

ANNUAL BUDGET OF BUFFALO CITY METROPOLITAN MUNICIPALITY



2016/2017 TO 2018/19 DRAFT MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF) BUDGET 30 MARCH 2016

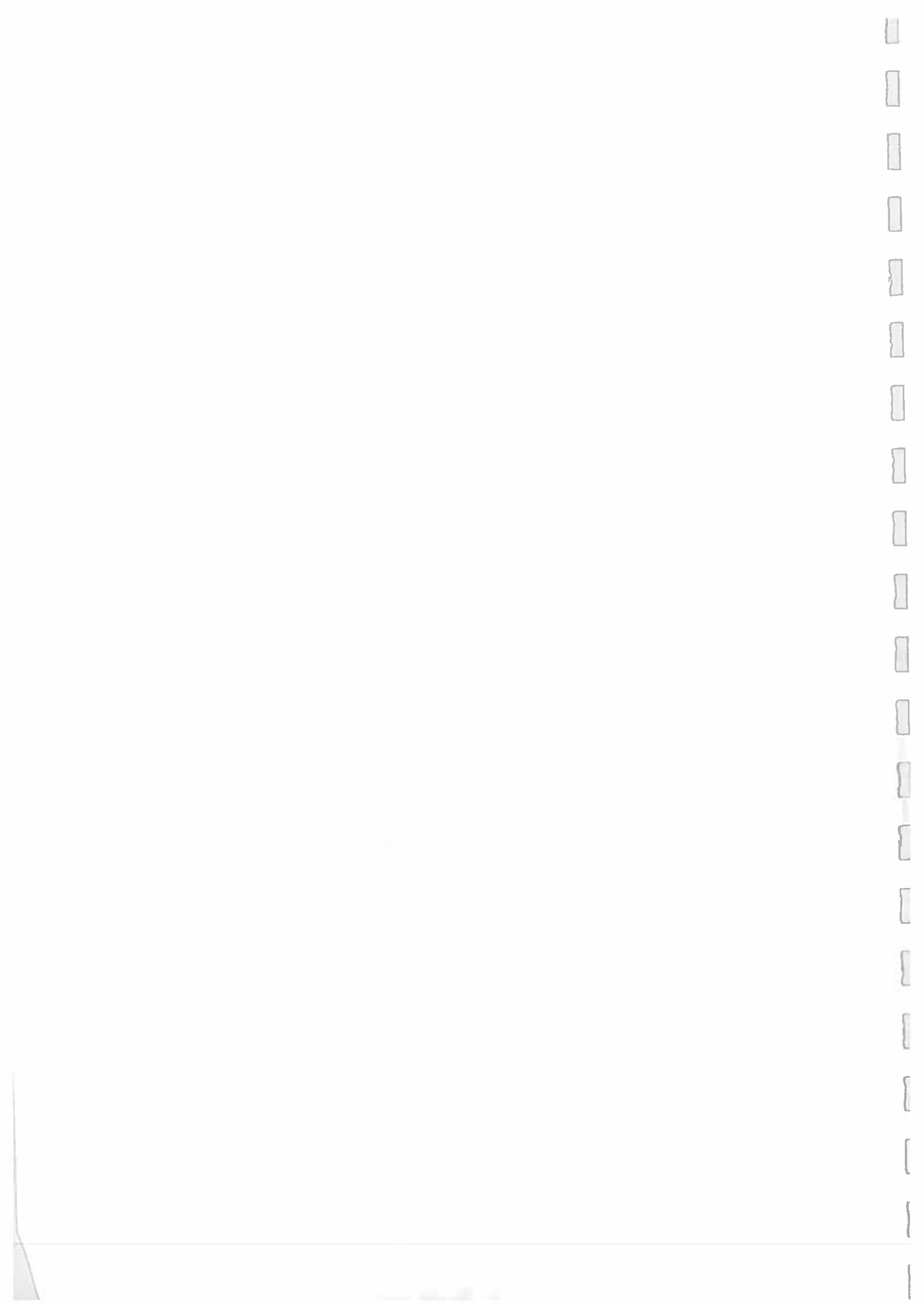


Table of Contents

LIST OF TABLES	III
LIST OF FIGURES.....	IV
ABBREVIATIONS AND ACRONYMS.....	V
PART 1 – ANNUAL BUDGET	1
1.1 EXECUTIVE MAYOR'S REPORT	1
1.2 COUNCIL RESOLUTIONS.....	9
1.3 EXECUTIVE SUMMARY	13
1.4 OPERATING REVENUE FRAMEWORK	37
1.5 OPERATING EXPENDITURE FRAMEWORK.....	56
1.6 CAPITAL EXPENDITURE FRAMEWORK	63
1.7 ANNUAL BUDGET TABLES	68
PART 2 – SUPPORTING DOCUMENTATION.....	91
2.1 OVERVIEW OF ANNUAL BUDGET PROCESS	91
2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP	113
2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS	131
2.4 OVERVIEW OF BUDGET-RELATED POLICIES	140
2.5 OVERVIEW OF BUDGET ASSUMPTIONS	143
2.6 OVERVIEW OF BUDGET FUNDING.....	153
2.7 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS.....	165
2.8 COUNCILLOR AND EMPLOYEE BENEFITS.....	169
2.9 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW	174
2.10 ANNUAL BUDGET AND SDBIP'S – INTERNAL DEPARTMENTS.....	177
2.11 ANNUAL BUDGET AND SDBIPS – MUNICIPAL ENTITIES AND OTHER EXTERNAL MECHANISMS	177
2.12 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS.....	177
2.13 CAPITAL EXPENDITURE DETAILS	177
2.14 LEGISLATION COMPLIANCE STATUS	192
2.15 CITY MANAGER'S QUALITY CERTIFICATE.....	201
ANNEXURES:.....	202

LIST OF TABLES

Table 1: Consolidated Overview of the 2016/17 MTREF Budget	21
Table 2: 2016/17 – 2018/19 Capital Budget Per Service	23
Table 3: Average Tariff increases for 2015/16 to 2018/19	25
Table 4: Summary revenue classified by revenue source	38
Table 5: Table A4 %age growth in revenue by main revenue source	40
Table 6: Table SA18 - Operating Transfers and Grant Receipts	42
Table 7: Comparison of proposed rates to be levied for the 2016/17 financial year	45
Table 8: Proposed Water Tariffs	48
Table 9: Comparison between current water charges and increases (Domestic)	48
Table 10: Comparison between current electricity charges and increases (Domestic)	50
Table 11: Comparison between current sanitation charges and increases, single dwelling- residence (per annum)	51
Table 12: Comparison between current refuse removal fees and increases	53
Table 13: SA14 – Household bills	55
Table 14: Table A4 - Summary of operating expenditure classification by type	56
Table 15: Table SA34c – Repairs and Maintenance expenditure by asset type	60
Table 16: Basic social services package per indigent household	62
Table 17: Table A5 2016/17 Medium-term capital budget per vote, standard classification and funding	63
Table 18: List of Key Projects Per Service	65
Table 19: MBRR Table A1 – Budget Summary	69
Table 20: MBRR Table A2 – Budgeted Financial Performance (revenue and expenditure by standard classification)	72
Table 21: MBRR Table A3 – Budgeted Financial Performance (revenue and expenditure by municipal vote)	74
Table 22: MBRR Table A4 – Budgeted Financial Performance (revenue and expenditure)	75
Table 23: MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source	78
Table 24: MBRR Table A6 - Budgeted Financial Position	80
Table 25: MBRR Table A7 - Budgeted Cash Flow Statement	82
Table 26: MBRR Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation	84
Table 27: MBRR Table A9 – Asset Management	86
Table 28: MBRR Table A10 – Basic Service Delivery Measurement	89
Table 29: Key activities in the review of the 2015/16 IDP and MTREF Budget	94
Table 30: Proposed Schedule of IDP/Budget Road Shows	107
Table 31: IDP’S Five Strategic Objectives	113
Table 32: Alignment of BCMM Strategic Objectives with National and Provincial Priorities	114
Table 33: MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue	122
Table 34: MBRR Table SA5 - Reconciliation between the IDP Strategic Objectives and budgeted operating expenditure	125
Table 35: MBRR Table SA5 - Reconciliation between the IDP Strategic Objectives and budgeted operating expenditure	126
Table 36: MBRR Table SA6 – Reconciliation between the IDP Strategic Objectives and budgeted Capital Expenditure	128
Table 37: MBRR Table SA7 - Measurable performance objectives	131
Table 38: MBRR Table SA8 - Performance indicators and benchmarks	133
Table 39: 2015/2016 to 2018/2019 Budget Assumptions	147
Table 40: Indigent Subsidy Package	148

Table 41: Proposed tariff increases over the medium-term.....	148
Table 42: Credit rating outlook	149
Table 43: Proposed tariff increases 2016/17 to 2018/19.....	153
Table 44: MBRR Table SA15 – Detail Investment Information	154
Table 45: MBRR Table SA16 – Investment particulars by maturity	155
Table 46: MBRR Table A5 - Sources of capital revenue over the MTREF	156
Table 47: MBRR Table SA17 - Details of borrowings.....	158
Table 48: MBRR Table SA 18 - Capital transfers and grant receipts.....	159
Table 49: MBRR Table A7 – Budgeted cash flow	160
Table 50: MBRR Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation.....	161
Table 51: MBRR Table SA10 – Funding compliance measurement	162
Table 52: MBRR Table SA19 - Expenditure on transfers and grant programmes	165
Table 53: MBRR Table SA20 - Reconciliation between of transfers, grant receipts and unspent funds..	167
Table 54: MBRR Table SA22 - Summary of councillor and staff benefits.....	169
Table 55: MBRR Table SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers).....	172
Table 56: MBRR Table SA24 – summary of personnel numbers.....	173
Table 57: MBRR Table SA28 - Budgeted monthly capital expenditure (municipal vote)	174
Table 58: MBRR Table SA29 - Budgeted monthly capital expenditure (standard classification).....	175
Table 59: MBRR Table SA30 - Budgeted monthly cash flow.....	176
Table 60: MBRR Table SA34a – Capital expenditure on new assets by asset class	178
Table 61: MBRR Table SA34b – Capital expenditure on the renewal of existing assets by asset class.....	182
Table 62: MBRR Table SA34c – Repairs and maintenance expenditure by asset class	185
Table 63: MBRR Table SA35 – Future financial implications of the capital budget	187
Table 64: MBRR Table SA36 - Detailed capital budget per municipal vote.....	188
Table 65: MBRR Table SA37 – Projects delayed from the previous financial year.....	191
Table 66: MBRR Table SA1 – Supporting detail to budgeted financial performance.....	194
Table 67: MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)	197
Table 68: MBRR Table SA3 – Supporting detail to Statement of Financial Position	198
Table 69: MBRR Table SA9 – Social, Economic and Demographic Statistics and Assumptions	199
Table 70: MBRR Table SA32 – List of External Mechanism	200

