219	64 709	64 709	64 709	64 709	62 232	63 035	65 734
Other own revenue	17 329	21 594	10 386	8 154	8 154	8 154	8 154	7 731	8 179	8 586
Total Revenue (excluding capital transfers and contributions)	73 834	93 578	82 177	90 635	90 635	90 635	90 835	88 143	90 448	97 808
Employee costs	30 037	32 249	28 361	32 622	32 622	32 622	32 622	34 309	36 299	38 405
Remuneration of councillors	4 954	5 433	5 459	6 162	6 162	6 162	6 162	6 496	6 873	7 272
Depreciation & asset impairment	9 451	10 907	10 618	9 097	9 097	9 097	9 097	9 097	9 625	10 168
Finance charges	952	662	371	277	277	277	277	463	490	495
Materials and bulk purchases	8 141	11 246	10 041	12 291	12 291	12 291	12 291	12 776	12 459	13 181
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	32 744	65 329	26 910	34 128	34 128	34 128	9 115	30 061	30 524	32 164
Total Expenditure	86 279	125 826	81 761	94 577	94 577	94 577	69 564	93 202	96 269	101 684
Surplus/(Deficit)	(12 445)	(32 248)	416	(3 941)	(3 941)	(3 941)	21 272	(5 059)	(5 822)	(3 876)
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed a	22 439	16 563	13 653	21 090	21 090	21 090	21 090	18 662	17 614	18 411
Surplus/(Deficit) after capital transfers & contributions	9 994	(15 685)	14 070	17 148	17 148	17 148	42 361	13 603	11 792	14 535
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	9 994	(15 685)	14 070	17 148	17 148	17 148	42 361	13 603	11 792	14 535
Capital expenditure & funds sources										
Capital expenditure	17 531	19 394	20 251	22 851	22 851	22 851	22 851	23 244	19 817	20 742
Transfers recognised - capital	-	-	-	-	-	-	-	18 662	19 817	20 742
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	520	-	-
Total sources of capital funds	-	-	-	-	-	-	-	19 182	19 817	20 742
Financial position										
Total current assets	11 586	15 117	12 074	16 683	16 683	16 683	16 683	10 204	10 796	11 422
Total non current assets	91 397	94 494	149 593	157 821	157 821	157 821	157 821	167 290	176 993	187 258
Total current liabilities	17 632	24 175	18 579	22 785	22 785	22 785	22 785	23 053	23 306	23 791
Total non current liabilities	2 204	4 593	6 407	6 760	6 760	6 760	6 760	7 165	7 581	8 021
Community wealth/Equity	-	-	-	-	-	-	-	-	-	-
Cash flows										
Net cash from (used) operating	87 870	4 541	25 505	34 974	34 974	34 974	34 974	30 147	29 296	29 877
Net cash from (used) investing	(68 891)	(19 275)	(18 317)	(19 325)	(19 325)	(19 325)	(19 325)	(19 182)	(22 568)	(23 652)
Net cash from (used) financing	(17 726)	3 827	(2 844)	(3 555)	(3 555)	(3 555)	(3 555)	(926)	(1 599)	(2 307)
Cash/cash equivalents at the year end	1 254	(9 653)	(5 308)	6 786	18 881	30 976	43 070	11 038	16 168	20 086
Cash backing/surplus reconciliation										
Cash and investments available	9 967	11 743	6 434	8 000	8 000	8 000	8 000	1 000	1 058	1 119
Application of cash and investments	5 390	8 279	(1 626)	(17 305)	(17 305)	(17 305)	(17 031)	9 493	10 044	11 650
Balance - surplus (shortfall)	4 577	3 464	8 060	25 305	25 305	25 305	25 031	(8 493)	(8 986)	(10 530)
Asset management										
Asset register summary (WDV)	17 531	19 394	20 251	22 851	22 851	22 851	19 182	19 182	22 568	23 652
Depreciation & asset impairment	9 451	10 907	10 618	9 097	9 097	9 097	9 097	9 097	9 625	10 168
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	4 236	9 737	1 464	2 641	2 641	2 641	3 141	3 141	2 265	2 396
Free services										
Cost of Free Basic Services provided	1 381	1 191	1 630	2 850	2 850	2 850	2 650	2 650	2 804	2 966
Revenue cost of free services provided	(384)	-	-	300	300	300	300	300	300	317
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. There is no provision for any borrowing in the cash flows;
 - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was paying much attention to managing this aspect of its finances, and consequently all of its obligations are cash-backed.
5. Significant assistance is being given to the indigent households.

EC138 Sakhisizwe - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)										
Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue - Standard										
<i>Governance and administration</i>		43 295	51 375	62 828	69 145	69 145	69 145	66 866	70 264	73 335
Executive and council		2 100	2 351	2 960	3 100	3 100	3 100	3 259	3 417	3 583
Budget and treasury office		40 930	48 850	59 774	65 955	65 955	65 955	63 517	66 767	69 668
Corporate services		265	174	94	90	90	90	90	79	84
<i>Community and public safety</i>		2 325	1 670	1 944	3 305	3 305	3 305	3 316	3 486	3 689
Community and social services		421	465	496	438	438	438	449	453	479
Sport and recreation		9	4	-	1	1	1	1	1	1
Public safety		1 834	1 168	1 373	2 817	2 817	2 817	2 817	2 980	3 153
Housing		60	33	74	50	50	50	50	53	56
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		24 791	22 147	17 241	25 562	25 562	25 562	22 829	19 717	20 616
Planning and development		24 782	21 593	17 211	24 156	24 156	24 156	20 823	18 653	19 490
Road transport		9	554	30	1 406	1 406	1 406	2 006	1 064	1 126
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		27 243	36 259	15 522	16 563	16 563	16 563	18 159	19 212	20 326
Electricity		7 943	8 235	10 805	11 830	11 830	11 830	13 217	13 984	14 795
Water		10 071	15 210	-	-	-	-	-	-	-
Waste water management		5 708	7 901	-	-	-	-	-	-	-
Waste management		3 521	4 914	4 717	4 733	4 733	4 733	4 941	5 228	5 531
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	97 654	111 452	97 535	114 575	114 575	114 575	111 169	112 679	117 966
Expenditure - Standard										
<i>Governance and administration</i>		32 654	43 100	33 546	39 458	39 458	39 458	41 772	44 110	46 537
Executive and council		11 710	13 702	12 895	15 659	15 659	15 659	14 795	15 653	16 560
Budget and treasury office		10 204	20 023	10 198	11 993	11 993	11 993	14 253	15 011	15 783
Corporate services		10 741	9 376	10 453	11 806	11 806	11 806	12 724	13 446	14 194
<i>Community and public safety</i>		5 015	5 362	6 782	7 951	7 951	7 951	8 275	8 755	9 248
Community and social services		2 299	2 829	3 750	4 269	4 269	4 269	4 424	4 680	4 937
Sport and recreation		146	125	68	160	160	160	167	176	186
Public safety		2 257	2 032	2 555	3 056	3 056	3 056	3 188	3 373	3 569
Housing		313	376	409	467	467	467	496	525	555
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		18 826	24 989	21 569	20 270	20 270	20 270	19 933	18 836	19 927
Planning and development		6 922	7 428	8 122	6 548	6 548	6 548	5 858	5 002	5 291
Road transport		11 904	17 562	13 447	13 722	13 722	13 722	14 075	13 834	14 636
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		24 480	52 374	19 864	23 664	23 664	23 664	23 222	24 569	25 972
Electricity		9 725	11 055	12 512	14 752	14 752	14 752	14 062	14 877	15 740
Water		9 383	23 887	101	-	-	-	-	-	-
Waste water management		-	6 340	53	-	-	-	-	-	-
Waste management		5 372	11 092	7 199	8 912	8 912	8 912	9 161	9 692	10 231
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	80 975	125 826	81 761	91 343	91 343	91 343	93 202	96 269	101 684
Surplus/(Deficit) for the year		16 679	(14 374)	15 774	23 231	23 231	23 231	17 967	16 410	16 282

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

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case for any of the trading services. As already noted above, the municipality will be undertaking a detailed study of these functions to explore ways of improving efficiencies and provide a basis for re-evaluating these functions' tariff structures.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

EC138 Sakhisizwe - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A										
Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote										
Vote 1 - EXECUTIVE AND COUNCIL	1	2 100	2 351	2 960	3 100	3 100	3 100	3 259	3 417	3 583
1.1 - Mayor and Council		2 100	2 351	2 960	3 100	3 100	3 100	3 259	3 417	3 583
1.2 - Municipal Manager										
1.3 - Internal Audit										
1.4 - Strategic Manager										
1.5 - Community service Manager										
Vote 2 - BUDGET AND TREASURY		40 930	48 850	59 774	65 955	65 955	65 955	63 517	66 767	69 668
2.1 - Budget & Treasury		40 930	48 850	59 774	65 955	65 955	65 955	63 517	66 767	69 668
2.2 - Information Technology										
Vote 3 - CORPORATE SERVICES		265	174	94	90	90	90	90	79	84
3.1 - Corporate Services		160	123	-	15	15	15	15	-	-
3.2 - Property Services		105	50	94	75	75	75	75	79	84
Vote 4 - PLANNING & DEVELOPMENT		194	236	-	167	167	167	167	112	110
4.1 - IPED		194	236	-	167	167	167	167	112	110
Vote 5 - TECHNICAL SERVICES		48 320	53 257	28 047	37 225	37 225	37 225	34 318	31 938	33 554
5.1 - Electricity		7 943	8 235	10 805	11 830	11 830	11 830	11 656	12 332	13 048
5.2 - Planning & Development: Projects		3 369	3 964	3 041	6 000	6 000	6 000	3 117	-	-
5.3 - PMU		21 219	17 393	14 170	17 989	17 989	17 989	17 539	18 541	19 380
5.4 - Roads & Streets		9	554	30	1 406	1 406	1 406	2 006	1 064	1 126
5.5 - Sewarage		5 708	7 901							
5.6 - Water		10 071	15 210							
Vote 6 - COMMUNITY SERVICES		5 846	6 584	6 661	8 038	8 038	8 038	8 258	8 715	9 220
6.1 - Caravan Parks		9	4	-	1	1	1	1	1	1
6.2 - Cemeteries		16	18	18	15	15	15	15	16	17
6.3 - Community Halls		7	31	45	30	30	30	30	32	34
6.4 - Housing		60	33	74	50	50	50	50	53	56
6.5 - Libraries		371	373	377	372	372	372	383	383	405
6.6 - Pound		28	43	56	21	21	21	21	22	24
6.7 - Refuse		3 521	4 914	4 717	4 733	4 733	4 733	4 941	5 228	5 531
6.8 - Sports & Recreation										
6.9 - Civil Defence		1 834	1 168	1 373	2 817	2 817	2 817	2 817	2 980	3 153
Total Revenue by Vote	2	97 654	111 452	97 535	114 575	114 575	114 575	109 608	111 028	116 219