LIST OF FIGURES

Figure 1: Cycle of Metro Growth and Development Strategy	13
Figure 2: Strategic Framework	14
Figure 3: 2016/17 – 2018/19 Capital Budget Per Service.....	24
Figure 4: Main Operating Revenue categories for the 2016/17 financial year.....	39
Figure 5: Main operational expenditure categories for the 2016/17 financial year.....	57

ABBREVIATIONS AND ACRONYMS

AMR	Automated Meter Reading	Km	Kilometre
ASGISA	Accelerated and Shared Growth Initiative South Africa	KPA	Key Performance Area
BCMM	Buffalo City Metropolitan Municipality	KPI	Key Performance Indicator
BCDA	Buffalo City Development Agency	kWh	Kilowatt hour
BSC	Budget Steering Committee	ℓ	litre
CBD	Central Business District	LED	Local Economic Development
CFO	Chief Financial Officer	MBRR	Municipal Budgeting and Reporting Regulations
CM	City Manager	MDGS	Metro Growth and Development Strategy
CoGTA	Cooperative Government & Traditional Affairs	MEC	Member of the Executive Committee
CPI	Consumer Price Index	MFMA	Municipal Finance Management Act
CRRF	Capital Replacement Reserve Fund	MIG	Municipal Infrastructure Grant
DBSA	Development Bank South Africa	MMC	Member of Mayoral Committee
DoRA	Division of Revenue Act	MPRA	Municipal Property Rates Act
DWA	Department of Water Affairs	MSA	Municipal Systems Act
EE	Employment Equity	MTEF	Medium-term Expenditure Framework
EEDSM	Energy Efficiency Demand Side Management	MTREF	Medium-term Revenue and Expenditure Framework
EM	Executive Mayor	NDPG	Neighbourhood Development Partnership Grant
EPWP	Expanded Public Works Programme	NERSA	National Electricity Regulator South Africa
FBS	Free Basic Services	NGO	Non-Governmental Organisations
FMG	Finance Management Grant	NKPIs	National Key Performance Indicators
GAMAP	Generally Accepted Municipal Accounting Practice	OP	Operational Plan
GDP	Gross Domestic Product	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property, Plant and Equipment
GRAP	Generally Recognized Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSDG	Human Settlement Development Grant	SALGA	South African Local Government Association
HSRC	Human Science Research Council	SDBIP	Service Delivery Budget Implementation Plan
IDP	Integrated Development Plan	SMME	Small Micro and Medium Enterprises
ELIDZ	East London Industrial Development Zone	USDG	Urban Settlement Development Grant
INEP	Integrated National Electrification Programme	WSA	Waster Services Authority
IT	Information Technology	WSDP	Water Services Development Plan
kℓ	Kilolitre		

PART 1 – ANNUAL BUDGET

1.1 EXECUTIVE MAYOR'S REPORT

The Honourable Minister of Finance stated in his budget speech of 24 February 2016 that a period of unprecedented monetary stimulus in response to the 2008 recession is not yet over, and global volatility and structural imbalances are far from resolved. He further highlighted that the South African major exports (platinum, gold, iron ore and coal) have seen substantial declines in global demand and in prices. These have the negative effects to the country's economy that are widespread:

- lower export earnings,
- lower revenue,
- declining investment,
- job losses, and in some cases business failures.

The speech also highlighted the fact that the world's economic growth declined from 3.4 per cent in 2014 to an estimated 3.1 per cent last year. The decline in the sub-Saharan Africa was from 5 per cent to 3.5%. According to National Treasury, the South African economic growth is also expected to decline from 1.3% in 2016 to 0.9% this year (2016).

The Honourable Minister's speech also noted another important fact that faster growth is being achieved in countries which have undertaken bold structural reforms, such as India's scaling back of subsidies for industry and opening up of trade opportunities, and the promotion of skilled immigration, urban investment and labour-intensive manufacturing and agro-processing in South-east Asian and several African economies. This gives us pointer on the likely route the City could follow to combat the declining economic growth. The City has the responsibility to contribute towards measures that would help the Country to attract investors and stimulate economic growth.

The speech of the Honourable MEC for Finance in the province of 04 March 2016, indicated that the provincial economy is forecast to lag behind the national average thus requiring an integrated sectoral approach to ensure growth. The speech further indicated that the severe drought has affected agricultural output which stood at 1.5 % in 2013 to -

10.6 % in the 3rd quarter of 2015. The speech advises that fiscal policy choices that will enable us to mitigate against the effects of a subdued economy be made.

In response to the above challenges the Honourable Minister of Finance responded by putting the stringent cost containment measures across all departments.

These include:

- Restrictions on filling managerial and administrative vacancies, subject to review of human resource plans and elimination of unnecessary positions;
- Reduced transfers for operating budgets of public entities;
- Capital budgeting reforms to align plans with budget allocations while strengthening maintenance procedures;
- Mandatory use of the new e-tender portal, thereby enforcing procurement transparency and accessible reference prices for a wide range of goods and services;
- A national travel and accommodation policy and instructions on conference costs;
- New guidelines to limit the value of vehicle purchases for political office bearers;
- Renegotiation of government leasing contracts;
- New centrally negotiated contracts for banking services, ICT infrastructure and services, health technology, school building and learner support materials.

The Honourable MEC for Finance in the province has heeded a call and put the following cost containment measures:

- Ensuring fiscal sustainability
- Strict implementation of Cost Containment Measures
- Containment of the Provincial wage Bill
- Increasing own revenue generation
- Rationalisation of Public Entities and
- Attaining value for money

The Buffalo City Metropolitan Municipality understands that it is not immune to the economic challenges that are experienced globally and by South African. Therefore,

BCMM has taken and followed a tune of a more conservative approach in the manner in which it approaches this MTREF budget. This approach includes giving consideration in the budget to the cost containment measures suggested by National Treasury. These measures are being implemented in an attempt to ensure the future viability of the institution and to focus on reducing the negative impact on the residents within our boundaries. Continuing from prior year cost containment measures, the following cost containment measures have been applied in the 2016 MTREF budget:

- The annual budget allocation for critical unfunded posts has been ceased.
- Contracted Services and General Expense annual increase has been capped at 4% in the 2016/17 financial, this below the CPI annual increase was reached having considered that no annual increase was effected on these expenditure categories in the 2015/16 MTREF.
- The exercise of scrutinising cost drivers within our value chain to identify areas for efficiency improvement is still on-going.

It gives me great pleasure to announce that our total budget (operating and capital) for the MTREF period is growing from R7.43 billion in the 2016/17 financial year to R8.75 billion in the 2018/19 financial year of which consistently over R0.5 billion per annum has been allocated for infrastructure investment.

Our commitment to respond to our people's legitimate demand for a better life is reflected in a budget in which the **key priorities are Water and Sanitation, Human Settlements development, Roads and Stormwater, Transport Planning and related critical infrastructure and maintenance.** In a continued effort to create jobs for the communities of Buffalo City and to encourage private sector investment the capital budget is being focused on a mix social and economic infrastructure investments. As part of its long term plan on human capital development, the city has allocated funding for internship programmes, especially in the areas of finance and engineering as well as the EPWP Programme. The City further continues to allocate funding for bursaries to its employees as well as communities of BCMM. This is in line with, and reflects our commitment to the priorities of the National Development Plan and Provincial Development plan while of course reflecting our own Constitutional role as a local actor on the national stage. The budget allocation is based on the priorities that have been identified through the City's IDP

reviews process. It also seek to works towards achieving the goals that are set in the recently adopted Metro Growth and Development Strategy.

In total, the budget for our **capital and operating projects** amounts to just **over R6.1 billion over the MTREF period** (2016/17: R1.8 billion, 2017/18: R2.1 billion and 2018/19: R2.3 billion. The municipality has recognised the economic adversities that is currently being experienced by its citizens and in an attempt to relieve the growing poverty it has taken a decision to strive to keep its tariff increases at the most minimal feasible levels. This has resulted in the Metro reducing its tariff increases as compared to those that were approved by Council in the 2015/16 MTREF on Property Rates and all the services. On Property Rates the increase has been reduced from 9.6% to 7.6% for 2016/17, decrease from 9.4% to 7.2%, for 2017/18 and an increase of 7% is projected for 2018/19. Refuse Removal has been reduced from 9.2% to 7.8% for 2016/17, decreased from 9% to 7.5% for 2017/18 and an increase 7.2% is projected for 2018/19 financial year. The Sewerage tariff increase has also been decreased form 9.2% to 7.8% for 2016/17, reduced from 9% to 7.5% for 2017/18 and an increase of 7.2% for 2018/19 is projected. However, Water and Electricity losses remain a concern. For the Water Service, the tariff increases that was approved in the 2015/16 MTREF for 2016/17 has been reduced from 10.70% to 8%, for 2017/18 the increase has also been decreased from 10.5% to 7.89%. An increase of 7.92% is proposed for the 2018/19 financial year. The City has followed the proposed NERSA increase of 7.64% for Electricity tariff.

The preparation of the General Valuation Roll as required by the Municipal Property Rates Act was undertaken and was implemented on 1 July 2014. Supplementary Valuations will continue being regularly conducted throughout the years and it is anticipated that this will result in increased property rates revenue (2016/17: R35 million).

In a continued effort to ensure future financial viability of the city continuous review of the operational cost base is being undertaken in an attempt to identify inefficiencies. This has yielded positive results hence the institution has been able project reduced tariff increases. The institution will continue focusing on the operational budget in the 2016/17 financial year in order to reduce further any inefficiency and thereby reduce the impact on Buffalo City Metropolitan Municipality residents. The City strives to ensure that the tariffs are cost

reflective of the services that have been provided. It is however important to mention the fact that the City's revenue base is not at the required levels due to high rural areas that are part of the Metro. This required creative and innovative ways of ensuring efficiency in whatever activities that are undertaken. We shall continue to strive for equal service levels for all our communities in the Metro.