Expenditure by Vote		1								
Vote 1 - EXECUTIVE AND COUNCIL		17 210	18 310	17 775	21 324	21 324	21 324	20 577	21 770	23 031
1.1 - Mayor and Council		9 583	11 196	9 770	12 077	12 077	12 077	11 133	11 779	12 462
1.2 - Municipal Manager		7 154	6 682	7 568	8 359	8 359	8 359	8 512	9 006	9 526
1.3 - Internal Audit		474	433	437	888	888	888	932	986	1 043
1.4 - Strategic Manager										
1.5 - Community service Manager										
Vote 2 - BUDGET AND TREASURY		8 861	19 029	9 788	11 650	11 650	11 650	13 931	14 670	15 422
2.1 - Budget & Treasury		8 658	18 633	8 713	10 744	10 744	10 744	13 004	13 689	14 384
2.2 - Information Technology		203	396	1 075	907	907	907	927	981	1 038
Vote 3 - CORPORATE SERVICES		8 812	7 916	7 991	8 923	8 923	8 923	9 717	10 264	10 829
3.1 - Corporate Services		4 707	6 021	6 660	7 099	7 099	7 099	7 860	8 300	8 750
3.2 - Property Services		4 105	1 895	1 331	1 823	1 823	1 823	1 857	1 965	2 079
Vote 4 - PLANNING & DEVELOPMENT		2 403	1 894	1 691	2 310	2 310	2 310	2 538	2 336	2 471
4.1 - IPED		2 403	1 894	1 691	2 310	2 310	2 310	2 538	2 336	2 471
Vote 5 - TECHNICAL SERVICES		39 402	63 177	31 500	31 322	31 322	31 322	30 054	29 893	31 627
5.1 - Electricity		9 725	11 055	12 512	14 752	14 752	14 752	14 062	14 877	15 740
5.2 - Planning & Development: Projects		2 902	3 522	5 014	2 044	2 044	2 044	1 059	274	290
5.3 - PMU		184	811	374	805	805	805	858	908	960
5.4 - Roads & Streets		11 904	17 562	13 447	13 722	13 722	13 722	14 075	13 834	14 636
5.5 - Sewarage		5 304	6 340	53						
5.6 - Water		9 383	23 887	101						
Vote 6 - COMMUNITY SERVICES		9 592	15 499	13 016	15 814	15 814	15 814	16 386	17 336	18 304
6.1 - Caravan Parks		8	2	7	10	10	10	10	11	11
6.2 - Cemeteries		102	124	244	248	248	248	263	278	294
6.3 - Community Halls		282	395	912	1 368	1 368	1 368	1 436	1 519	1 593
6.4 - Housing		313	376	409	467	467	467	496	525	555
6.5 - Libraries		533	754	874	789	789	789	819	867	917
6.6 - Pound		586	602	756	815	815	815	856	906	958
6.7 - Refuse		5 372	11 092	7 199	8 912	8 912	8 912	9 161	9 692	10 231
6.8 - Sports & Recreation		138	123	61	150	150	150	157	166	175
6.9 - Civil Defence		2 257	2 032	2 555	3 056	3 056	3 056	3 188	3 373	3 569
Total Expenditure by Vote	2	86 279	125 826	81 761	91 343	91 343	91 343	93 202	96 269	101 684
Surplus/(Deficit) for the year	2	11 375	(14 374)	15 774	23 231	23 231	23 231	16 406	14 759	14 535

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

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.
2. This table is the main driver of management- responsibility and performance in terms of the operating budget and also the benchmark against which any unauthorised expenditure will be measured.

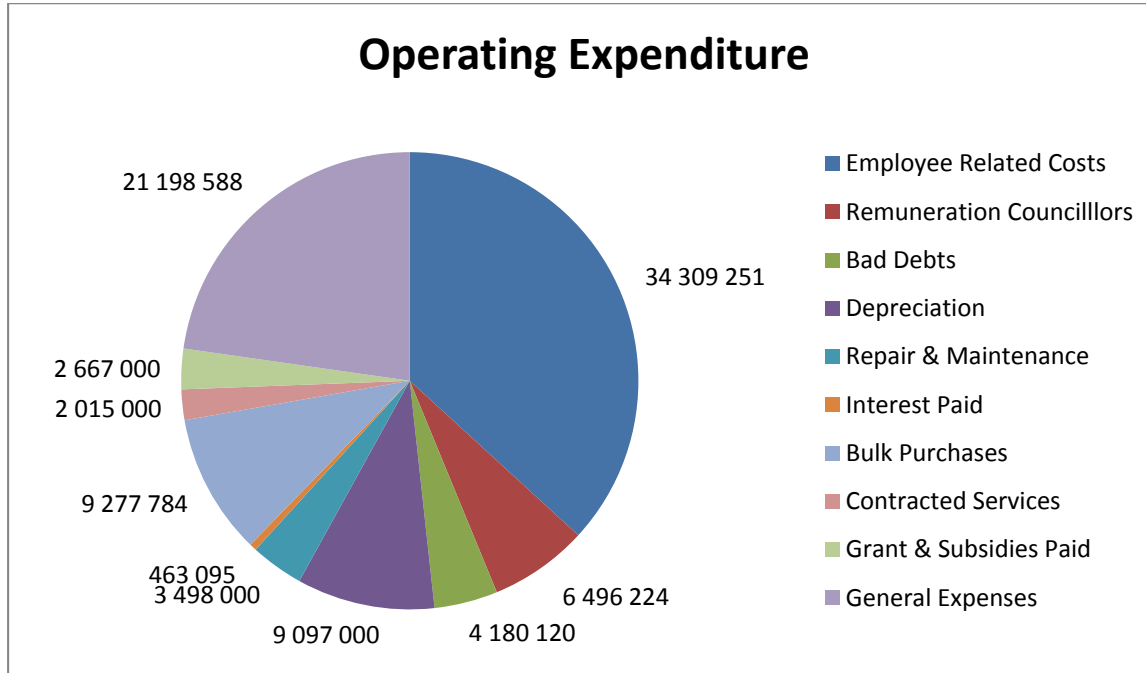
EC138 Sakhisizwe - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
Revenue By Source											
Property rates	2	3 684	4 711	5 119	5 126	5 126	5 126	5 126	5 452	5 768	6 102
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	7 326	7 517	9 280	9 909	9 909	9 909	10 109	9 851	10 422	12 744
Service charges - water revenue	2	2 247	4 618	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	1 797	3 362	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	1 446	2 037	2 647	2 282	2 282	2 282	2 282	2 421	2 562	4 131
Service charges - other											
Rental of facilities and equipment		114	171	114	1 076	1 076	1 076	1 076	1 076	1 138	1 204
Interest earned - external investments		530	497	526	456	456	456	456	456	482	510
Interest earned - outstanding debtors		4 239	5 259	3 317	2 375	2 375	2 375	2 375	2 375	2 513	2 603
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		32	9	6	25	25	25	25	25	26	27
Licences and permits		-	-	-	-	-	-	-	-	-	-
Agency services		824	1 560	4 803	899	899	899	899	877	927	969
Transfers recognised - operational		39 475	49 241	54 219	64 709	64 709	64 709	64 709	62 232	63 035	65 734
Other revenue	2	12 120	14 596	2 146	3 779	3 779	3 779	3 779	3 379	3 575	3 782
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		73 834	93 578	82 177	90 635	90 635	90 635	90 835	88 143	90 448	97 808
Expenditure By Type											
Employee related costs	2	30 037	32 249	28 361	32 622	32 622	32 622	32 622	34 309	36 299	38 405
Remuneration of councillors		4 954	5 433	5 459	6 162	6 162	6 162	6 162	6 496	6 873	7 272
Debt impairment	3	5 217	25 769	568	4 180	4 180	4 180	4 180	4 180	4 423	4 679
Depreciation & asset impairment	2	9 451	10 907	10 618	9 097	9 097	9 097	9 097	9 097	9 625	10 168
Finance charges		952	662	371	277	277	277	277	463	490	495
Bulk purchases	2	6 039	6 322	8 619	9 293	9 293	9 293	9 293	9 278	9 816	10 385
Other materials	8	2 102	4 924	1 422	2 998	2 998	2 998	2 998	3 498	2 643	2 796
Contracted services		738	576	1 752	2 015	2 015	2 015	2 015	2 015	2 132	2 225
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	26 789	39 005	24 591	27 933	27 933	27 933	2 920	23 866	23 969	25 260
Loss on disposal of PPE		-	(20)	-	-	-	-	-	-	-	-
Total Expenditure		86 279	125 826	81 761	94 577	94 577	94 577	69 564	93 202	96 269	101 684
Surplus/(Deficit)		(12 445)	(32 248)	416	(3 941)	(3 941)	(3 941)	21 272	(5 059)	(5 822)	(3 876)
Transfers recognised - capital											
Contributions recognised - capital	6	22 439	16 563	13 653	21 090	21 090	21 090	21 090	18 662	17 614	18 411
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		9 994	(15 685)	14 070	17 148	17 148	17 148	42 361	13 603	11 792	14 535
Taxation											
Surplus/(Deficit) after taxation		9 994	(15 685)	14 070	17 148	17 148	17 148	42 361	13 603	11 792	14 535
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		9 994	(15 685)	14 070	17 148	17 148	17 148	42 361	13 603	11 792	14 535
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		9 994	(15 685)	14 070	17 148	17 148	17 148	42 361	13 603	11 792	14 535

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

1. Total revenue, excluding capital transfers, is R88 046 million in 2016/17 and escalates to R94 562 million by 2018/19. This represents a year-on-year decrease of 2.86 percent for the 2016/17 and year-on-year increases of 2.61 percent for the 2017/18 financial year and 4.66 percent for the 2018/19 financial year.
2. Revenue to be generated from property rates is R5 452 million in the 2016/17 financial year and increases to R5 768 million by 2017/18 which represents only 6.19 percent of the operating revenue base (excluding capital transfers) of the Municipality and therefore does not remain a significant funding source for the municipality.
3. Services charges relating to electricity and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R12 176 million for the 2016/17 financial year and increasing to R12 882 million by 2017/18. For the 2016/17 financial year services charges amount to 13.82 percent of the total revenue base and stays relatively constant over the MTREF period.

4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. Transfers are fluctuating according to grants provided for by the respective governments.
5. The following graph illustrates the major expenditure items per type.



Expenditure by major type

6. Employee related costs, depreciation, operating grant expenditure and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

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

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Vote											
<i>Multi-year expenditure to be appropriated</i>	2										
Vote 1 - EXECUTIVE AND COUNCIL		505	517	41	100	100	100	100	100	106	112
Vote 2 - BUDGET AND TREASURY		90	-	58	400	400	400	400	400	423	448
Vote 3 - CORPORATE SERVICES		412	-	-	126	126	126	126	-	-	-
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 5 - TECHNICAL SERVICES		7 768	13 153	9 131	21 490	21 490	21 490	21 490	18 682	17 635	18 433
Vote 6 - COMMUNITY SERVICES		8 525	4 708	11 021	736	736	736	736	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	17 299	18 377	20 251	22 851	22 851	22 851	22 851	19 182	18 164	18 993
<i>Single-year expenditure to be appropriated</i>	2										
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET AND TREASURY		-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 5 - TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote		17 299	18 377	20 251	22 851	22 851	22 851	22 851	19 182	18 164	18 993
Capital Expenditure - Standard											
<i>Governance and administration</i>		1 007	1 533	99	626	626	626	626	500	529	560
Executive and council		505	517	41	100	100	100	100	100	106	112
Budget and treasury office		90	-	58	400	400	400	400	400	423	448
Corporate services		412	1 017	-	126	126	126	126	-	-	-
<i>Community and public safety</i>		5 364	840	1 662	736	736	736	736	4 062	1 653	1 749
Community and social services		5 364	840	1 662	-	-	-	-	2 500	-	-
Sport and recreation		-	-	-	-	-	-	-	1 562	1 653	1 749
Public safety		-	-	-	736	736	736	736	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		6 833	10 995	9 131	17 100	17 100	17 100	17 100	16 672	17 625	18 422
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		6 833	10 995	9 131	17 100	17 100	17 100	17 100	16 672	17 625	18 422
Environmental protection		-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		4 326	6 025	9 359	4 390	4 390	4 390	4 390	2 010	11	11
Electricity		934	2 158	-	4 390	4 390	4 390	4 390	2 010	11	11
Water		231	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		3 161	3 868	9 359	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	17 531	19 394	20 251	22 851	22 851	22 851	22 851	23 244	19 817	20 742
Funded by:											
National Government									18 662	19 817	20 742
Provincial Government									-	-	-
District Municipality									-	-	-
Other transfers and grants									-	-	-
Transfers recognised - capital	4	-	-	-	-	-	-	-	18 662	19 817	20 742
Public contributions & donations	5								-	-	-
Borrowing	6								-	-	-
Internally generated funds									520	-	-
Total Capital Funding	7	-	-	-	-	-	-	-	19 182	19 817	20 742

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

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

MBRR Table A6 - Budgeted Financial Position

EC138 Sakhisizwe - Table A6 Budgeted Financial Position											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
ASSETS											
Current assets											
Cash											
Call investment deposits	1	9 967	11 743	6 434	8 000	8 000	8 000	8 000	1 000	1 058	1 119
Consumer debtors	1	1 618	3 374	5 640	8 683	8 683	8 683	8 683	9 204	9 738	10 303
Other debtors											
Current portion of long-term receivables											
Inventory	2										
Total current assets		11 586	15 117	12 074	16 683	16 683	16 683	16 683	10 204	10 796	11 422
Non current assets											
Long-term receivables											
Investments											
Investment property											
Investment in Associate											
Property, plant and equipment	3	91 397	94 494	149 593	157 821	157 821	157 821	157 821	167 290	176 993	187 258
Agricultural											
Biological											
Intangible											
Other non-current assets											
Total non current assets		91 397	94 494	149 593	157 821	157 821	157 821	157 821	167 290	176 993	187 258
TOTAL ASSETS		102 983	109 612	161 667	174 504	174 504	174 504	174 504	177 494	187 789	198 681
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	8 241	7 132	1 721	5 000	5 000	5 000	5 000	4 201	3 360	2 688
Consumer deposits											
Trade and other payables	4	9 391	17 043	16 858	17 785	17 785	17 785	17 785	18 852	19 946	21 103
Provisions											
Total current liabilities		17 632	24 175	18 579	22 785	22 785	22 785	22 785	23 053	23 306	23 791
Non current liabilities											
Borrowing		-	2 203	2 488	2 625	2 625	2 625	2 625	2 783	2 944	3 115
Provisions		2 204	2 391	3 919	4 135	4 135	4 135	4 135	4 383	4 637	4 906
Total non current liabilities		2 204	4 593	6 407	6 760	6 760	6 760	6 760	7 165	7 581	8 021
TOTAL LIABILITIES		19 836	28 769	24 986	29 545	29 545	29 545	29 545	30 218	30 887	31 812
NET ASSETS	5	83 147	80 843	136 681	144 959	144 959	144 959	144 959	147 276	156 902	166 869
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)											
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	-	-	-	-	-	-	-	-	-	-

Explanatory notes to Table A6 - Budgeted Financial Position

- The Budgeted Financial Position is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- This table is supported by an extensive table of notes (SA3 which can be found on later in this report providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;

- Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
 5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

MBRR Table A7 - Budgeted Cash Flow Statement

EC138 Sakhisizwe - Table A7 Budgeted Cash Flows											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		16 996	26 444	8 536	17 072	17 072	17 072	17 072	5 452	5 768	6 102
Service charges		54 238	65 747	75 006	79 131	79 131	79 131	79 131	15 076	15 950	16 875
Other revenue		12 397	21 691	6 372	6 723	6 723	6 723	6 723	5 356	5 666	5 983
Government - operating	1	4 239	-	-	-	-	-	-	62 232	63 035	65 734
Government - capital	1	-	-	-	-	-	-	-	18 662	17 614	18 411
Interest		-	-	-	-	-	-	-	2 831	2 995	3 114
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		-	(40 347)	(34 199)	(36 080)	(36 080)	(36 080)	(36 080)	(76 795)	(80 032)	(84 642)
Finance charges		-	(25 571)	(25 337)	(26 731)	(26 731)	(26 731)	(26 731)	-	-	-
Transfers and Grants	1	-	(43 424)	(4 872)	(5 140)	(5 140)	(5 140)	(5 140)	(2 667)	(1 700)	(1 700)
NET CASH FROM/(USED) OPERATING ACTIVITIES		87 870	4 541	25 505	34 974	34 974	34 974	34 974	30 147	29 296	29 877
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		(38 636)	(19 275)	(18 317)	(19 325)	(19 325)	(19 325)	(19 325)	-	-	-
Decrease (Increase) in non-current debtors		(13 924)	-	-	-	-	-	-	-	-	-
Decrease (Increase) other non-current receivables		(209)	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current investments		(16 122)	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		-	-	-	-	-	-	-	(19 182)	(22 568)	(23 652)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(68 891)	(19 275)	(18 317)	(19 325)	(19 325)	(19 325)	(19 325)	(19 182)	(22 568)	(23 652)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		(2 203)	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		(15 102)	5 259	526	-	-	-	-	1 091	1 026	964
Increase (decrease) in consumer deposits		530	(87)	(398)	(420)	(420)	(420)	(420)	-	-	-
Payments											
Repayment of borrowing		(952)	(1 346)	(2 972)	(3 135)	(3 135)	(3 135)	(3 135)	(2 017)	(2 624)	(3 271)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(17 726)	3 827	(2 844)	(3 555)	(3 555)	(3 555)	(3 555)	(926)	(1 599)	(2 307)
NET INCREASE/ (DECREASE) IN CASH HELD		1 254	(10 907)	4 344	12 095	12 095	12 095	12 095	10 038	5 130	3 918
Cash/cash equivalents at the year begin:	2	-	1 254	(9 653)	(5 308)	6 786	18 881	30 976	1 000	11 038	16 168
Cash/cash equivalents at the year end:	2	1 254	(9 653)	(5 308)	6 786	18 881	30 976	43 070	11 038	16 168	20 086

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2016/17 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
4. Cash and cash equivalents totals R11 038 million as at the end of the 2016/17 financial year and increase to R20 086 million by 2018/19.

MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

EC138 Sakhisizwe - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash and investments available											
Cash/cash equivalents at the year end	1	1 254	(9 653)	(5 308)	6 786	18 881	30 976	43 070	11 038	16 168	20 086
Other current investments > 90 days		8 714	21 396	11 743	1 214	(10 881)	(22 976)	(35 070)	(10 038)	(15 110)	(18 967)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		9 967	11 743	6 434	8 000	8 000	8 000	8 000	1 000	1 058	1 119
Application of cash and investments											
Unspent conditional transfers		4 456	8 378	2 647	2 792	2 792	2 792	2 792	2 960	3 131	3 313
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	934	(99)	(4 273)	(20 097)	(20 097)	(20 097)	(19 823)	6 534	6 912	8 337
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		5 390	8 279	(1 626)	(17 305)	(17 305)	(17 305)	(17 031)	9 493	10 044	11 650
Surplus(shortfall)		4 577	3 464	8 060	25 305	25 305	25 305	25 031	(8 493)	(8 986)	(10 530)

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
2. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded". The municipality's budget is cash-funded and thus in compliance with the requirements of the MFMA.
3. As part of the budgeting and planning guidelines that informed the compilation of the 2013/14 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

MBRR Table A9 - Asset Management

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 percent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 percent of PPE. The Municipality does not meet both these recommendations.
3. An analysis between depreciation and operational repairs and maintenance over the MTREF is not yet possible until the municipality changes its financial systems to include all maintenance costs, also those incurred internally, to the maintenance votes. When implemented it will highlight the Municipality's maintenance backlog.

EC138 Sakhisizwe - Table A9 Asset Management										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	17 531	19 394	20 251	22 851	22 851	22 851	19 182	20 915	21 903
<i>Infrastructure - Road transport</i>		6 833	10 995	9 131	17 100	17 100	17 100	12 600	20 375	21 333
<i>Infrastructure - Electricity</i>		934	2 158	-	4 390	4 390	4 390	2 000	11	11
<i>Infrastructure - Water</i>		231	-	-	-	-	-	-	-	-
<i>Infrastructure - Sanitation</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Other</i>		3 161	3 868	9 359	-	-	-	-	-	-
Infrastructure		11 160	17 020	18 489	21 490	21 490	21 490	14 600	20 386	21 344
Community		5 364	840	1 662	736	736	736	4 062	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	1 007	1 533	99	626	626	626	520	529	560
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	-	-	-	-	-	-	-
<i>Infrastructure - Road transport</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Electricity</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Water</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Sanitation</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Other</i>		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	6 833	10 995	9 131	17 100	17 100	17 100	12 600	20 375	21 333
<i>Infrastructure - Road transport</i>		934	2 158	-	4 390	4 390	4 390	2 000	11	11
<i>Infrastructure - Electricity</i>		231	-	-	-	-	-	-	-	-
<i>Infrastructure - Sanitation</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Other</i>		3 161	3 868	9 359	-	-	-	-	-	-
Infrastructure		11 160	17 020	18 489	21 490	21 490	21 490	14 600	20 386	21 344
Community		5 364	840	1 662	736	736	736	4 062	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		1 007	1 533	99	626	626	626	520	529	560
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	17 531	19 394	20 251	22 851	22 851	22 851	19 182	20 915	21 903

EC138 Sakhisizwe - Table A10 Basic service delivery measurement										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
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>										
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>										
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		348 744	405 734	1 017 930	1 650 000	1 650 000	1 650 000	1 450 000	1 534 100	1 623 078
<i>Minimum Service Level and Above sub-total</i>		348 744	405 734	1 017 930	1 650 000	1 650 000	1 650 000	1 450 000	1 534 100	1 623 078
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
Total number of households	5	348 744	405 734	1 017 930	1 650 000	1 650 000	1 650 000	1 450 000	1 534 100	1 623 078
Refuse:										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>										
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
Total number of households	5	-	-	-	-	-	-	-	-	-
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		349	406	1 018	1 650	1 650	1 650	1 450	1 534	1 623
Refuse (removed once a week for indigent households)		1 033	786	612	1 200	1 200	1 200	1 200	1 270	1 343
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided		1 381	1 191	1 630	2 850	2 850	2 850	2 650	2 804	2 966
Highest level of free service provided per household										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		(384)	-	-	300	300	300	300	300	317
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates										

1.8.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2012) 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 by 31 August 2015.

2016/2017 IDP AND BUDGET SCHEDULE OF KEY DEADLINES

Month	Action to be taken Administratively – Municipality Administration
July	Accounting officers and senior officials of Sakhisizwe Local Municipality begin planning for next three-year budget MFMA s 68, 77 Accounting officers and senior officials of the municipality review options and contracts for service delivery MSA s 76-81
August	Accounting Officer to assist Mayor to prepare the schedule of key deadlines and align the IDP and Budget process
August / September / October	Budget office of Sakhisizwe Local Municipality determine revenue projections and proposed rate and service charges and drafts initial allocations to functions and departments for the next financial year after taking into account strategic objectives. Engages with Provincial and National sector departments on sector specific programmes for alignment with municipalities plans (schools, libraries, clinics, water, electricity, roads, etc)
September / October	Accounting officer does initial review of national policies and budget plans and potential price increases of bulk resources with function and department officials MFMA s 35, 36, 42; MTBPS
October / November	Accounting officer reviews and drafts initial changes to IDP MSA s 34
November / December	Accounting officer submits draft budget and plans for next financial year to the Mayor for tabling Accounting officer publishes tabled budget, plans, and proposed revisions to IDP, invites local community comment and submits to NT, PT and others Accounting officer to notify relevant municipalities of projected allocations for next three budget years
MUNICIPAL ELECTIONS AND CONSULTATION ON THE BUDGET	

January	<p>Accounting officer reviews proposed national and provincial allocations to municipality for incorporation into the draft budget for tabling.</p> <p style="text-align: center;">MFMA s 36</p> <p>The Accounting Officer must by 25 January assess the performance of the municipality for the first six months of the 2016/2017 financial year and submits a report on such assessment to the Mayor, National Treasury and Provincial Treasury.</p> <p style="text-align: center;">MFMA s 72</p>
February	<p>The Accounting Officer finalises and submits to Mayor proposed budgets and plans for next three-year budgets taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for the previous year's audited financial statements and annual report.</p> <p>The Accounting Officer of Sakhisizwe Local Municipality must liaise with the Accounting Officer of Chris Hani District Municipality 120 days prior to the start of the budget year to obtain projected allocations for 2016/2017, 2017/2018 & 2018/2019.</p> <p style="text-align: center;">MFMA s 37(2)</p>
March	<p>The Accounting Officer must publish the tabled budget, plans, and proposed revisions to IDP, invites local community comment and submits to National Treasury, Provincial Treasury and others as prescribed.</p> <p style="text-align: center;">MFMA s 22 & 37; MSA Ch 4 as amended</p> <p>The Accounting Officer must review any changes in prices for bulk electricity purchases as communicated by NERSA & DWA as well as submit proposal of increasing prices of sale of electricity to the executive authority & the regulator for approval if national legislation requires such approval.</p> <p style="text-align: center;">MFMA s 42</p>
April	<p>Accounting officer assists the Mayor in revising budget documentation in accordance with consultative processes and taking into account the results from the third quarterly review of the current year</p>
May	<p>Accounting officer assists the Mayor in preparing the final budget documentation for consideration for approval at least 30 days before the start of the budget year taking into</p>

	account consultative processes and any other new information of a material nature
June	Accounting officer submits to the mayor no later than 14 days after approval of the budget a draft of the SDBIP and annual performance agreements required by s 57(1)(b) of the MSA. MFMA s 69; MSA s 57 Accounting Officer must publish the adopted budget and all budget-related documents. MFMA s 75, 87
<p><u>Abbreviations:</u> IDP - Integrated Development Plan; MFMA - Local Government: Municipal Finance Management Act, No. 56 of 2003; MSA - Local Government: Municipal Systems Act, No. 32 of 2000, as amended; MTBPS - National Treasury annual publication, Medium Term Budget and Policy Statement; NT - National Treasury; PT - Provincial Treasuries; SDBIP - Service Delivery and Budget Implementation Plan</p> <p>Shaded Area: Consultation on the budget and municipal elections.</p>	

There were some deviations from the key dates set out in the Budget Time Schedule tabled in Council. However, the schedule attached is the revised one as from time to time adjusted by council and its programmes.