We have been mindful that inflation leads to more pain for the poor than any other group. I am happy therefore to propose that the **7.69% increase** of the basic welfare package for households that qualify in terms of our policy, which means that the indigents of Buffalo City will continue to have a **safety net of free basic services**, translating in the new year to a basket of services to the value of **R485.82 per household per month**.

In support of our local economy, the Directorate of Economic Development & Agencies is running programmes in an effort to reduce unemployment and indigent rate in our Metro.

In the coming year our engineers will continue with the process of eradicating backlogs in **water supply infrastructure whilst also attending to aging infrastructure**. We will continue to meet our pressing **sanitation challenges** in rural areas and informal settlements, as well as expanding the capacity of infrastructure in **our urban area to accommodate and open opportunities for further developments**.

An amount of **R802 million** (2016/17: R261 million, 2017/18: R263 million and 2018/19: R278 million) has been set aside over the next three (3) years for the construction and refurbishment of roads and storm water infrastructure across the City. The City is also continuing with the process of fleet renewal and procuring its own specialized vehicles for the maintenance and construction of rural roads. A total allocation of **R58 million** has been provided for this (Vehicles) over the MTREF.

Our Community Services Directorate is scheduled to spend an amount of **R271 million** in the forthcoming MTREF period of which R56 million that is from own funds will be spent in the 2016/17 financial year mainly on **Construction and Refurbishment of Waste Cells at the Roundhill Landfill Site** as well as a range of **public amenities** including community halls, sports facilities, etc. Each year the City's cemeteries are being brought under increasing pressure as a result of the **elevated mortality rate** in Buffalo City. This requires our **Environmental Services Department** annually to identify potential new sites

for **cemetery development** that meet the rigorous requirements of environmental legislation, while being close enough to our settlements to be practically useful. An amount of R14 million over the MTREF period has been provided for development and upgrading cemeteries in the Metro.

From the **health and public safety perspective**, an amount of R13 million has been allocated over the MTREF period installation of a **CCTV camera surveillance network** in order to improve safety in the Metro. The City has allocated R21 million in the MTREF period towards fire engines, fire equipment and disaster management vehicles & equipment to ensure that we are able to swiftly respond to fire and disaster emergency calls. An amount of R15.5 million has been set aside in the MTREF period for the KWT Traffic Building. A further R5 million has been provided for Vehicle Test Station Upgrade and equipment over the MTREF period.

Transport Planning continues to be a focus area for the institution considering the higher traffic volumes on our roads. In order to ensure that we are alleviating congestion and protecting our inhabitants an amount of **R839 million** (2016/17: R239 million, 2017/18: R270 million and 2018/19: R330 million) has been allocated in the MTREF period for the implementation of integrated transport plan. This includes the establishment and refurbishment of transport facilities.

Electricity Trading Service has been allocated **R477 million over the MTREF period** (2016/17: R143 million, 2017/18: R163 million and 2018/19: R171 million) for **bulk infrastructure, electrification and upgrading of informal areas**. This includes the amount of R330 million from own funds specifically for the replacement and refurbishment of existing infrastructure within the urban core that has been provided in the MTREF (2016/17: R100 million, 2017/18: R110 million and 2018/19: R120 million).

BCMM is still proceeding with investigating potential alternative sources of energy to ensure a more sustainable energy mix by 2030. The BCM State of Energy Report (2008) highlighted some issues and opportunities associated with sustainable energy in BCMM. These are outlined here below:-

- Energy not necessarily used efficiently or sustainably - Energy demand is increasing, the focus has been on increasing supply, rather than managing demand;
- Lack of incentive to use energy efficiently;
- There are a number renewable energy, energy efficiency and carbon trading opportunities in BCMM;

A number of sustainable energy initiatives have been planned for implementation by the municipality. Energy-efficient municipal operations provide a way to cut running costs while reducing negative impact on the natural capital.

As far as **wastewater treatment infrastructure** is concerned, a total of **R1.3 million over the MTREF period** to this trading service (2016/17: R371 million, 2017/18: R507 million and 2018/19: R389 million). This includes the amount of R310 million from own funds specifically for the replacement and refurbishment of existing infrastructure within the Metro that has been allocated in the MTREF period. It also include an amount of R436 million from borrowings to be utilised over the MTREF period fund the sewer diversion tunnel project.

Our **Water Services** benefit to a total of **R323 million over the MTREF period** (2016/17: R87.5 million, 2017/18: R95 million and 2018/19: R140 million) to expand our water infrastructure, to augment water treatment capacity and to eradicate backlogs in access to potable water supply. This includes the amount of R160 million from own funds specifically for the replacement and refurbishment of existing infrastructure within the Metro that has been allocated in the MTREF.

The institution has reconstituted the Board of the Buffalo City Development Agency (BCDA) whose mandate is to drive Buffalo City Metropolitan Municipality's development. It is envisaged that the board will provide strategic direction regarding the future focus areas of the Buffalo City Development Agency in an attempt to grow the local economy through encouraging private sector investment. The board is currently finalising the appointment of critical staff component that will be tasked with the daily operations of the agency.

BCMM, a City growing with you has a story to tell, I would like to believe, that this is a metro that is moving progressively towards being more productive, more sustainable, more responsive, more developmental and indeed more people-centred than we have been in the past.

1.2 COUNCIL RESOLUTIONS

On 30 March 2016 the Council of Buffalo City Metropolitan Municipality convenes to consider the draft 2016/17 Integrated Development Plan (IDP) Review, Medium Term Revenue and Expenditure Framework (MTREF) and Built Environment Performance Plan (BEPP). It is recommended that the Council approves and adopts the following resolutions:

1. The Council of Buffalo City Metropolitan Municipality, acting in terms of Section 34 of the Municipal Systems Act, 32 of 2000 approves and adopts the revised 2016/17 Integrated Development Plan (IDP).
2. The Council of Buffalo City Metropolitan Municipality, acting in terms of DoRA, 2016 approves and adopts the 2016/17 Built Environment Performance Plan (BEPP)
3. The Council of Buffalo City Metropolitan Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 3.1. 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:
 - 3.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification);
 - 3.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote);
 - 3.1.3. Budgeted Financial Performance (revenue by source and expenditure by type); and
 - 3.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source.

- 3.2. The financial position, cash flow budget, accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 3.2.1. Budgeted Financial Position as contained in Table 24;
 - 3.2.2. Budgeted Cash Flows as contained in Table 25;
 - 3.2.3. Reserves and accumulated surplus reconciliation as contained in Table 26;
 - 3.2.4. Asset management as contained in Table 27; and
 - 3.2.5. Basic service delivery measurement as contained in Table 28.

4. The Council of Buffalo City Metropolitan Municipality Council, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts effect from 1 July 2016:
 - the draft tariffs for property rates – as set out in Annexure E
 - 4.1. the draft tariffs for electricity – as set out in Annexure E
 - 4.2. the draft tariffs for the supply of water – as set out in Annexure E
 - 4.3. the draft tariffs for sanitation services – as set out in Annexure E
 - 4.4. the draft tariffs for solid waste services – as set out in Annexure E
 - 4.5. miscellaneous draft tariffs as set out in Annexure E

5. The Buffalo City Metropolitan Municipality Council, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2016 the draft tariffs for other services as set out in Annexure E.

6. To give proper effect to the municipality's draft annual budget, the Council of Buffalo City Metropolitan Municipality approves:
 - 6.1. That an indigent subsidy be granted to registered indigents in terms of Council's Indigent Policy.
 - 6.2. That an indigent consumer be given a maximum subsidy on his account of R485.52 per month, which includes a maximum of 50kwh for electricity and 6kl for water.
 - 6.3. That free basic electricity be granted for a registered indigent consumer of 50KWh per month.
 - 6.4. That free basic water be granted to a registered indigent of 6Kl per month.

7. The Buffalo City Metropolitan Municipality Council, approves and adopts the Draft revised budgeted related policies as set out in Annexures F, G and H:
 - 7.1. Tariff Policy
 - 7.2. Budget Virement Policy
 - 7.3. Budget Policy (Budget Management Policy)
8. That Council note the budget-related policies adopted in the previous financial years and where no amendments have been made, as listed in Section 1.3.8.2 of this report and are available on BCMM's website at www.buffalocitymetro.gov.za.
9. That in terms of Section 24(2)(c)(iii) of the Municipal Finance Management Act, 56 of 2003, the measurable performance objectives for capital and operating expenditure by vote for each year of the medium term revenue and expenditure framework as set out in Supporting Table SA7 (Table 36) are approved.
10. That in terms of Section 24(2)(c)(iv) of the Municipal Finance Management Act, 56 of 2003, the amendments to the Integrated Development Plan as set out in the Budget Chapter 17 are approved, which had been agreed to at the Councillor workshop held on 07-08 March 2016.
11. Council notes that the 2016/17 MTREF Budget tabled for adoption is structured in terms of the then Buffalo City Metropolitan Municipality votes and functions.
12. MFMA Circular 78 and 79, Municipal Budget Circular for the 2016/17 MTREF attached as Annexure I to be noted by Council.



A. MTSI

EXECUTIVE MAYOR

EXECUTIVE MAYOR

1.3 EXECUTIVE SUMMARY

Buffalo City Metropolitan Municipality adopted the Metro Growth and Development Strategy in November 2015. The MGDS serves as the blueprint for social and economic development in the Metro towards the year 2030. The IDPs to be implemented in the next 15 years will be informed by the vision of the MGDS.