1.8.2 IDP and Service Delivery and Budget Implementation Plan

This is the fourth review of the IDP as adopted by Council in March 2016 and again by the Council in May 2016. It started in September 2015 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2016/17 MTREF in August.

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

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

The IDP has been taken into a business and financial planning process leading up to the 2018/19 MTREF, based on the approved 2016/17 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2016/17 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 2015/16 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.

1.8.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2016/17 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 2016/17 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2015/16 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 58 and 59 has been taken into consideration in the planning and prioritisation process.

1.9 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:

- Green Paper on National Strategic Planning of 2009;
- 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 2012/13 MTREF and further planning refinements that have directly informed the compilation of the budget:

IDP Strategic Objectives

2015/16 Financial Year	2016/17 MTREF
1. The provision of quality basic services and infrastructure	1. To ensure that cost effective, appropriate and efficient services are delivered (KPA Service delivery)
2. Acceleration of higher and shared economic growth and development	2. To ensure that conditions are created which stimulate the growth of the local economy (KPA LED)
3. Fighting of poverty, building clean, healthy, safe and sustainable communities	3. To have an effective and efficient administration (KPA Municipal transformation and Inst.dev.)
4. Fostering participatory democracy and adherence to Sakhisizwe Municipality principles through a caring, accessible and accountable service	4. To have a transparent and performance driven organisation (KPA Good governance and public participation)
5. Good governance, Financial viability and institutional governance	5. To implement good financial management (KA Financial management and viability)

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. To have a transparent and performance driven organisation
2. To ensure that cost effective, appropriate and efficient services are delivered
3. To ensure that conditions are created which stimulate the growth of the local economy
4. To implement good financial management
5. To have an effective and efficient administration

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.

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.

The 2016/17 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.

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

EC138 Sakhisizwe - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)												
Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand												
Property rates				3 684	4 711	5 119	5 126	5 126	5 126	5 452	5 768	6 102
Property rates - penalties & collection charges				-	-	-	-	-	-	-	-	-
Service charges - electricity revenue				7 675	7 923	10 298	11 559	11 559	11 559	12 946	13 696	14 491
Service charges - water revenue				2 247	4 618	-	-	-	-	-	-	-
Service charges - sanitation revenue				1 797	3 362	-	-	-	-	-	-	-
Service charges - refuse revenue				2 478	2 822	3 260	3 482	3 482	3 482	3 691	3 905	4 131
Service charges - other				-	-	-	-	-	-	-	-	-
Rental of facilities and equipment				114	171	114	1 076	1 076	1 076	1 076	1 138	1 204
Interest earned - external investments				530	497	526	456	456	456	456	482	510
Interest earned - outstanding debtors				4 239	5 259	3 317	2 375	2 375	2 375	2 375	2 513	2 603
Dividends received				-	-	-	-	-	-	-	-	-
Fines				32	9	6	25	25	25	25	26	27
Licences and permits				-	-	-	-	-	-	-	-	-
Agency services				824	1 560	4 803	899	899	899	877	927	969
Transfers recognised - operational				39 475	49 241	54 219	64 709	64 709	64 709	61 221	63 024	65 701
Other revenue				12 120	14 596	2 146	3 779	3 779	3 779	3 379	3 575	3 782
Gains on disposal of PPE				-	-	-	-	-	-	-	-	-
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	75 215	94 769	83 807	93 485	93 485	93 485	91 496	95 054	99 522

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

EC138 Sakhisizwe - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)													
Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand													
Employee related costs				30 037	32 249	28 361	32 622	32 622	32 622	34 309	36 299	38 405	
Remuneration of councillors				4 954	5 433	5 459	6 162	6 162	6 162	6 496	6 873	7 272	
Debt impairment				5 217	25 769	568	4 180	4 180	4 180	4 180	4 423	4 679	
Depreciation & asset impairment				9 451	10 907	10 618	9 097	9 097	9 097	9 097	9 625	10 168	
Finance charges				952	662	371	277	277	277	463	490	495	
Bulk purchases				6 039	6 322	8 619	9 293	9 293	9 293	9 457	10 006	10 586	
Other materials				2 102	4 924	1 422	2 998	2 998	2 998	2 498	2 643	2 796	
Contracted services				738	576	1 752	2 015	2 015	2 015	2 015	2 132	2 225	
Transfers and grants				-	-	-	-	-	-	-	-	-	
Other expenditure				26 789	39 005	24 591	27 933	27 933	27 933	24 291	24 498	25 819	
Loss on disposal of PPE				-	(20)	-	-	-	-	-	-	-	
Allocations to other priorities													
Total Expenditure				1	86 279	125 826	81 761	94 577	94 577	94 577	92 807	96 988	102 445

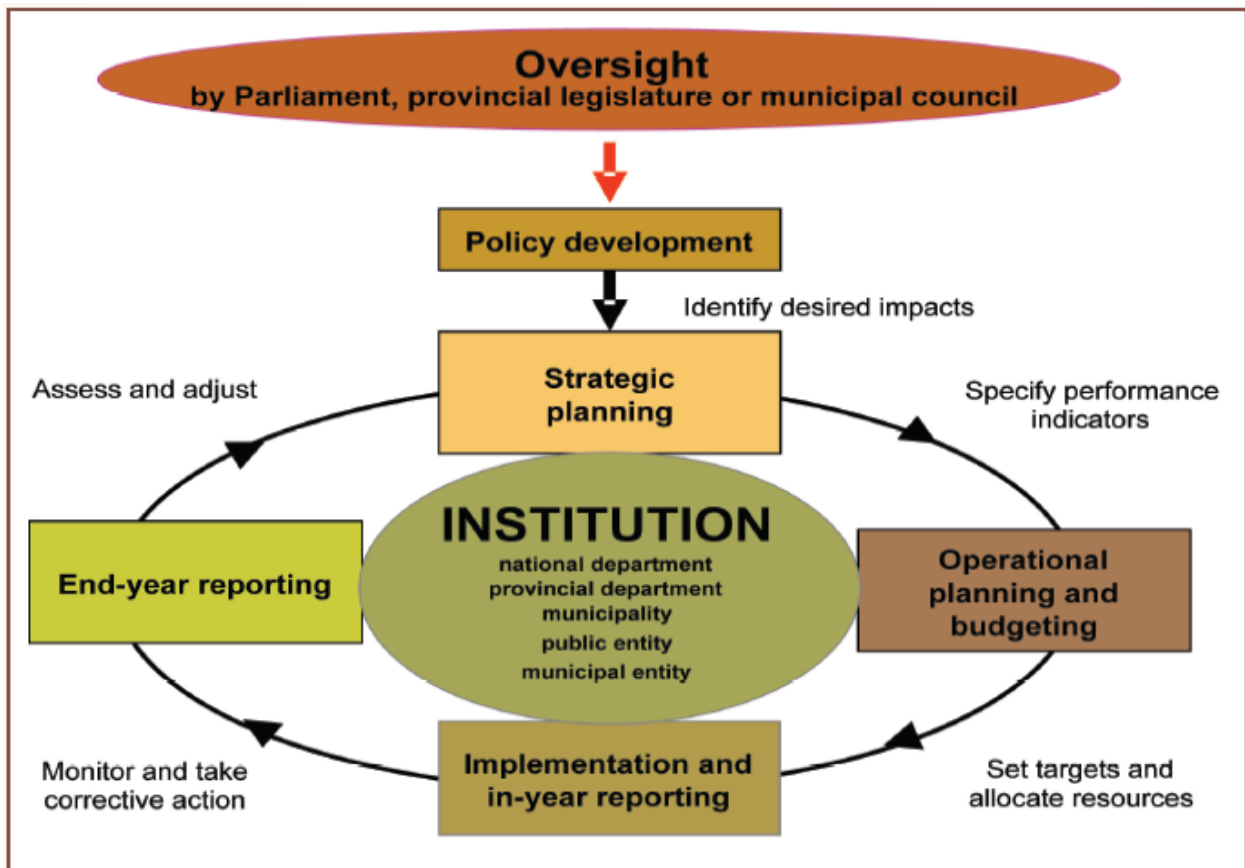
MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

EC138 Sakhisizwe - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)												
Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
EXUCUTIVE & COUNCIL		A		505	517	41	100	100	100	100	106	112
FINANCANCE & ADMIN		B		502	1 017	58	526	526	526	400	423	448
PLANNING & DEVELOPMENT		C		-	-	-	-	-	-	-	-	-
HOUSING		D		-	-	-	-	-	-	-	-	-
PUBLIC SAFTETY		E		-	-	-	736	736	736	-	-	-
HEALTH		F		-	-	-	-	-	-	-	-	-
COMMUNITY SERVICES		G		5 364	840	1 662	-	-	-	2 500	-	-
SPORT & RECREATION		H		-	-	-	-	-	-	1 562	1 653	1 749
WASTE MANAGEMENT		I		3 161	3 868	9 359	-	-	-	-	-	-
ROAD TRANSPORT		J		6 833	10 995	9 131	17 100	17 100	17 100	12 610	20 375	21 333
ELECTRICITY		K		934	2 158	-	4 390	4 390	4 390	2 010	11	11
WATER		L		231	-	-	-	-	-	-	-	-
WASTE WATER MANAGEMENT		M		-	-	-	-	-	-	-	-	-
		N										
		O										
		P										
Allocations to other priorities			3									
Total Capital Expenditure			1	17 531	19 394	20 251	22 851	22 851	22 851	19 182	22 568	23 652

1.10 Measurable performance objectives and indicators

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

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

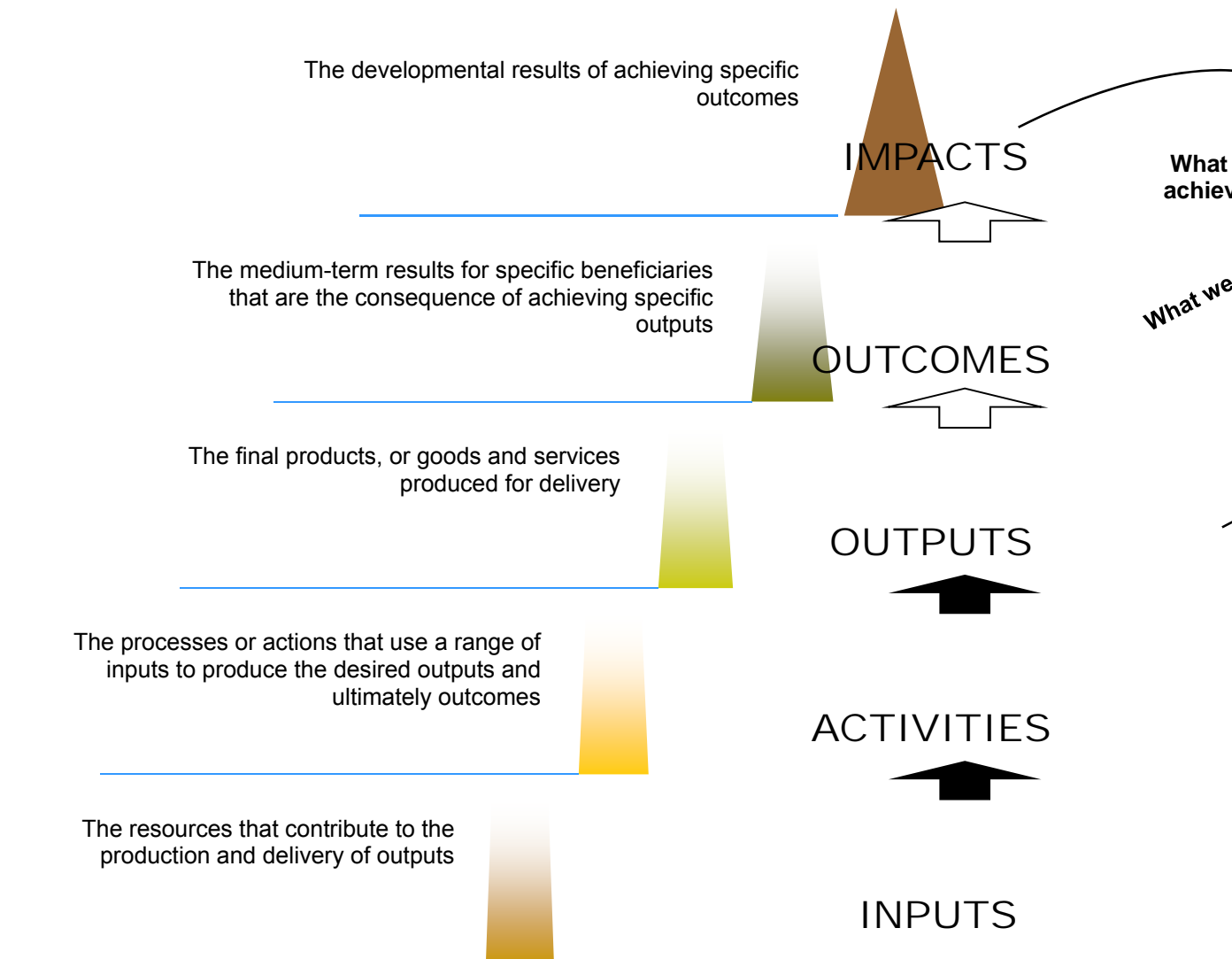


The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which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