1.3.1 Metro Growth and Development Strategy

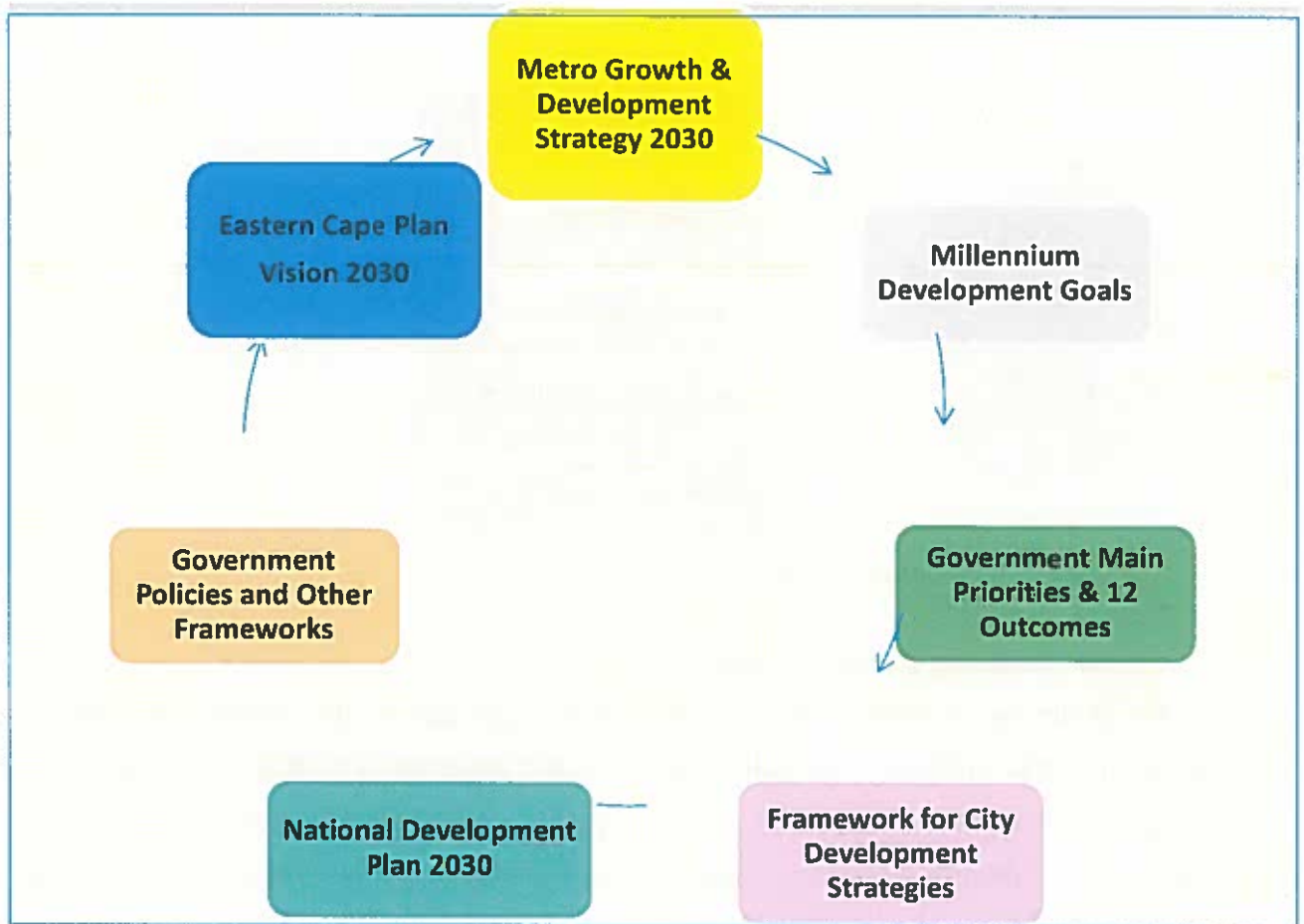


Figure 1: Cycle of Metro Growth and Development Strategy

1.3.1.1 Key Objectives of MDGS

- A strategy is a journey towards a common destination;
- Providing a liveable environment for the next generation;
- The Metro need to be competitive and find its **niche** in its region and amongst other secondary cities; and
- The city as a well governed city that is driven by insight and vision; and
- A Metro Growth and Development Strategy is a long term vision and goes beyond the IDP as a metro's 2030 vision.

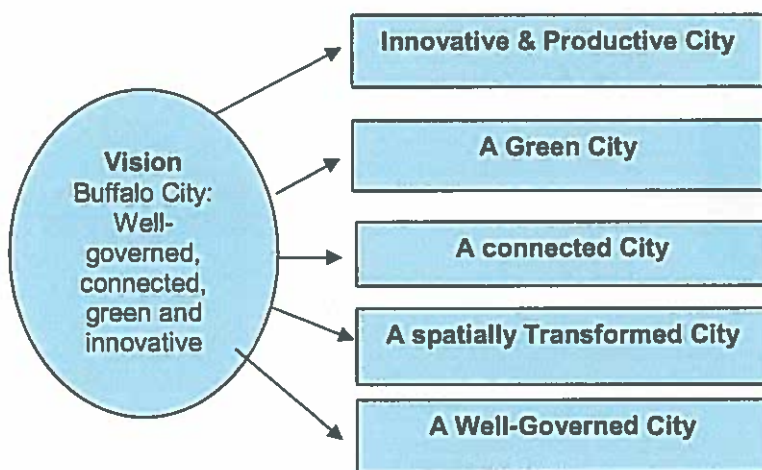


Figure 2: Strategic Framework

1.3.2 Scoping the Landscape

BCMM continues to take a more conservative approach in the manner in which it approaches the budgeting including the mid-year adjustment budget. This approach includes giving consideration in the budget to the cost containment measures suggested by National Treasury. These measures are being implemented in an attempt to ensure the future viability of the institution and to focus on reducing the impact on the residents within our boundaries.

Electricity losses remain a challenge, let alone the fact that Electricity Trading Service is the highest contributor the City's internally generated funds. The City is progressing with the programme of electrifying informal dwellings and has budgeted R30 million over the 2016/17 MTREF period (R10 million per year) towards this programme. Regarding

Water Service, it continues to be of concern that indigent residents continue to utilise water in excess of what is allocated in term of the approved subsidy. This is cause for concern in that water needs to be considered a scare resource requiring focused demand and supply management. The demand management needs to be focused surrounding penalising individuals for excessive usage through either punitive tariffs or restricting use through engineering techniques. Supply management requires forward planning and allocating budget to meet and undertake infrastructure expansion to meet those demands. The staged tariff is used on water tariff as part of an effort to manage demand. Water losses are still significant and continues to be one of the focus areas for reduction in the MTREF budget whereby an amount of R160m of own funds over the 2016/17 MTREF period has been budgeted for replacement of old infrastructure.

The key liquidity metrics are deemed to be currently adequate however to ensure future viability the institution needs to determine creative ways in which it can commence planning to fund the infrastructure replacement which is expected to occur over the medium to long term. This will require the institution to budget surpluses to allow for adequate funding of historical shortfall of depreciation on existing infrastructure assets as well as the creation of own funded new assets.

In the short term the Urban Settlement Development Grant (USDG) will be used to create new infrastructure in the previously disadvantaged areas and to replace existing infrastructure in those areas where infrastructure is nearing or has exceeded its useful life. This is required to ensure the continued economic growth of the city and to allow for business confidence.

The institution has historically undertaken capital projects with the view of expansion of the City. It is however recognised that capital expansion cannot occur indefinitely without corresponding economic growth else the cost of replacement of infrastructure, through the depreciation impact on operational budgets, will outweigh the affordability of the local economy. It is with this in mind that there needs to be strategic shift of focus towards creating infrastructure with the express purpose of job creation and creating an

environment which is conducive to private sector investment in certain key industry points.

1.3.3 The National Development Plan

The National Development Plan which was adopted at the ANC's 53rd National Conference in Mangaung identifies 5 pillars for the economy to grow to a level to which we can create sustainable jobs, these are;

- *Creating an environment for sustainable employment and economic growth;*
- *Promotion of employment in labour-absorbing industries;*
- *Promoting exports and competitiveness; strengthening the capacity of government to implement its economic policy, and*
- *Demonstrating strategic leadership among the stakeholders to mobilise around the national vision.*

These pillars continue to be the cornerstone of the strategy which the country would like to follow into the future. It would therefore appear appropriate to discuss which infrastructure projects are currently in progress. In the context of the National Development Plan, as Buffalo City Metropolitan Municipality, we see our primary task as developing and maintaining our infrastructure in order to ensure that private sectors partners see the potential to keep increasing their investment in our City, while creating more jobs for our residents.

1.3.4 Local Economic Development

The East London IDZ's key mandate is to ensure that we create jobs by attracting foreign direct investment. As a shareholder, we are doing our part to ensure that we create an enabling environment for the IDZ to operate in conditions that allow them to realize their strategic goals by making available 870 hectares of land in the Berlin area for projects that will create job opportunities for our people. There is currently a process underway to renegotiate the incentives which would be applicable to the IDZ over the medium term.

As a metro we are working hard to ensure that we support our auto sector by developing and maintaining our infrastructure in order for this sector to operate

efficiently. We are very keen to maintain our niche in the auto sector by leveraging on the opportunities presented by expansion of MBSA. We trust that this opportunity will lead to creation of new SMMEs on the supply side.

In addition, non-automotive sector is a vital sector for the city and the prosperity of the services sector is dependent upon a strong manufacturing base. Currently the non-automotive sector has experienced challenges which have led to de-industrialisation and job losses. BCMM is determined to play a positive role to assist the non-automotive sector to be a thriving economic role player and major employer. BCMM will also look at implementing incentives for the non-automotive sector as a forced re-investment. Electricity incentives will be the base line for interventions as it the main cost of production to the sector. BCMM is fully determined to play its role in an effort to reindustrialise the City and create sustainable jobs. This interventions will be coupled by institutions of higher learning partnering with the City in conducting research to find new value adding industries.

The Township Economy has been identified as a major development priority. Businesses in the township are marginalised from the mainstream economy. BCMM is fully committed to revive the township economy by focusing on SMME development. The City will partner with the Department of Small Business Development and DTI to turn township from mainly areas of consumption to areas of productivity. This will best be achieved by intervention in the value chain of production to ensure products are produced and sold in the townships, infrastructure development will act as an enable to reviving the township economy

It is recognised that the metro needs to create an environment which is conducive for private business investment. This environment needs to have stability in terms of various transport options as well as quick decision making capabilities.

A potential "game changer" which has occurred in the 2014/15 financial year is the successful completion of a property transaction for the purchase of land called "The Sleeper Site" which is situated in the centre of the central business district. This land was purchased from Transnet at a market related value. The institution is currently

requesting interested parties to undertake a planning exercise to assess the most appropriate design for the land to assist in the economic growth of the city as well as encouraging development, which will assist in the revitalization of the CBD.

The institution has identified a further 5 specific existing areas which it considers as business development nodes and, as such, areas which it considers as having huge benefits to potential investors. These areas are:

- 1) West Bank
- 2) Wilsonia
- 3) Fort Jackson
- 4) Berlin
- 5) Dimbaza

All these areas have existing infrastructure which, with minimal investment, could yield significant benefits for the local economy and contribute to the GDP of the country. It further needs to be recognised that these are effectively business nodes which could be developed to be closer to areas of labour resulting in reduced travelling costs for the labour force.

The focus needs to be on more permanent job creation, reducing dependence on social grants in the form of indigent subsidies. This will allow individuals to pay for the services they are receiving and allow for the reallocation of funds to other areas of focus.

1.3.5 Charting the Way Forward

The Honourable Minister of Finance's South African budget speech, delivered on the 24 February 2016 clearly depicted an economic picture that is brink. In South Africa the economy is crippled by low economic rate, high unemployment, electricity shortages to mention a few. There is a focus to reduce that national fiscus deficit in the medium term. The call to achieve more for less in the public sector is paramount. Cost containment measures must continue to reduce consumption spending. Metros must find more innovative ways of funding rather than depending on conditional grants.

National Treasury have recognised the importance of total urban settlement development and, in support thereof, has created the Built Environment Performance Plan (BEPP). This plan is to ensure infrastructure projects are focused on economic corridors to have maximum benefit for the inhabitants of the city.

Although it is recognised that there is an onus on the City to provide social support to its dwellers that are financially challenged, this is not considered the most beneficial for the individuals or the local economy. As such, focus needs to be on the creation of sustainable jobs through encouraging private sector investment in the City. This strategy will identify certain economic zones where there is existing significant capital investment, and offer incentives to business over a period of time to invest in those areas. This will allow individuals who may have been financially challenged to become active members of the local economy.

The institution has undertaken an exercise to analyse the capital infrastructure investment between social and economic investment with a target being placed of 60% economic investment and 40% social investment. Although the institution has not managed to achieve these target levels for all years in the MTREF period, it will continue attempting to achieve these targets going into the future in line with the strategic focus being given in the National Development Framework. It needs to be recognised that there have been a significant number of housing projects which entered their implementation phase resulting in pressure being placed on the MTREF budget.

Funding for the 2016/17 and 2017/18 infrastructure projects have been allocated in an attempt to ensure projects which are currently underway are completed and implemented for the benefits of the community to which they relate. The current capital work in progress continues to be a focus area to ensure the infrastructure assets are completed and brought into use.

The institution has taken a further strategic decision to invest funding to replace existing infrastructure. The investment is to be focused on the urban core which will allow for the upgrading of infrastructure to enable a regeneration of the central business area thereby encouraging private sector investment and job creation. The City is working on improving public transport network for easy accessibility and traffic flow within the CBD. This is a further effort to encourage private sector investment into the urban core.

Currently the City is in a fortunate financial position in that it has a low gearing ratio together with its "A" Long Term Rating (Global Credit Rating) thus allowing the city to obtain additional long term borrowings. A strategic decision has been taken that acquiring borrowings, these funds would be utilized on assets that are expected to generate a return. However, the City continues to be cautious in accessing these borrowing facilities in an effort to ensure that they are kept at a manageable level due to insufficient operating surpluses allowing for capital repayments. Projects need to be assessed in terms of additional revenue that can be generated for the City in order to determine the potential ability of the institution to repay the loan.

MFMA Circular 78 and 79 were taken into consideration in the preparation of the 2016/17 MTREF Budget. The BCMM consolidated budget for the 2016/17 MTREF period is R7.43 billion (2016/17), R8.07 billion (2017/18) and R8.75 billion (2018/19) with the table below summarising the consolidated overview of the 2016/17 MTREF Budget.

Table 1: Consolidated Overview of the 2016/17 MTREF Budget

OPERATING AND CAPITAL BUDGET EXPENDITURE	2015/2016	2015/2016	2016/2017	2017/2018	2018/2019
	ADOPTED	MID-YEAR	DRAFT	DRAFT	DRAFT
	BUDGET YR1	ADJ BUDGET	BUDGET	BUDGET	BUDGET
Total Operating Revenue	(5 719 607 491)	(5 690 829 800)	(5 917 030 492)	(6 393 565 668)	(7 012 793 633)
Total Operating Expenditure	5 718 685 323	5 689 907 632	5 915 865 724	6 392 620 005	7 010 445 954
Total Capital Expenditure	1 275 354 230	1 390 877 160	1 510 133 958	1 680 822 763	1 737 998 762
Total Opex & Capex Budget	6 994 039 553	7 080 784 792	7 425 999 682	8 073 442 769	8 748 444 716

The City's revenue has increased by 4% in whilst the expenditure increase is also 4% from 2015/16 revised budget to the 2016/17 budget. The capital budget has increase by 9% resulting in the overall total budget increase of 5% from the 2015/16 revised budget to the 2016/17 budget. The operating revenue increase is mainly attributable to tariff increase as well as slight growth in revenue base e.g. new connections, supplementary valuation to include new developments and rezoning. The operating expenditure increase is mainly attributable to annual increase that is linked to CPI and additional repairs and maintenance provision to respond to the aging infrastructure. The increase in capital expenditure is in respond to service delivery needs to address backlogs and renew aging infrastructure.

1.3.5.1 Revenue & Expenditure Strategy

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

- Efficient revenue management, which aims to ensure not less than 92% annual collection rate over the medium term for property rates and other key service charges.
- Though conservative approach was used in compiling this budget, based on revenue collection of 92.5%, the institutional set target for revenue collection is 93.5%.
- Achievement of full cost recovery of specific user charges especially in relation to trading services.

- The City is striving to ensure that all its trading services are financially self-sustainable.
- Move from a flat-rate billing system to all consumers billed according to consumption.
- Implementation of an automated billing system as opposed to a manual meter reading process.
- Regular Supplementary Valuations performed. The policy is for a minimum of 2 Supplementary Valuations per year, the City is however implementing monthly Supplementary Valuations.
- The successful implementation of a General Valuation on 1 July 2014 and then every four years thereafter in terms of the Municipal Property Rates Act.
- Creating a conducive environment to attract potential investors.
- Review of the Spatial Development Plan to allow for human capital resources to be closer to economic and job opportunities.

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

- Ensuring that capital expenditure is incurred in line with the requirements detailed in the Spatial Development Plan to ensure maximum return to the municipality.
- Re-prioritisation of expenditure to ensure any inefficiencies are eliminated in an effort to contain costs, inter alia:
 - Freeze the funding and filling of vacant posts that are in the approved Metro's organogram.
 - Budgeted annual increase to Contracted Services and General Expenses has been capped only at 4%.
- Additional funding allocation to the maintenance (Repairs and Maintenance budget has been increase by 11%) as well as renewal of existing infrastructure.
- Funding of own funded operating projects is depressed, encouraging in-house implementation of projects through normal operating budget.

The table below reflects the Capital Budget for services for the 2016/17 MTREF period.

Table 2: 2016/17 – 2018/19 Capital Budget Per Service

Services	<u>2016/2017 Draft Capital Budget</u>	<u>2017/2018 Draft Capital Budget</u>	<u>2018/2019 Draft Capital Budget</u>
Water	87 500 000	95 000 000	140 000 000
Waste Water	371 492 022	507 023 769	389 172 252
Electricity	143 000 000	163 000 000	171 000 000
Roads and Storm water	261 098 558	263 000 000	278 000 000
Housing	202 441 082	190 530 454	198 127 200
Transport Planning	239 444 051	269 971 000	329 893 000
Waste Management / Refuse	59 336 000	37 411 600	63 152 360
Amenities	33 142 344	33 882 440	44 353 430
Public Safety	30 032 401	19 817 400	11 618 520
Support Services	64 647 500	81 186 100	92 682 000
Other - BCM Fleet	18 000 000	20 000 000	20 000 000
TOTAL PER SERVICE	1 510 133 958	1 680 822 763	1 737 998 762

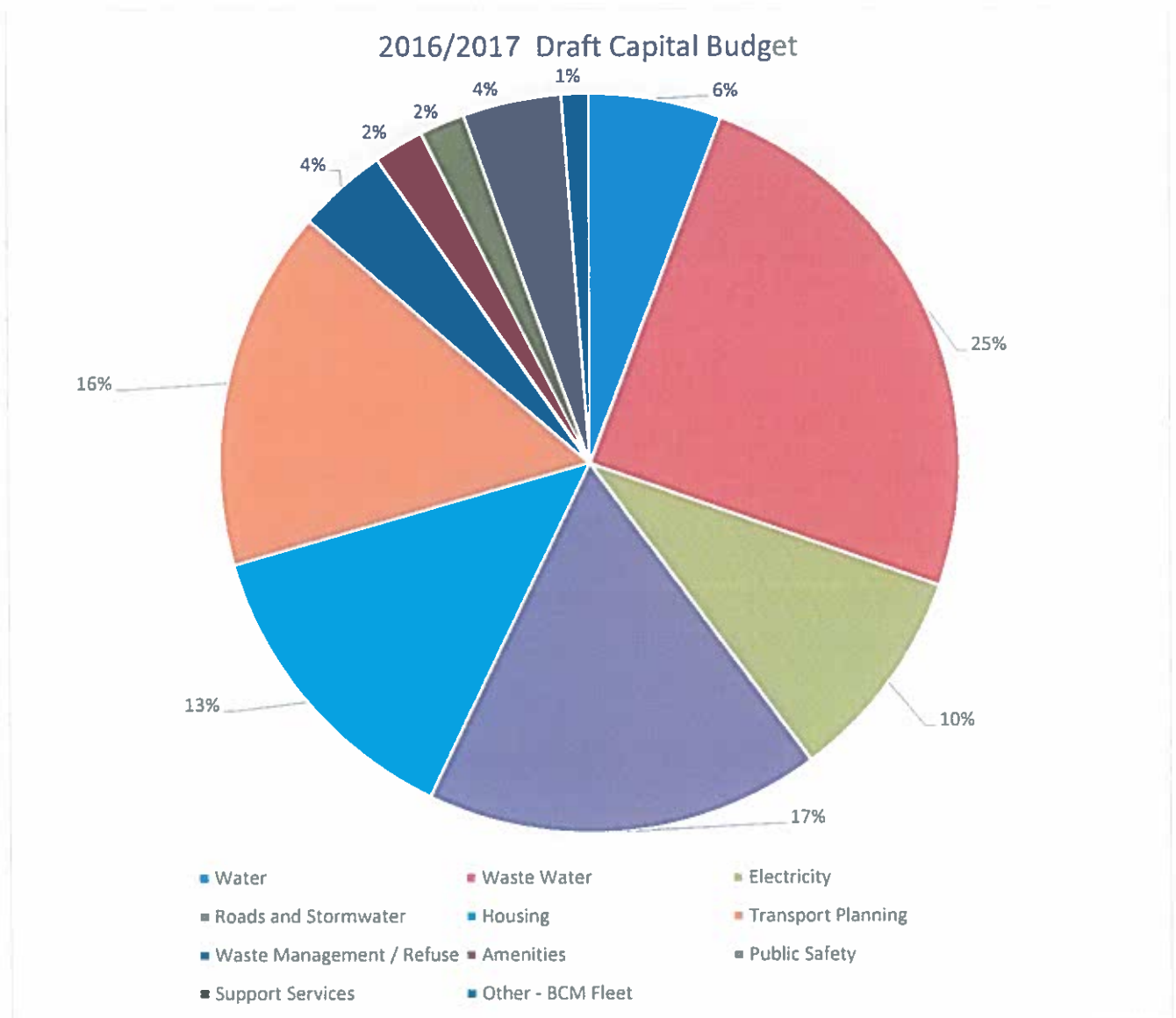


Figure 3: 2016/17 – 2018/19 Capital Budget Per Service

A major portion of the capital budget in the 2016/17 MTREF period has been allocated to the major infrastructure services (Waste Water: 25%, Roads and Storm Water: 17%). Although these services are not all revenue generating the budget expenditure is in terms of our socio-economic development mandate. They are also crucial in unlocking the economic growth of the City. There is however a drive to channel more funding towards economic infrastructure in order to stimulate economic growth in the Metro.