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);

- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

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



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

MBRR Table SA7 - Measurable performance objectives

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

MBRR Table SA8 - Performance indicators and benchmarks

EC138 Sakhisizwe - Supporting Table SA8 Performance indicators and benchmarks											
Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.2%	1.6%	4.1%	3.6%	3.6%	3.6%	4.9%	2.7%	3.2%	3.7%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	5.5%	4.5%	12.0%	13.2%	13.2%	13.2%	13.1%	9.6%	11.4%	11.7%
Borrowed funding of 'own n' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	-100.0%	28.6%	2.6%	0.0%	0.0%	0.0%	0.0%	209.8%	-62.1%	-55.1%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	0.7	0.6	0.6	0.7	0.7	0.7	0.7	0.4	0.5	0.5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.7	0.6	0.6	0.7	0.7	0.7	0.7	0.4	0.5	0.5
Liquidity Ratio	Monetary Assets/Current Liabilities	0.6	0.5	0.3	0.4	0.4	0.4	0.4	0.0	0.0	0.0
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		346.1%	414.4%	490.1%	555.6%	555.6%	555.6%	549.2%	115.8%	115.8%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		431.7%	414.4%	490.1%	555.6%	555.6%	555.6%	549.2%	115.8%	115.8%	100.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	2.2%	3.6%	6.9%	9.6%	9.6%	9.6%	9.6%	10.4%	10.8%	10.5%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		393.7%	-89.8%	-267.7%	220.9%	79.4%	48.4%	34.8%	144.0%	104.0%	88.6%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
	Total Volume Losses (k?)										
Employee costs	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	40.7%	34.5%	34.5%	36.0%	36.0%	36.0%	35.9%	38.9%	40.1%	39.3%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	47.4%	39.6%	40.4%	42.8%	42.8%	42.8%		46.3%	47.7%	46.7%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	5.7%	10.4%	1.8%	2.9%	2.9%	2.9%		3.6%	2.5%	2.4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	14.1%	12.4%	13.4%	10.3%	10.3%	10.3%	10.3%	10.8%	11.2%	10.9%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	25.5	14.9	8.9	8.3	8.3	8.3	5.4	4.6	4.3	5.0
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	9.7%	15.1%	32.9%	47.2%	47.2%	47.2%	46.7%	49.0%	49.0%	42.6%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.3	(1.3)	(1.2)	1.3	3.6	5.8	9.6	2.0	2.9	3.4

1.10.1 Performance indicators and benchmarks

1.10.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Sakhisizwe Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2016/17 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. This ratio is by far below the borrowing capacity of the municipality, but it needs to be noted that capital grants and transfers has contributed significantly to the municipality's capital expenditure programs, thus limiting the need for borrowing.
- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing is steady 0.1 percent throughout the MTREF period. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality should limit external interest charges to the minimum.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The municipality does not intend borrowing any money during the MTREF period.

The Municipality's debt profile provides some interesting insights on the Municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

The Municipality has bought vehicles on hire purchase and will pay instalments monthly for a five year period.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2013/14 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

1.10.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves. This ratio is well below the norm, indicating a strong financial position.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

1.10.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of more than 2 which is a general benchmark,

hence at no point in time should this ratio be less than 2. For the 2016/17 MTREF the current ratio is 2.1, and 2.4 and 3.1 respectively for the two outer years of the MTREF. Going forward it will be good financial practices if these levels can be maintained.

- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2016/17 financial year the ratio was 0.7 and as part of the financial planning strategy it has been increased to 2.1 in the 2017/18 and has increased to 2.8 in 2018/19 financial year.

-

1.10.1.4 Revenue Management

- As part of the financial sustainability, an aggressive revenue management framework should be implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the framework should be to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection. The collection rates in this indicator is based on all cash receipts, also for direct income. The collection rate used for the calculation of debtors' payments was 15 percent and should increase if the municipality wants to be financial as a going concern.ly conservative approach in order to cater for the current negative economic climate.

1.10.1.5 Creditors Management

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

1.10.1.6 Other Indicators

- The municipality needs to know what causes high electricity losses. The municipality has then to developed mechanism to determine what is an acceptable distribution loss and what should be contributed to theft.
- Employee costs as a percentage of operating revenue is fairly constant over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also fairly constant owing directly to cost drivers such as bulk purchases increasing far above inflation. The expenditure on repairs and maintenance is well below acceptable levels, but the actual cost will only be determined when a costing system is implemented.

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

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the MTREF 1903 registered indigents have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 6kℓ free water for consumption and 4 for sanitation, 50 kwh of electricity, free sanitation and free waste removal equivalent once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained elsewhere in this report.

1.11 Overview of budget related-policies

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

The following is a broad framework of all the policies the council have:

1.11.1 Review of credit control and debt collection procedures/policies

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

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, they are entitled to free basic services.

The 2016/17 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 15 percent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels.

1.11.2 Asset Management, Infrastructure Investment and Funding Policy

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

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

1.11.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

1.11.4 Supply Chain Management Policy

The Supply Chain Management Policy was reviewed and adopted by Council in May 2015.

1.11.5 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations.

1.11.6 Cash Management and Investment Policy

The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

1.11.7 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

All the above policies are available at main municipal building, as well as the following budget related policies:

- Corruption & Fraud Policy;
- Debt Write Off Policy;
- Indigent Policy;
- Information Technology Policy;
- Rates & Bylaws Policy;
- Interest Reversal Policy
- Loans Policy
- Unforeseen & Unavoidable Expenditure Policy;
- Administration of Immoveable Property Policy;
- MFMA Delegations Policy.

1.12 Overview of budget assumptions

1.12.1 External factors

Domestically, after five years of strong growth, during which about two million jobs were created, our economy shrank fast and millions of people lost their jobs. It is expected that recovery from this deterioration will be slow and uneven and that growth for 2016 will be minimal with a slightly better growth in the outer years.

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

1.12.2 General inflation outlook and its impact on the municipal activities

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

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity; and
- The increase in the cost of remuneration.

1.12.3 Credit rating outlook

The Municipality did not perform a credit rating outlook.

1.12.4 Interest rates for borrowing and investment of funds

The municipality will not borrow any funds during the MTREF period. It is expected that interest rates will be adjusted slightly upwards during the MTREF period and it was budget for as such.

1.12.5 Collection rate for revenue services

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

The rate of revenue collection is currently expressed as a percentage (20 percent) of annual billings. Cash flow is assumed to be 20 percent of billings. The performance of any increased collections or arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

1.12.6 Growth or decline in tax base of the municipality

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

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

1.12.7 Salary increases

There is a collective agreement on salary increases in place for the budget year, and the guidance on increases as contained in Circular 66 of National Treasury was also used during the compilation of budget accordingly.

1.12.8 Impact of national, provincial and local policies

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

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

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

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

It is estimated that a spending rate of at least 97 percent is achieved on operating expenditure and 98 percent on the capital programme for the 2016/17 MTREF of which performance has been factored into the cash flow budget.

1.13 Overview of budget funding

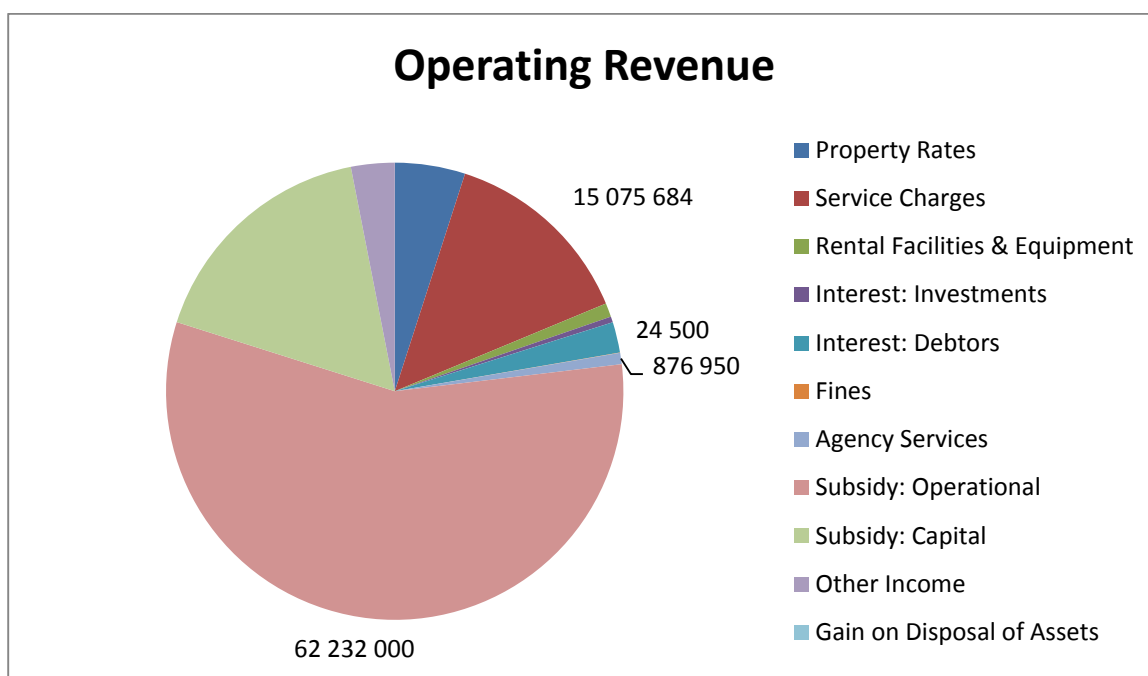
1.13.1 Medium-term outlook: operating revenue

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

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Financial Performance										
Property rates	3 684	4 711	5 119	5 126	5 126	5 126	5 126	5 452	5 768	6 102
Service charges	12 816	17 535	11 927	12 191	12 191	12 191	12 391	12 272	12 984	16 875
Investment revenue	530	497	526	456	456	456	456	456	482	510
Transfers recognised - operational	39 475	49 241	54 219	64 709	64 709	64 709	64 709	62 232	63 035	65 734
Other own revenue	17 329	21 594	10 386	8 154	8 154	8 154	8 154	7 731	8 179	8 586
Total Revenue (excluding capital transfers and contributions)	73 834	93 578	82 177	90 635	90 635	90 635	90 835	88 143	90 448	97 808

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

Breakdown of operating revenue over the 2016/17 MTREF



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

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

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

MBRR SA15 – Detail Investment Information

EC138 Sakhisizwe - Supporting Table SA15 Investment particulars by type										
Investment type	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		9 967	11 743	6 434	8 000	8 000	8 000	1 000	1 058	1 119
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	9 967	11 743	6 434	8 000	8 000	8 000	1 000	1 058	1 119
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		9 967	11 743	6 434	8 000	8 000	8 000	1 000	1 058	1 119

MBRR SA16 – Investment particulars by maturity

EC138 Sakhisizwe - Supporting Table SA16 Investment particulars by maturity											
Investments by Maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised
		Yrs/Months									
Parent municipality											
Municipality sub-total										-	
Entities											
Entities sub-total										-	
TOTAL INVESTMENTS AND INTEREST	1									-	