1.3.6 Summary of Rates and Service Charge Tariff implications to the 2016/17 MTREF Budget

Table 3: Average Tariff increases for 2015/16 to 2018/19

Description	2015/2016	2016/2017	2017/2018	2018/2019
Rates	9.90%	7.60%	7.20%	7.00%
Refuse	9.50%	7.80%	7.50%	7.20%
Sewerage	9.50%	7.80%	7.50%	7.20%
Electricity	12.20%	7.64%	7.64%	7.64%
Water	11.00%	8.00%	7.89%	7.92%
Fire Levy	9.90%	7.60%	7.20%	7.00%
Sundry Income	9.90%	7.60%	7.20%	7.00%

1.3.6.1 Overall Summary of Year-on-Year Increases

On average, tariff associated revenue is expected to increase year on year in 2016/17 by approximately 8%. The City strives to project increases that are not above the CPI, the proposed increases are however slightly above CPI due to a combination of increases in input costs associated with providing the service as well as an ongoing attempt to ensure each service produces revenue sufficient to cover the costs of providing the service.

There is an ongoing focus area in the MTREF budget to ensure that work-in-progress which is detailed in the Annual Financial Statements reaches completion stage and is implemented in various areas to improve the perception of service delivery. The impact of this which needs to be considered is that once implemented these projects will require additional operating budget through maintenance budget as well as depreciation funding to allow for the estimated useful life to be achieved and to allow for the replacement of the infrastructure assets in the future.

The ongoing expansion of the City through budget infrastructure spending without the corresponding economic growth is placing additional pressure on the BCMM local consumer to fund the replacement of the assets which is impacting on the operational

budget through the increasing depreciation charge. Furthermore, there is an additional impact on the consumer debt book.

1.3.6.2 Rates

The Municipality has successfully undertaken a General Valuation exercise in terms of the Municipal Property Rates Act and the new values were implemented from 1 July 2014. An increase on rate tariffs of 7.6% in the 2016/17 financial year (2017/18: 7.2%, 2018/19: 7.0%) has been planned. Monthly supplementary valuations will be undertaken and it is projected that they will yield a revenue of R35 million in the 2016/17 financial year.

1.3.6.3 Electricity

In terms of the guidelines provided by the National Energy Regulator of South Africa (NERSA), they have published that they expect the cost of bulk electricity purchases to municipality to increase by a budgeted 7.86%. Following due consideration being given to the NERSA guidelines a decision has been made to increase electricity tariffs by 7.64% as recommended by the guideline. There continues to be ongoing concern with electricity in that:

- The diminishing gross profit generated by electricity over the prior financial years is a concern. This is associated with illegal connections and material distribution losses. The City is however working on reducing these losses and the electrification of informal settlement is one of the efforts that is being undertaken.
- The national power shortage is a challenge that is also felt by the City.
- The ongoing high increases in electricity bulk purchases.

The following corrective action is being undertaken to minimize the above concerns:

- An allocation of capital funding amounting to R477 million over the MTREF period (2016/17: R143 million, 2017/18: R163 million and 2018/19: R171 million) has been allocated to the electricity service department for electricity infrastructure investment. This includes the amount of R330 million from own funds specifically for the replacement and refurbishment of existing infrastructure

within the urban core that has been provided in the MTREF (2016/17: R100 million, 2017/18: R110 million and 2018/19: R120 million).

- The City has embarked on a programme to electrify informal dwellings and has budgeted R45 million over the 2016/17 MTREF period. This will reduce the risk of illegal connections.
- The revenue protection unit is in place and it continuously identify and rectify the disconnection and reconnection of illegal electricity connections across the city, amongst its activities.

1.3.6.4 Water

Water tariffs have been increased by 8% in the 2016/17 financial year. In line with guidance which was received from National Treasury regarding each service delivery being able to generate revenue that is at least equal to the cost of the service, an analysis was undertaken to determine what tariff requirements would be needed to achieve a break even position. The affordability of consumers' needs to further be taken into consideration in order to limit a significant annual impact. This analysis suggests an impact of 8% in 2016/17 financial year, 7.89% in 2017/18 and 7.92% in 2018/19 financial year will reduce the deficit being experienced in water. It needs to further be recognised that the institution purchases untreated water from the Amatola Water Board. The increase associated with this water is 10% adding further pressure on the breakeven analysis for the institution. The tariff increases are necessary to address essential operational requirements, maintenance of existing infrastructure, new infrastructure provision and to ensure the financial sustainability of the service.

There continues to be ongoing concern with water in that:

- Water losses continue to be high. The reason for this is because of aging infrastructure, areas of flat-rated charges, financially challenged consumers using water in excess of that allowed for in the indigent policy.
- An analysis of the Amatola Water Board costs suggest the majority are salary related which the Municipality is funding in duplicate through direct costs of individuals employed by the City and then through the tariff paid by consumers.

This is considered inefficient and the impact on our consumers could be reduced should we be allowed to manage our own water resources. It should further be noted that Buffalo City Metropolitan Municipality is the only Metro that does not manage its own water resources which in itself causes concern from a planning and development perspective.

- The fact that BCMM is having high number of rural areas is having negative impact to the water service as no revenue is generated on water supplied to rural areas.

The following corrective action is being undertaken to minimize the above concerns:

- A total capital budget allocation of R367.5 million has been made over the MTREF period (2016/17: R87.5 million; 2017/18: R95 million and 2018/19: R140 million) to expand our water infrastructure, to augment water treatment capacity and to eradicate backlogs in access to potable water supply.
- This includes the amount of R160 million from own funds specifically for the replacement and refurbishment of existing infrastructure within the Metro that has been allocated over the MTREF.
- As part of the above programme the city will replace standpipes and non-metered areas with new meters. This will reduce the risk of water losses.
- The demand management needs to be focused surrounding penalising individuals for excessive usage through either punitive tariffs or restricting use through engineering techniques.
- Consider managing our own water resources to allow for adequate future supply planning as well as reducing costs by eliminating duplicated functions.

1.3.6.5 Sanitation

The proposed sanitation tariff increase is 7.8% in the 2016/17 financial year; 7.5% and 7.2% in the outer years respectively. There continues to be ongoing concern surrounding the ageing sanitation infrastructure and the impact this has on the operational budget through increasing maintenance costs as well as ensuring the financial sustainability of the service in line with guidance provided by National Treasury.

The impact of the ageing infrastructure is expected to have additional impact on the amount of maintenance expenditure required. It should further be noted that the input costs associated with salaries are expected to increase by 7.6% in line with CPI for the 2016/17 financial year. A total capital budget allocation of R1.2 billion has been allocated to the City's sanitation programme over the MTREF period (2016/17: R372 million; 2017/18: R508 million and 2018/19: R390 million). This include an allocation of capital budget amounting to R311 million from own funds (internally generated) specifically for the replacement and refurbishment of existing infrastructure within the Metro that has been allocated in the MTREF period (2016/17: R105 million, 2017/18: R101 million and 2018/19: R105 million). The City is also in the process of securing a loan facility to fund the Sanitation Tunnel Project that will unlock development in the Amalinda junction, Wilsonia and Reesten areas. An amount of R436 million is budgeted in the MTREF period to fund this project.

It should be noted that the expansion of the city through continued investment in new infrastructure for future demand places additional pressure on the existing customer base in order to allow for the replacement of the infrastructure in the future. It is therefore imperative that expansion needs to be adequately planned to allow for maximum connection of new customers and allow for the reduced impacts on tariffs in the long run.

In summary, the tariff increases are necessary to address essential operational requirements, maintenance of existing infrastructure, new infrastructure provision and to ensure the financial sustainability of the service.

1.3.6.6 Refuse

The proposed Solid Waste tariff increase is 7.8% in the 2016/17 financial year, 7.5% and 7.2% in the two outer years respectively. The Solid Waste tariffs are levied to recover amongst others costs of services provided directly to customers and include refuse collection fees, disposal fees, weighbridge fees and other ad hoc services. In an attempt to improve the refuse collection service, capital budget allocation of R160 million over the MTREF has been allocated to the solid waste department to improve waste management and refuse collection (2016/17: R59 million; 2017/18: R37 million and 2018/19: R63 million). The above include own funding of R77 million that has been allocated over the MTREF period for the Refurbishment of Existing Waste Cells and Construction of additional new ones in an effort to improve environmental compliance and waste management in the Roundhill Landfill site.

1.3.7 Summary of Financial Position, Medium Term Revenue and Expenditure Strategy

1.3.7.1 Cash & Cash Equivalents

BCMM is also projecting a favourable cash position, which currently projected to be R2.3 billion at 30 June 2017 and is projected to be R2.4 billion at 30 June 2018 (2019: R2.5 billion).

1.3.7.2 Cost Coverage

The projected cost coverage, including conditional grants is projected to be 7.6 months at 30 June 2017 and is projected to remain at 7 months over the MTREF period. BCMM maintains a cost coverage of at least 3 months. The average cost coverage over the last 8 months is 6.42 months.

1.3.7.3 Debt Impairment

Debt Impairment is currently budgeted at 7.5% of the projected billable revenue over the medium term and amounts to R305 million in 2016/17 and growing to R328 million in 2017/18 and R352 million in 2018/19 financial year. This is based on the average projected collection rate of 92.5% to year end.

1.3.7.4 Borrowings

In the 2016/17 MTREF budget, it is projected that the Sanitation Tunnel project will be funded from borrowings amounting R436 million (2016/17: R70 million; 2017/18: R189 million and 2018/19: R177 million). The institution continues its focus on improving the financing mix of the capital investment programme. In this regard an in depth analysis is being undertaken to determine what kind of project can be funded through borrowings what would be the Return on Investment. The National Treasury Guidance Norms for Capital Cost (Interest Paid and Redemption) as a percentage of total operating expenditure which is between 6 to 8% and the norm for Debt (Total Borrowings) as a percentage of revenue is 45% is not to be surpassed. The City is considering additional projects that would contribute towards increasing its revenue base which it can fund through borrowings.

1.3.7.5 Asset Management

The institution has assessed its infrastructure asset categories and has noted with concern a continuing trend suggesting an infrastructure asset base showing a declining remaining useful life. This is particularly concerning in relation to the wastewater network which suggests that only about 8 years remain of the useful life. The institution therefore needs to focus the resources into replacing existing infrastructure in order to increase the average remaining useful life of asset categories and, in so doing, improve efficiencies in the system. It is by taking this strategy into consideration that additional resources will be focused on replacing infrastructure in areas by applying a focused approach. This approach focuses funding into areas that have an economic benefit for the city or in areas that have the oldest infrastructure assets in most need of replacement. This approach is expected to yield benefits through reduced water and electricity losses. Funding will be allocated based on submitted and approved business plans.

1.3.7.6 Built Environment Performance Plan (BEPP)

The Buffalo City Metropolitan Municipality's Built Environment Performance Plan 2016/2017 (BEPP), is submitted in accordance of the Division of Revenue Act (DoRA) requirements in respect of the various grants related to the built environment and secondly in partial fulfilment of the requirements of the Integrated City Development Grant (ICDG). The Buffalo City Built Environment Performance Plan (BEPP) is a brief, strategic overview of the built environment aimed at improving the performance of metropolitan built environment. It is a city-level plan formulated and approved by the metro, and it complements existing statutory plans and compliance with legal requirements.

The core objective of the BEPP is that it provides (i) a strategic overview of the built environment; (ii) programmes and targets with an outcomes focus; (iii) basis for infrastructure grant submissions and grant alignment. The BEPP indicates how a metro will apply its capital financing, including grant resources and all other sources of finance, fiscal and regulatory instruments and incentives and what it intends to achieve with these resources and instruments in respect of the local, provincial and national priorities of improving the performance of our built environments and transforming the spatial urban form. (Refer to Annexure M)

1.3.8 BCMM's Priorities and Linkages to the IDP

Community consultation on the draft IDP 2016-2021 and MTREF Budget is due to take place from 4-22 April 2016. All BCMM 50 wards will be visited during the public consultation process, the municipality will be reporting progress towards the implantation of their key priorities.

During the last Executive Mayoral Imbizo which was held on 22, 25 October and 1 November 2015, BCMM's wards identified the following priority issues:

Community Priorities:

- Housing;

- Roads and Stormwater Drainage;
- Refuse Collection;
- Water and Sanitation;
- Electricity;
- Cemeteries;
- Sportsfields; and
- Community Halls (Inland).

The Executive Mayoral Lekgotla held from the 16 – 18 October 2014 emphasized key priorities of the BCM Metro as follows:

- Improving interactions with the communities through regular Mayoral Imbizo's & Visits to Wards
- Proactively engaging mass media through press briefings at given intervals
- Improving the distribution of own newsletter to communicate our own good stories
- Setting Service Standards & Levels - championing the development of a Service Delivery Charter to communicate what our citizens can expect from us.
- Ensure that there are by-Laws that could be enforced on the display of advertisements in the CBD.
- Explore removing of informal traders from the CBD and establishment of free market squares/places in both East London & King William's Town
- Enforcing By-Laws in respect of illegal dumping
- Use of Containers in places used for illegal dumping
- Establishment of transfer stations/mobile transfer stations
- Explore alternatives for Refuse Collection (incl. use of Cooperatives_
- Fixing of leaking pipes, particularly in informal settlements
- Bush-clearing in all wards (particularly in crime hotspots)
- Cleaning of Cemeteries
- Auditing & developing clear milestones of the Programme for the Fixing of Potholes

- Dealing with problems of storm water drainage systems in urban centres (prioritising areas that proves to be at the level of crisis)
- Dealing with Illegal Electricity Connections
- Management of Petitions
- Deal with Bottlenecks in Supply Chain Management processes
- Allocate a specified percentage for houses to be provided to the destitute at the discretion of the Executive Mayor

1.3.8.1 Key Amendments to the IDP

Development of 2016-2021 Integrated Development Plan took into consideration the recently adopted Metro Growth and Development Strategy and major amendments have been effected in terms of vision and mission statement, values and strategic outcomes to ensure that implementation of the MGDS is done through the IDP.

1.3.8.2 Key amendments to the budget related policies

No amendments were made to the following existing BCMM budget-related policies.

- Capital Infrastructure Investment Policy
- Funding and Reserves Policy
- Policy on Long-Term Financial Planning
- Credit Control Policy
- Indigent Policy
- Investment and Cash Management Policy
- Long-Term Borrowing Policy
- Asset Management Policy

The following policies have been reviewed and adjusted accordingly:

- Tariff Policy
- Budget Implementation & Management Policy (Budget Virement Policy)
- Budget Policy

1.3.8.3 Municipal Entity

The parent municipality Buffalo City Metropolitan Municipality has constituted the board members for Buffalo City Development Agency (BCDA). The board is currently recruiting staff for the running of the agency. The Project Manager has been appointed and commenced work on 01 August 2015. The Chief Executive Officer and temporary Office Administrator have been appointed and commenced work on 01 November 2015 and 01 December 2015 respectively. Furthermore, a Chief Financial Officer has been appointed and will resume work in the middle of April 2016. In addition, five positions, namely; Executive Manager: Corporate Services; Executive Manager: Development Facilitation; Manager: Risk & Internal Audit; Company Secretary & Legal Services Manager as well as an Executive Personal Assistant have been advertised with a closing date of 29 March 2016. The Chief Executive Officer is in the process of developing a five year strategic plan for the agency and a board strategy workshop will take place within March 2016 to finalize the work. Furthermore, the agency is in a process of procuring its office space. It is anticipated that once strategic plan is in place, office space is secured and the advertised posts are filled, the entity will start operating on its own with minimal need for daily support from the parent municipality.

1.4 OPERATING REVENUE FRAMEWORK

For BCMM 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 the City is faced with development backlogs and increasing rate of unemployment. 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 to be collected. The City had to also join the national call of cost containment measures in an effort to achieve operational efficiency and avoid budget deficit. As part of cost containment measure:

- The City is doing away with its norm of annual budgeting to fund critical unfunded post.
- Contracted Services and General Expenses increase is capped at 4% which is 2.6% below the projected CPI for 2016/17 financial year.

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

Table 4: Summary revenue classified by revenue source

2015/2016 MID-YEAR ADJUSTMENT BUDGET REVENUE FRAMEWORK	2012/2013		2013/2014		2014/2015		2015/2016		2015/2016		2016/2017		2017/2018		2018/2019		
	AUDITED FIGURES		AUDITED FIGURES		AUDITED FIGURES		ADOPTED BUDGET YR1		MID-YEAR ADJ BUDGET		DRAFT BUDGET		DRAFT BUDGET		DRAFT BUDGET		
Revenue Per Source																	
Property Rates	580 100 408	672 956 899	794 518 845	903 413 150	953 413 150	1 060 872 549	1 137 255 373	1 216 863 249									
Electricity Charges	1 266 659 640	1 383 883 601	1 465 814 133	1 658 671 213	1 758 671 213	1 893 033 694	2 037 661 468	2 193 338 804									
Water Charges	271 026 418	325 359 981	394 281 598	411 380 727	411 380 727	444 291 186	479 345 760	517 309 944									
Sanitation Charges	223 023 307	248 672 891	278 831 681	314 570 625	314 570 625	339 107 134	364 540 169	390 787 061									
Refuse Charges	198 898 045	228 894 570	261 806 838	286 062 521	286 062 521	308 375 397	331 503 552	355 371 808									
Other Service Charges	5 451 854	12 148 699	24 018 406	16 055 935	20 055 935	21 580 186	23 133 959	24 753 336									
Rental of facilities and equipment	15 485 472	15 017 944	17 430 173	18 629 262	18 629 262	20 045 086	21 488 332	22 992 515									
Interest earned - external investments	83 939 750	96 431 573	124 166 422	133 619 907	133 619 907	143 775 020	152 689 071	161 697 726									
Interest earned - outstanding debtors	22 204 094	27 177 505	34 998 995	32 174 551	32 174 551	34 650 326	37 258 775	40 027 420									
Fines	5 979 207	7 571 936	5 499 645	10 293 009	7 793 009	8 385 278	8 989 018	9 618 249									
Licences and permits	15 299 245	14 160 877	14 034 279	22 472 368	12 972 368	13 958 268	14 963 263	16 010 692									
Transfers recognised - operational	723 456 797	812 186 443	948 238 761	1 249 333 299	1 078 555 608	1 314 258 731	1 447 381 060	1 703 052 050									
Other revenue	519 815 448	586 988 732	586 515 062	662 930 923	662 930 923	314 697 638	337 355 867	360 970 778									
Gains on disposal of PPE	0	0	0	0	0	0	0	0									
Total Direct Operating Income	3 931 339 684	4 431 451 652	4 950 154 840	5 719 607 491	5 690 829 800	5 917 030 492	6 393 565 668	7 012 793 633									

The following graph gives a breakdown of the main revenue categories for the 2016/17 financial year.