1.13.2 Cash Flow Management

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

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

MBRR Table A7 - Budget cash flow statement

EC138 Sakhisizwe - Table A7 Budgeted Cash Flows

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		16 996	26 444	8 536	17 072	17 072	17 072	17 072	5 452	5 768	6 102
Service charges		54 238	65 747	75 006	79 131	79 131	79 131	79 131	15 076	15 950	16 875
Other revenue		12 397	21 691	6 372	6 723	6 723	6 723	6 723	5 356	5 666	5 983
Government - operating	1	4 239	-	-	-	-	-	-	62 232	63 035	65 734
Government - capital	1	-	-	-	-	-	-	-	18 662	17 614	18 411
Interest									2 831	2 995	3 114
Dividends									-	-	-
Payments											
Suppliers and employees		-	(40 347)	(34 199)	(36 080)	(36 080)	(36 080)	(36 080)	(76 795)	(80 032)	(84 642)
Finance charges		-	(25 571)	(25 337)	(26 731)	(26 731)	(26 731)	(26 731)	-	-	-
Transfers and Grants	1	-	(43 424)	(4 872)	(5 140)	(5 140)	(5 140)	(5 140)	(2 667)	(1 700)	(1 700)
NET CASH FROM/(USED) OPERATING ACTIVITIES		87 870	4 541	25 505	34 974	34 974	34 974	34 974	30 147	29 296	29 877
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		(38 636)	(19 275)	(18 317)	(19 325)	(19 325)	(19 325)	(19 325)	-	-	-
Decrease (increase) in non-current debtors		(13 924)	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		(209)	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		(16 122)	-	-	-	-	-	-	-	-	-
Payments											
Capital assets									(19 182)	(22 568)	(23 652)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(68 891)	(19 275)	(18 317)	(19 325)	(19 325)	(19 325)	(19 325)	(19 182)	(22 568)	(23 652)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		(2 203)	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		(15 102)	5 259	526	-	-	-	-	1 091	1 026	964
Increase (decrease) in consumer deposits		530	(87)	(398)	(420)	(420)	(420)	(420)	-	-	-
Payments											
Repayment of borrowing		(952)	(1 346)	(2 972)	(3 135)	(3 135)	(3 135)	(3 135)	(2 017)	(2 624)	(3 271)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(17 726)	3 827	(2 844)	(3 555)	(3 555)	(3 555)	(3 555)	(926)	(1 599)	(2 307)
NET INCREASE/ (DECREASE) IN CASH HELD		1 254	(10 907)	4 344	12 095	12 095	12 095	12 095	10 038	5 130	3 918
Cash/cash equivalents at the year begin:	2	-	1 254	(9 653)	(5 308)	6 786	18 881	30 976	1 000	11 038	16 168
Cash/cash equivalents at the year end:	2	1 254	(9 653)	(5 308)	6 786	18 881	30 976	43 070	11 038	16 168	20 086

1.13.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

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

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

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

MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

EC138 Sakhisizwe - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash and investments available											
Cash/cash equivalents at the year end	1	1 254	(9 653)	(5 308)	6 786	18 881	30 976	43 070	11 038	16 168	20 086
Other current investments > 90 days		8 714	21 396	11 743	1 214	(10 881)	(22 976)	(35 070)	(10 038)	(15 110)	(18 967)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		9 967	11 743	6 434	8 000	8 000	8 000	8 000	1 000	1 058	1 119
Application of cash and investments											
Unspent conditional transfers		4 456	8 378	2 647	2 792	2 792	2 792	2 792	2 960	3 131	3 313
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	934	(99)	(4 273)	(20 097)	(20 097)	(20 097)	(19 823)	6 534	6 912	8 337
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		5 390	8 279	(1 626)	(17 305)	(17 305)	(17 305)	(17 031)	9 493	10 044	11 650
Surplus(shortfall)		4 577	3 464	8 060	25 305	25 305	25 305	25 031	(8 493)	(8 986)	(10 530)

From the above table it can be seen that the cash and investments available total R8 million in the 2015/16 financial year and progressively decrease to R1 million by 2016/17, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued.

- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, resulting in cash flow challenges. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.
- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the Capital Replacement Reserve, Employee Benefits Reserves and the Rehabilitation of landfill sites and quarries.

1.13.4 Funding compliance measurement

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

MBRR SA10 – Funding compliance measurement

Description	MFMA section	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	1 254	(9 653)	(5 308)	6 786	18 881	30 976	43 070	11 038	16 168	20 086
Cash + investments at the yr end less applications - R'000	18(1)b	2	4 577	3 464	8 060	25 305	25 305	25 305	25 031	(8 493)	(8 986)	(10 530)
Cash year end/monthly employee/supplier payments	18(1)b	3	0.3	(1.3)	(1.2)	1.3	3.6	5.8	9.6	2.0	2.9	3.4
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	9 994	(15 685)	14 070	17 148	17 148	17 148	42 361	13 603	11 792	14 535
Service charge rev % change - macro CPI target exclusiv e	18(1)a,(2)	5	N.A.	28.8%	(29.4%)	(4.4%)	(6.0%)	(6.0%)	(4.8%)	(3.6%)	(0.2%)	16.5%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	247.2%	259.8%	327.8%	404.1%	404.1%	404.1%	401.0%	101.7%	101.7%	91.8%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	31.6%	115.8%	3.3%	24.1%	24.1%	24.1%	23.9%	23.6%	23.6%	20.4%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	124.2%	124.5%
Borrowing receipts % of capital expenditure (ex cl. transfers)	18(1)c	9	(87.3%)	28.6%	2.6%	0.0%	0.0%	0.0%	0.0%	209.8%	(62.1%)	(55.1%)
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	108.5%	67.2%	54.0%	0.0%	0.0%	0.0%	6.0%	5.8%	5.8%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	4.6%	10.3%	1.0%	1.7%	1.7%	1.7%	2.0%	1.9%	1.3%	1.3%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

1.13.4.1 Cash/cash equivalent position

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

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

1.13.4.2 Cash plus investments less application of funds

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

1.13.4.3 Monthly average payments covered by cash or cash equivalents

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

1.13.4.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2013/14 MTREF and outer years the municipality has a small surpluses.

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

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

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

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 percent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth is higher than forecasted CPIX for the respective financial year of the 2013/14 MTREF which is mainly due to higher electricity tariff increase. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

1.13.4.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 102.1 percent for 2016/17 and 102.3 percent for the outer financial years. Given that the assumed collection rate was based on a 20 percent performance target, the cash flow statement has been conservatively determined. However, the percentage in the above table includes direct receipts for services being paid in cash such as agency services and permits. This

measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

1.13.4.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 20 percent over the MTREF. .

1.13.4.8 Capital payments percentage of capital expenditure

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

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

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

1.13.4.10 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position.

1.13.4.11 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

1.13.4.12 Asset renewal/rehabilitation expenditure level

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

1.14 Expenditure on grants and reconciliations of unspent funds

MBRR SA19 - Expenditure on transfers and grant programmes

EC138 Sakhisizwe - Supporting Table SA19 Expenditure on transfers and grant programme										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
EXPENDITURE:										
Operating expenditure of Transfers and Grants										
National Government:										
Local Government Equitable Share		-	-	-	-	-	-	62 648	62 543	65 222
Finance Management								57 906	60 843	63 522
Municipal Systems Improvement								1 625	1 700	1 700
EPWP Incentive								-	-	-
Integrated National Electrification Programme								1 117	-	-
								2 000	-	-
Other transfers/grants [insert description]										
Provincial Government:										
Local Economic Development (LED) Capacity		-	-	-	-	-	-	1 380	380	402
Expanded Public Works Programme (EPWP)								-	-	-
Library Subsidies								380	380	402
Other transfers/grants [insert description]								1 000	-	-
District Municipality:										
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total operating expenditure of Transfers and Grants		-	-	-	-	-	-	64 028	62 923	65 624
Capital expenditure of Transfers and Grants										
National Government:										
Municipal Infrastructure Grant (MIG)		-	-	-	-	-	-	17 539	18 541	19 380
Other capital transfers/grants [insert desc]								17 539	18 541	19 380
Provincial Government:										
Other capital transfers/grants [insert description]		-	-	-	-	-	-	-	-	-
District Municipality:										
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total capital expenditure of Transfers and Grants		-	-	-	-	-	-	17 539	18 541	19 380
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		-	-	-	-	-	-	81 567	81 464	85 004

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

EC138 Sakhisizwe - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year								62 648	62 543	65 222
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	62 648	62 543	65 222
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts								1 380	380	402
Conditions met - transferred to revenue		-	-	-	-	-	-	1 380	380	402
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts								17 539	18 541	19 380
Conditions met - transferred to revenue		-	-	-	-	-	-	17 539	18 541	19 380
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		-	-	-	-	-	-	81 567	81 464	85 004
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		-	-	-	-	-	-	-	-	-
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		-	-	-	-	-	-	81 567	81 464	85 004
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

1.15 Councillor and employee benefits

MBRR SA22 - Summary of councillor and staff benefits

EC138 Sakhisizwe - Supporting Table SA22 Summary councillor and staff benefits										
Summary of Employee and Councillor remuneration	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		3 553	3 607	3 988	4 781	4 781	4 781	5 116	5 412	5 726
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		67	82	110	-	-	-	-	-	-
Motor Vehicle Allowance		1 063	785	500	984	984	984	984	1 041	1 102
Cellphone Allowance		229	336	234	397	397	397	397	420	444
Housing Allowances										
Other benefits and allowances		42	62	47	-	-	-	-	-	-
Sub Total - Councillors		4 954	4 872	4 879	6 162	6 162	6 162	6 496	6 873	7 272
% increase	4		(1.7%)	0.1%	26.3%	-	-	5.4%	5.8%	5.8%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		3 300	4 110	5 467	6 007	6 007	6 007	6 150	6 507	6 884
Pension and UIF Contributions		241	270	327	484	484	484	492	521	551
Medical Aid Contributions		114	96	111	161	161	161	161	171	181
Overtime		316	234	261	264	264	264	264	279	296
Performance Bonus		32	113	60	69	69	69	69	73	77
Motor Vehicle Allowance	3	82	82	159	82	82	82	82	86	91
Cellphone Allowance	3	1 660	664	241	640	640	640	640	677	716
Housing Allowances	3	549	61	74	40	40	40	42	44	47
Other benefits and allowances	3	-	-	-	-	-	-	-	-	-
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		6 293	5 629	6 699	7 747	7 747	7 747	7 900	8 359	8 843
% increase	4		(10.5%)	19.0%	15.6%	-	-	2.0%	5.8%	5.8%
Other Municipal Staff										
Basic Salaries and Wages		17 506	18 561	16 106	19 210	19 210	19 210	20 541	21 733	22 993
Pension and UIF Contributions		1 980	2 389	2 268	2 519	2 519	2 519	2 695	2 851	3 017
Medical Aid Contributions		1 364	2 349	1 722	1 509	1 509	1 509	1 509	1 596	1 689
Overtime		25	34	25	17	17	17	17	18	19
Performance Bonus		11	10	2	5	5	5	5	5	5
Motor Vehicle Allowance	3	-	-	-	-	-	-	-	-	-
Cellphone Allowance	3	2 317	2 010	1 167	1 128	1 128	1 128	1 128	1 193	1 263
Housing Allowances	3	-	-	-	43	43	43	43	46	49
Other benefits and allowances	3	528	1 249	364	444	444	444	471	499	528
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff		23 731	26 602	21 654	24 875	24 875	24 875	26 409	27 941	29 561
% increase	4		12.1%	(18.6%)	14.9%	-	-	6.2%	5.8%	5.8%
Total Parent Municipality		34 978	37 103	33 232	38 784	38 784	38 784	40 805	43 172	45 676
			6.1%	(10.4%)	16.7%	-	-	5.2%	5.8%	5.8%

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

EC138 Sakhisizwe - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)								
Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		510 712		170 929			681 641
Chief Whip								-
Executive Mayor			811 073		41 820			852 893
Deputy Executive Mayor								-
Executive Committee			957 584		283 818			1 241 402
Total for all other councillors			1 944 412		676 284			2 620 696
Total Councillors	8	-	4 223 781	-	1 172 851			5 396 632
Senior Managers of the Municipality	5							
Municipal Manager (MM)			917 603	131 918	204 912	160 000		1 414 433
Chief Finance Officer			708 788	135 972	123 415	125 000		1 093 176
								-
								-
								-
<i>List of each official with packages >= senior manager</i>								
Manager - Community Services			843 485	1 785	47 397	110 000		1 002 666
Manager - Strategic Services			585 732	112 862	-	-		698 594
Manager - Technical Services			898 148	1 785	72 000	125 000		1 096 933
Manager - IPED			214 000	-	3 000	-		217 000
Manager - Corporate Services			907 431	1 785	72 000	120 000		1 101 215
								-
								-
								-
								-
								-
								-
								-
Total Senior Managers of the Municipality	8,10	-	5 075 188	386 106	522 724	640 000		6 624 018

MBRR SA24 – Summary of personnel numbers

EC138 Sakhisizwe - Supporting Table SA24 Summary of personnel numbers										
Summary of Personnel Numbers	Ref	2014/15			Current Year 2015/16			Budget Year 2016/17		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)	4	17		17	17		17	17		
Board Members of municipal entities	5									
Municipal employees										
Municipal Manager and Senior Managers	3	10		10	10		10	10		10
Other Managers	7	2		2	2		2	2		2
Professionals		1	-	1	1	-	1	1	-	1
<i>Finance</i>		1		1	1		1	1		1
<i>Spatial/town planning</i>										
<i>Information Technology</i>										
<i>Roads</i>										
<i>Electricity</i>										
<i>Water</i>										
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>										
Technicians		160	160	-	114	114	-	107	107	-
<i>Finance</i>										
<i>Spatial/town planning</i>										
<i>Information Technology</i>		2	2		2	2		2	2	
<i>Roads</i>		2	2		2	2		2	2	
<i>Electricity</i>		2	2		2	2		2	2	
<i>Water</i>			-			-			-	
<i>Sanitation</i>			-			-			-	
<i>Refuse</i>			-			-			-	
<i>Other</i>		154	154		108	108		101	101	
Clerks (Clerical and administrative)		25	25		25	25		25	25	
Service and sales workers			-			-			-	
Skilled agricultural and fishery workers			-			-			-	
Craft and related trades			-			-			-	
Plant and Machine Operators		5	5		7	7		15	15	
Elementary Occupations										
TOTAL PERSONNEL NUMBERS	9	220	190	30	176	146	30	177	147	13
% Increase					(20.0%)	(23.2%)	-	0.6%	0.7%	(56.7%)

1.16 Monthly targets for revenue, expenditure and cash flow

MBRR SA25 - Budgeted monthly revenue and expenditure

EC138 Sakhisizwe - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source																
Property rates		454	454	454	454	454	454	454	454	454	454	454	454	5 452	5 768	6 102
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		949	949	949	949	949	949	949	949	949	949	949	(585)	9 851	10 422	12 744
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		308	308	308	308	308	308	308	308	308	308	308	(962)	2 421	2 562	4 131
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		90	90	90	90	90	90	90	90	90	90	90	90	1 076	1 138	1 204
Interest earned - external investments		38	38	38	38	38	38	38	38	38	38	38	38	456	482	510
Interest earned - outstanding debtors		198	198	198	198	198	198	198	198	198	198	198	198	2 375	2 513	2 603
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		2	2	2	2	2	2	2	2	2	2	2	2	25	26	27
Licences and permits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services		73	73	73	73	73	73	73	73	73	73	73	73	877	927	969
Transfers recognised - operational		28 553	11	11	391	25 906	11	11	21	25 916	21	21	(18 641)	62 232	63 035	65 734
Other revenue		282	282	282	282	282	282	282	282	282	282	282	282	3 379	3 575	3 782
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		30 946	2 404	2 404	2 784	28 299	2 404	2 404	2 414	28 309	2 414	2 414	(19 052)	88 143	90 448	97 808
Expenditure By Type																
Employee related costs		2 855	2 855	2 855	2 855	2 855	2 899	2 855	2 855	2 855	2 855	2 855	2 855	34 309	36 299	38 405
Remuneration of councillors		541	541	541	541	541	541	541	541	541	541	541	541	6 496	6 873	7 272
Debt impairment		348	348	348	348	348	348	348	348	348	348	348	348	4 180	4 423	4 679
Depreciation & asset impairment		758	758	758	758	758	758	758	758	758	758	758	758	9 097	9 625	10 168
Finance charges		39	39	39	39	39	39	39	39	39	39	39	39	463	490	495
Bulk purchases		773	773	773	773	773	773	773	773	773	773	773	773	9 278	9 816	10 385
Other materials		1 208	208	208	208	208	208	208	208	208	208	208	208	3 498	2 643	2 796
Contracted services		168	168	168	168	168	168	168	168	168	168	168	168	2 015	2 132	2 225
Transfers and grants		214	214	214	214	214	214	214	224	224	271	224	(2 443)	-	-	-
Other expenditure		2 648	2 123	1 872	1 622	1 622	1 662	1 546	1 676	1 606	1 606	1 606	4 273	23 866	23 969	25 260
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		9 553	8 028	7 777	7 527	7 527	7 611	7 452	7 592	7 522	7 569	7 522	7 522	93 202	96 269	101 684
Surplus/(Deficit)		21 393	(5 624)	(5 374)	(4 744)	20 771	(5 207)	(5 048)	(5 178)	20 787	(5 155)	(5 108)	(26 574)	(5 059)	(5 822)	(3 876)
Transfers recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-	18 662	18 662	17 614	18 411
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		21 393	(5 624)	(5 374)	(4 744)	20 771	(5 207)	(5 048)	(5 178)	20 787	(5 155)	(5 108)	(7 912)	13 603	11 792	14 535
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	21 393	(5 624)	(5 374)	(4 744)	20 771	(5 207)	(5 048)	(5 178)	20 787	(5 155)	(5 108)	(7 912)	13 603	11 792	14 535

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

BRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

EC138 Sakhisizwe - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)																
Description	Ref	Budget Year 2016/17											Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote																
Vote 1 - EXECUTIVE AND COUNCIL		1 086	-	-	-	1 086	-	-	-	1 086	-	-	-	3 259	3 417	3 583
Vote 2 - BUDGET AND TREASURY		20 472	609	609	609	18 825	609	609	609	18 825	609	609	519	63 517	66 767	69 668
Vote 3 - CORPORATE SERVICES		6 676	83	83	83	6 676	83	83	93	6 686	93	93	(20 640)	90	79	84
Vote 4 - PLANNING & DEVELOPMENT		4	4	4	4	4	4	4	4	4	4	4	121	167	112	110
Vote 5 - TECHNICAL SERVICES		235	235	235	235	235	235	235	235	235	235	235	31 736	34 318	31 938	33 554
Vote 6 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-	-	8 258	8 258	8 715	9 220
Total Revenue by Vote		30 946	2 404	2 404	2 784	28 299	2 404	2 404	2 414	28 309	2 414	2 414	109 608	111 028	116 219	
Expenditure by Vote to be appropriated																
Vote 1 - EXECUTIVE AND COUNCIL		1 699	2 105	1 604	1 604	1 604	1 604	1 521	1 581	1 581	1 581	1 581	2 513	20 577	21 770	23 031
Vote 2 - BUDGET AND TREASURY		2 446	1 994	2 082	1 994	1 994	2 055	1 994	1 994	1 994	2 041	1 994	(8 654)	13 931	14 670	15 422
Vote 3 - CORPORATE SERVICES		433	359	384	359	359	359	359	369	369	369	369	5 631	9 717	10 264	10 829
Vote 4 - PLANNING & DEVELOPMENT		43	41	41	41	41	44	41	41	41	41	41	2 083	2 538	2 336	2 471
Vote 5 - TECHNICAL SERVICES		330	258	283	258	258	258	258	258	258	258	258	27 124	30 054	29 893	31 627
Vote 6 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-	-	16 386	16 386	17 336	18 304
Total Expenditure by Vote		9 553	8 028	7 777	7 527	7 527	7 611	7 452	7 592	7 522	7 569	7 522	93 202	96 269	101 684	
Surplus/(Deficit) before assoc.		21 393	(5 624)	(5 374)	(4 744)	20 771	(5 207)	(5 048)	(5 178)	20 787	(5 155)	(5 108)	(5 108)	16 406	14 759	14 535
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	21 393	(5 624)	(5 374)	(4 744)	20 771	(5 207)	(5 048)	(5 178)	20 787	(5 155)	(5 108)	(5 108)	16 406	14 759	14 535

MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

EC138 Sakhisizwe - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)																
Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Multi-year expenditure to be appropriated	1															
Vote 1 - EXECUTIVE AND COUNCIL		18	9	-	-	-	-	-	-	-	-	-	73	100	106	112
Vote 2 - BUDGET AND TREASURY		73	37	-	-	-	-	-	-	-	-	-	290	400	423	448
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-	-	-	18 682	18 682	17 635	18 433
Vote 6 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	2	3 852	1 971	-	1 050	1 050	208	375	167	-	-	-	10 509	19 182	18 164	18 993
Single-year expenditure to be appropriated																
Vote 1 - EXECUTIVE AND COUNCIL		8	8	8	8	8	8	8	8	8	8	8	(92)	-	-	-
Vote 2 - BUDGET AND TREASURY		33	33	33	33	33	33	33	33	33	33	33	(367)	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	2	1 599	1 599	1 599	1 599	1 599	1 599	1 599	1 599	1 599	1 599	1 599	(17 584)	-	-	-
Total Capital Expenditure	2	5 450	3 569	1 599	2 649	2 649	1 807	1 974	1 765	1 599	1 599	1 599	(7 074)	19 182	18 164	18 993

MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

EC138 Sakhisizwe - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)																
Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital Expenditure - Standard	1															
<i>Governance and administration</i>		42	42	42	42	42	42	42	42	42	42	42	42	500	529	560
Executive and council		8	8	8	8	8	8	8	8	8	8	8	8	100	106	112
Budget and treasury office		33	33	33	33	33	33	33	33	33	33	33	33	400	423	448
Corporate services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		339	339	339	339	339	339	339	339	339	339	339	339	4 062	1 653	1 749
Community and social services		208	208	208	208	208	208	208	208	208	208	208	208	2 500	-	-
Sport and recreation		130	130	130	130	130	130	130	130	130	130	130	130	1 562	1 653	1 749
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		1 051	1 051	1 051	1 051	1 051	1 051	1 051	1 051	1 051	1 051	1 051	5 113	16 672	17 625	18 422
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport		1 051	1 051	1 051	1 051	1 051	1 051	1 051	1 051	1 051	1 051	1 051	5 113	16 672	17 625	18 422
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		168	168	168	168	168	168	168	168	168	168	168	168	2 010	11	11
Electricity		168	168	168	168	168	168	168	168	168	168	168	168	2 010	11	11
Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	2	1 599	1 599	1 599	1 599	1 599	1 599	1 599	1 599	1 599	1 599	1 599	5 661	23 244	19 817	20 742
Funded by:																
National Government													18 662	18 662	19 817	20 742
Provincial Government													-	-	-	-
District Municipality													-	-	-	-
Other transfers and grants													-	-	-	-
Transfers recognised - capital		-	-	-	-	-	-	-	-	-	-	-	18 662	18 662	19 817	20 742
Public contributions & donations													-	-	-	-
Borrowing													-	-	-	-
Internally generated funds													520	520	-	-
Total Capital Funding		-	-	-	-	-	-	-	-	-	-	-	19 182	19 182	19 817	20 742

MBRR SA30 - Budgeted monthly cash flow

EC138 Sakhisizwe - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand															
Cash Receipts By Source													1		
Property rates	454	454	454	454	454	454	454	454	454	454	454	454	5 452	5 768	6 102
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	949	949	949	949	949	949	949	949	949	949	949	949	11 385	12 045	12 744
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	308	308	308	308	308	308	308	308	308	308	308	308	3 691	3 905	4 131
Service charges - other															
Rental of facilities and equipment	90	90	90	90	90	90	90	90	90	90	90	90	1 076	1 138	1 204
Interest earned - external investments	38	38	38	38	38	38	38	38	38	38	38	38	456	482	510
Interest earned - outstanding debtors	198	198	198	198	198	198	198	198	198	198	198	198	2 375	2 513	2 603
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	2	2	2	2	2	2	2	2	2	2	2	2	25	26	27
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services	73	73	73	73	73	73	73	73	73	73	73	73	877	927	969
Transfer receipts - operational	22 332	11	11	391	19 685	11	11	21	19 695	21	21	21	62 232	63 035	65 734
Other revenue	282	282	282	282	282	282	282	282	282	282	282	282	3 379	3 575	3 782
Cash Receipts by Source	24 725	2 404	2 404	2 784	22 078	2 404	2 404	2 414	22 088	2 414	2 414	2 414	90 946	93 414	97 808
Other Cash Flows by Source															
Transfer receipts - capital	6 221	-	-	-	6 221	-	-	-	6 221	-	-	-	18 662	17 614	18 411
Contributions recognised - capital & Contributed assets															
Proceeds on disposal of PPE															
Short term loans															
Borrowing long term/refinancing	91	91	91	91	91	91	91	91	91	91	91	91	1 091	1 026	964
Increase (decrease) in consumer deposits															
Decrease (Increase) in non-current debtors															
Decrease (increase) other non-current receivables															
Decrease (increase) in non-current investments															
Total Cash Receipts by Source	31 037	2 495	2 495	2 875	28 390	2 495	2 495	2 505	28 400	2 505	2 505	2 505	110 699	112 054	117 183
Cash Payments by Type															
Employee related costs	2 855	2 855	2 855	2 855	2 855	2 899	2 855	2 855	2 855	2 855	2 855	2 855	34 309	36 299	38 405
Remuneration of councillors	541	541	541	541	541	541	541	541	541	541	541	541	6 496	6 873	7 272
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Electricity	773	773	773	773	773	773	773	773	773	773	773	773	9 278	9 816	10 385
Bulk purchases - Water & Sewer															
Other materials	1 208	208	208	208	208	208	208	208	208	208	208	208	3 498	2 643	2 796
Contracted services	168	168	168	168	168	168	168	168	168	168	168	168	2 015	2 132	2 225
Transfers and grants - other municipalities															
Transfers and grants - other	214	214	214	214	214	214	214	224	224	271	224	224	2 667	1 700	1 700
Other expenditure	2 648	2 123	1 872	1 622	1 622	1 662	1 546	1 676	1 606	1 606	1 606	1 606	21 199	22 269	23 560
Cash Payments by Type	8 408	6 883	6 632	6 382	6 382	6 466	6 307	6 447	6 377	6 424	6 377	6 377	79 462	81 732	86 342
Other Cash Flows/Payments by Type															
Capital assets	1 599	1 599	1 599	1 599	1 599	1 599	1 599	1 599	1 599	1 599	1 599	1 599	19 182	22 568	23 652
Repayment of borrowing	130	130	130	130	130	130	130	130	130	130	130	593	2 017	2 624	3 271
Other Cash Flows/Payments															
Total Cash Payments by Type	10 136	8 611	8 360	8 110	8 110	8 194	8 035	8 175	8 105	8 152	8 105	8 568	100 661	106 924	113 265

Contracts having future budgetary implications

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

1.17 Capital expenditure details

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

SA36 - Detailed capital budget per municipal vote

EC138 Sakhisizwe - Supporting Table SA36 Detailed capital budget											
Municipal Vote/Capital project R thousand	Ref 4	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No) 6	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 5	Total Project Estimate	Prior year outcomes	
										Audited Outcome 2014/15	Current Year 2015/16 Full Year Forecast
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>											
office furniture					Yes	Other	Furniture and other office equipment				
Hawker stalls Bashee street cala ward 2 sport fields					Yes	Other Assets	Other				
Ookolo to kopitjije Access road phase 2					Yes	Community	Sportsfields & stadia				
Khuthule Access Road					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges				
California Construction of Road and Storm water					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges				
Ngxumza Access Road					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges				
Xonya To Macangceni access road					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges				
Old location street project					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges				
Tools and Equipment					Yes	Other Assets	Other				
Gubenza and Maxongo					Yes	Infrastructure - Electricity	Transmission & Reticulation				
office furniture					Yes	Other Assets	Furniture and other office equipment				
computer equipment					Yes	Other Assets	Computers - software & programming				
Elliot Town Residential Roads					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges				
Parent Capital expenditure 1											
Entities: <i>List all capital projects grouped by Entity</i>											
Entity A											
Water project A											
Entity B											
Electricity project B											
Entity Capital expenditure										-	
Total Capital expenditure										-	

1.18 Legislation compliance status

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

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Of the five interns three has been appointed permanently. In the remaining three two are in service and undergoing Finance Management training. Since the introduction of the Internship programme the Municipality has successfully employed and trained all interns that have been in our service.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2016/17 MTREF in May 2016 directly aligned and informed by the 2016/17 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is on-going.
8. Policies
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

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

EC138 Sakhisizwe - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)																
Description	Ref	Vote 1 - EXECUTIVE AND COUNCIL	Vote 2 - BUDGET AND TREASURY	Vote 3 - CORPORATE SERVICES	Vote 4 - PLANNING & DEVELOPMENT	Vote 5 - TECHNICAL SERVICES	Vote 6 - COMMUNITY SERVICES	Vote 7 - [NAME OF VOTE 7]	Vote 8 - [NAME OF VOTE 8]	Vote 9 - [NAME OF VOTE 9]	Vote 10 - [NAME OF VOTE 10]	Vote 11 - [NAME OF VOTE 11]	Vote 12 - [NAME OF VOTE 12]	Vote 13 - [NAME OF VOTE 13]	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]
R thousand	1															
Revenue By Source																
Property rates		-	5 452	-	-	-	-	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	11 385	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	-	-	-	-	3 691	-	-	-	-	-	-
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	70	-	-	-	-	-	-	-	1 006	-	-	-	-	-
Interest earned - external investments		-	456	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned - outstanding debtors		-	900	-	-	-	-	-	-	1 250	-	225	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		-	-	-	-	24	-	1	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services		-	-	877	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue		-	420	-	50	2 793	-	68	1	1	-	47	-	-	-	-
Transfers recognised - operational		3 259	56 309	19 946	-	-	-	380	-	-	1 000	-	-	-	-	-
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		3 259	63 607	20 823	50	2 817	-	449	1	4 941	2 006	11 656	-	-	-	-
Expenditure By Type																
Employee related costs		7 900	9 728	2 381	480	2 314	-	2 614	124	5 173	2 762	832	-	-	-	-
Remuneration of councillors		6 496	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt impairment		-	2 500	-	-	-	-	0	-	1 200	-	480	-	-	-	-
Depreciation & asset impairment		68	843	-	-	21	-	425	-	90	7 000	650	-	-	-	-
Finance charges		14	7	10	-	15	-	-	-	370	0	48	-	-	-	-
Bulk purchases		-	-	-	-	-	-	-	-	-	-	9 278	-	-	-	-
Other materials		37	605	-	-	80	-	140	30	126	2 000	480	-	-	-	-
Contracted services		100	1 115	-	-	300	-	-	-	-	300	200	-	-	-	-
Transfers and grants		-	1 687	980	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure		5 030	8 094	1 085	16	458	-	195	13	2 201	2 013	2 094	-	-	-	-
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		19 645	24 579	4 455	496	3 188	-	3 374	167	9 161	14 075	14 062	-	-	-	-
Surplus/(Deficit)		(16 386)	39 027	16 368	(446)	(371)	-	(2 926)	(166)	(4 219)	(12 069)	(2 406)	-	-	-	-
Transfers recognised - capital																
Contributions recognised - capital																
Contributed assets																
Surplus/(Deficit) after capital transfers & contributions		(16 386)	39 027	16 368	(446)	(371)	-	(2 926)	(166)	(4 219)	(12 069)	(2 406)	-	-	-	-

MBRR Table SA3 – Supporting detail to Statement of Financial Position

Sakhisizwe Municipality

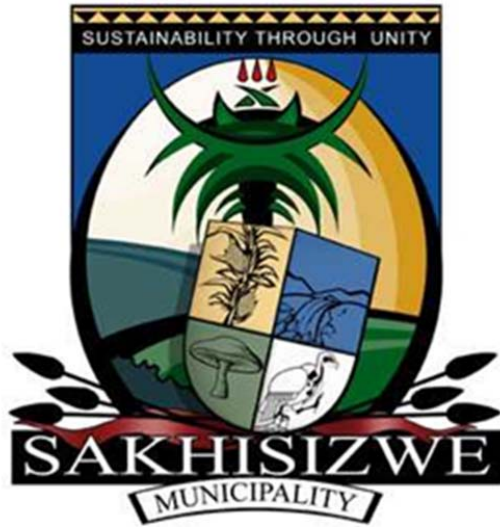
EC138 Sakhisizwe - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
ASSETS											
Call investment deposits											
Call deposits < 90 days		9 967	11 743	6 434	8 000	8 000	8 000	8 000	1 000	1 058	1 119
Other current investments > 90 days											
Total Call investment deposits	2	9 967	11 743	6 434	8 000	8 000	8 000	8 000	1 000	1 058	1 119
Consumer debtors											
Consumer debtors		15 800	49 087	55 343	58 387	58 387	58 387	58 387	61 890	65 480	69 277
Less: Provision for debt impairment		(14 181)	(45 713)	(49 703)	(49 703)	(49 703)	(49 703)	(49 703)	(52 686)	(55 741)	(58 974)
Total Consumer debtors	2	1 618	3 374	5 640	8 683	8 683	8 683	8 683	9 204	9 738	10 303
Debt impairment provision											
Balance at the beginning of the year		11 922	15 800								
Contributions to the provision		2 260	33 288								
Bad debts written off											
Balance at end of year		14 181	49 087	-	-	-	-	-	-	-	-
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		103 540	120 411	149 593	157 821	157 821	157 821	157 821	167 290	176 993	187 258
Leases recognised as PPE											
Less: Accumulated depreciation	3	12 143	25 916	-	-	-	-	-	-	-	-
Total Property, plant and equipment (PPE)	2	91 397	94 494	149 593	157 821	157 821	157 821	157 821	167 290	176 993	187 258
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		8 241	7 132	1 721	5 000	5 000	5 000	5 000	4 201	3 360	2 688
Current portion of long-term liabilities		-	-	-	-	-	-	-	-	-	-
Total Current liabilities - Borrowing		8 241	7 132	1 721	5 000	5 000	5 000	5 000	4 201	3 360	2 688
Trade and other payables											
Trade and other creditors		4 935	8 665	14 211	14 993	14 993	14 993	14 993	15 893	16 814	17 790
Unspent conditional transfers		4 456	8 378	2 647	2 792	2 792	2 792	2 792	2 960	3 131	3 313
VAT		-	-	-	-	-	-	-	-	-	-
Total Trade and other payables	2	9 391	17 043	16 858	17 785	17 785	17 785	17 785	18 852	19 946	21 103
Non current liabilities - Borrowing											
Borrowing	4	-	-	-	-	-	-	-	-	-	-
Finance leases (including PPP asset element)		-	2 203	2 488	2 625	2 625	2 625	2 625	2 783	2 944	3 115
Total Non current liabilities - Borrowing		-	2 203	2 488	2 625	2 625	2 625	2 625	2 783	2 944	3 115
Provisions - non-current											
Retirement benefits		92	68	2 259	2 383	2 383	2 383	2 383	2 526	2 673	2 828
<i>List other major provision items</i>											
Refuse landfill site rehabilitation		2 112	2 323	1 660	1 751	1 751	1 751	1 751	1 856	1 964	2 078
Other		-	-	-	-	-	-	-	-	-	-
Total Provisions - non-current		2 204	2 391	3 919	4 135	4 135	4 135	4 135	4 383	4 637	4 906
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance											
GRAP adjustments											
Restated balance		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)		9 994	(15 685)	14 070	17 148	17 148	17 148	42 361	13 603	11 792	14 535
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
Accumulated Surplus/(Deficit)	1	9 994	(15 685)	14 070	17 148	17 148	17 148	42 361	13 603	11 792	14 535
Reserves											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
Total Reserves	2	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	9 994	(15 685)	14 070	17 148	17 148	17 148	42 361	13 603	11 792	14 535

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

EC138 Sakhisizwe - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2012/13	2013/14	2014/15	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population					64							
Females aged 5 - 14					11							
Males aged 5 - 14					11							
Females aged 15 - 34					8							
Males aged 15 - 34					9							
Unemployment					37							
Monthly household income (no. of households)												
No income	1, 12				2 106							
R1 - R1 600					2 047							
R1 601 - R3 200					2 047							
R3 201 - R6 400					2 047							
R6 401 - R12 800					2 047							
R12 801 - R25 600					2 047							
R25 601 - R51 200					2 047							
R52 201 - R102 400					2 047							
R102 401 - R204 800					2 047							
R204 801 - R409 600					2 047							
R409 601 - R819 200					2 047							
> R819 200					2 047							



1.19 Municipal Manager's quality certificate

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

Print Name _____

Municipal Manager of Sakhisizwe Municipality (EC138)

Signature _____

Date _____