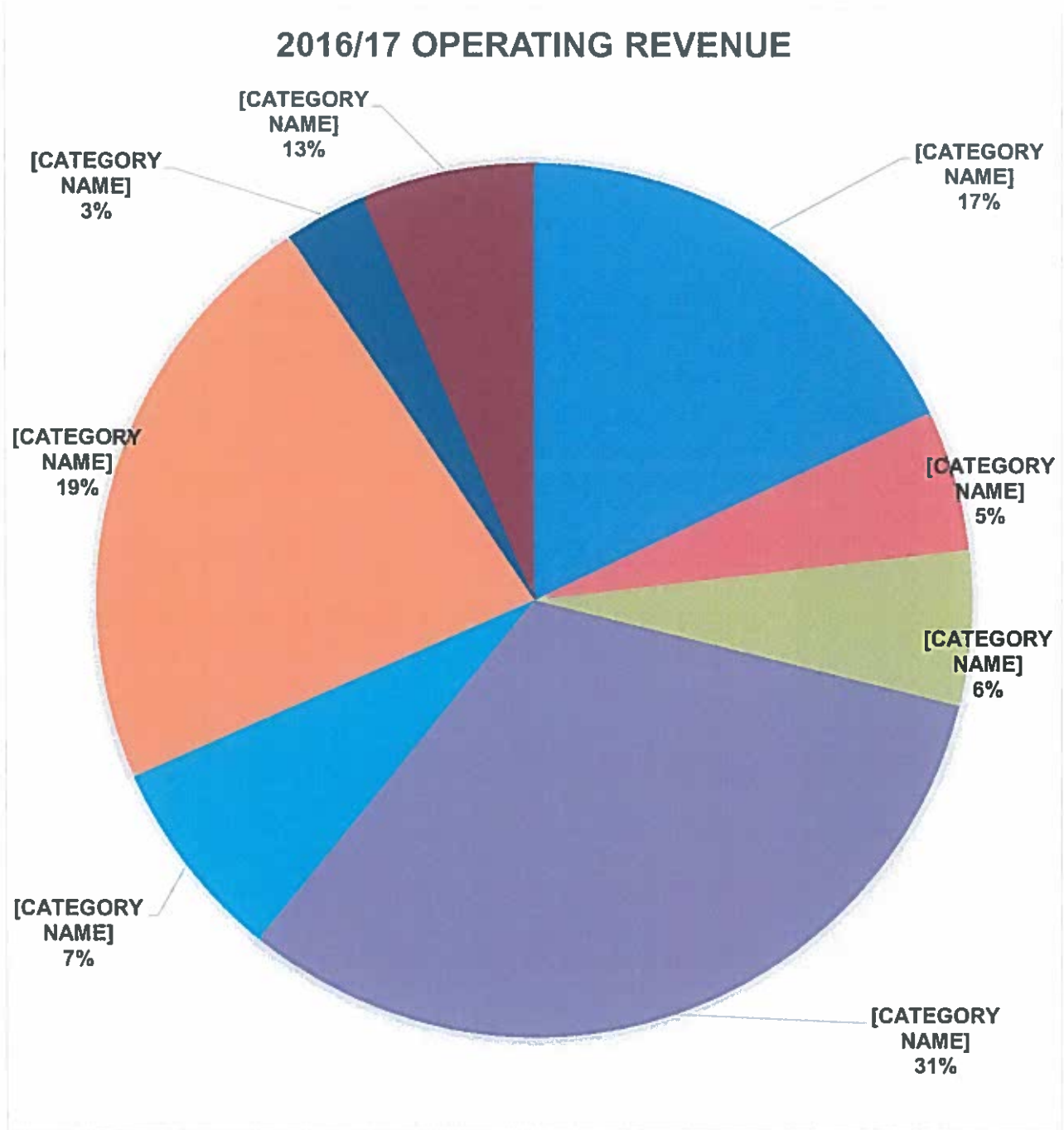


Figure 4: Main Operating Revenue categories for the 2016/17 financial year

The following table is a summary of the 2016/17 MTREF percentage growth in revenue by main revenue source:

Table 5: Table A4 %age growth in revenue by main revenue source

2016/2017 MTREF BUDGET REVENUE FRAMEWORK	2014/2015		2015/2016		2015/2016		2016/2017		2016/2017		2017/2018		2017/2018		2018/2019	
	AUDITED		ADOPTED		MID-YEAR		DRAFT		%AGE		DRAFT		%AGE		DRAFT	
	FIGURES		BUDGET YR1		ADJ BUDGET		BUDGET		INCREASE		BUDGET		INCREASE		BUDGET	
<u>Revenue Per Source</u>																
Property Rates	794 518 845	903 413 150	953 413 150	1 060 872 549	1 137 255 373	11%	1 137 255 373	7%	1 216 863 249	7%	1 216 863 249	7%	1 216 863 249	7%	1 216 863 249	7%
Electricity Charges	1 465 814 133	1 658 671 213	1 758 671 213	1 893 033 694	2 037 661 468	8%	2 037 661 468	8%	2 193 338 804	8%	2 193 338 804	8%	2 193 338 804	8%	2 193 338 804	8%
Water Charges	394 281 598	411 380 727	411 380 727	444 291 186	479 345 760	8%	479 345 760	8%	517 309 944	8%	517 309 944	8%	517 309 944	8%	517 309 944	8%
Sanitation Charges	278 831 681	314 570 625	314 570 625	339 107 134	364 540 169	8%	364 540 169	8%	390 787 061	8%	390 787 061	8%	390 787 061	8%	390 787 061	8%
Refuse Charges	261 806 838	286 062 521	286 062 521	308 375 397	331 503 552	8%	331 503 552	8%	355 371 808	8%	355 371 808	8%	355 371 808	8%	355 371 808	8%
Other Service Charges	24 018 406	16 055 935	20 055 935	21 580 186	23 133 959	8%	23 133 959	7%	24 753 336	7%	24 753 336	7%	24 753 336	7%	24 753 336	7%
Rental of facilities and equipment	17 430 173	18 629 262	18 629 262	20 045 086	21 488 332	8%	21 488 332	7%	22 992 515	7%	22 992 515	7%	22 992 515	7%	22 992 515	7%
Interest earned - external investments	124 166 422	133 619 907	133 619 907	143 775 020	152 689 071	8%	152 689 071	6%	161 697 726	6%	161 697 726	6%	161 697 726	6%	161 697 726	6%
Interest earned - outstanding debtors	34 998 995	32 174 551	32 174 551	34 650 326	37 258 775	8%	37 258 775	8%	40 027 420	8%	40 027 420	8%	40 027 420	8%	40 027 420	8%
Fines	5 499 645	10 293 009	7 793 009	8 385 278	8 989 018	8%	8 989 018	7%	9 618 249	7%	9 618 249	7%	9 618 249	7%	9 618 249	7%
Licences and permits	14 034 279	22 472 368	12 972 368	13 958 268	14 963 263	8%	14 963 263	7%	16 010 692	7%	16 010 692	7%	16 010 692	7%	16 010 692	7%
Transfers recognised - operational	948 238 761	1 249 333 299	1 078 555 608	1 314 258 731	1 447 381 060	22%	1 447 381 060	10%	1 703 052 050	10%	1 703 052 050	18%	1 703 052 050	18%	1 703 052 050	18%
Other revenue	586 515 062	662 930 923	662 930 923	314 697 638	337 355 867	-53%	337 355 867	7%	360 970 778	7%	360 970 778	7%	360 970 778	7%	360 970 778	7%
<u>Total Revenue Excluding Capital Transfers</u>	4 950 154 840	5 719 607 491	5 690 829 800	5 917 030 492	6 393 565 668	100%	6 393 565 668	100%	7 012 793 633	100%	7 012 793 633	100%	7 012 793 633	100%	7 012 793 633	100%
<u>Total Revenue from Rates and Service Charges</u>	3 219 271 502	3 590 154 171	3 744 154 171	4 067 260 145	4 373 440 281	69%	4 373 440 281	68%	4 698 424 202	68%	4 698 424 202	67%	4 698 424 202	67%	4 698 424 202	67%

In 2016/17 the City's own revenue generated property rates and service charges is 69% of the total revenue totalling to R4.1 billion and decrease slightly to 68% which is R4.4 billion in 2017/18 and further slightly decreased to 67% which is R4.7 billion in the 2018/19 financial year. This is mainly attributed to the electricity service contribution to the total revenue mix (inclusive of conditional and unconditional grants) which is 29% in the 2016/17 financial year.

Electricity revenue is increasing from R1.76 billion to R1.89 billion in 2016/17, it further increase to R2.04 billion and R2.2 billion respectively in two outer years of the 2016/17 MTREF period. Property rates are the second largest own revenue source with 17% contribution over the 2016/17 financial year.

The table below reflect Operating Transfers and Grants that the municipality will be receiving in the MTREF period.

Table 6: Table SA18 - Operating Transfers and Grant Receipts

Choose name from list - 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:		657 974	706 873	697 778	714 196	776 722	776 722	1 174 961	1 236 281	1 389 682
Local Government Equitable Share		650 616	653 660	654 723	655 141	655 141	655 141	678 197	703 602	760 226
Urban Settlement Development Grant		-	43 508	34 265	33 348	95 994	95 994	75 445	63 225	104 400
Finance Management		1 500	1 300	1 500	1 300	1 180	1 180	1 200	1 200	900
EPWP Incentive		1 484	2 705	1 890	1 149	1 149	1 149	1 188	-	-
Infrastructure Skills Development Grant		3 000	5 700	5 400	8 400	8 400	8 400	8 900	10 900	11 900
Water Services Operating Subsidy		1 374	-	-	-	-	-	-	-	-
Integrated City Development Grant		-	-	-	5 605	5 605	5 605	-	-	-
Municipal Human Settlement Capacity Grant		-	-	-	9 253	9 253	9 253	-	-	-
General Fuel Levy		-	-	-	-	-	-	410 031	457 353	512 256
Provincial Government:		5 831	103 141	106 798	531 687	298 252	298 252	138 802	211 100	313 370
Roads Subsidy - Provincial Roads		-	-	-	1 871	1 871	1 871	-	-	-
Dept of Economic Development, Environmental Affairs and Tourism (DEDEAT) - Greening Award		-	-	-	-	2 500	2 500	-	-	-
Dept of Economic Development, Environmental Affairs and Tourism (DEDEAT)		-	-	-	-	-	-	-	-	-
Department of Water Affairs		5 831	2 627	-	-	-	-	-	-	-
Local Government & Traditional Affairs		-	-	-	2 000	3 770	3 770	-	-	-
Health Subsidy - ATIC		-	-	-	2 522	2 522	2 522	-	-	-
DSRAC - Library Subsidy		-	7 276	-	3 638	3 638	3 638	-	-	-
Reclaim Land Claims Commission (RLCC)		-	-	-	-	-	-	15 000	15 000	15 870
Dept Sport, Recreation, Arts and Culture (DSRAC)		-	-	-	-	31	31	-	-	-
Dept of Land Affairs		-	-	-	-	766	766	-	-	-
Human Settlement Development Grant		-	93 238	106 798	521 656	283 154	283 154	-	-	-
Human Settlement Development Grant - MPCC		-	-	-	-	-	-	123 802	196 100	297 500
District Municipality:		-	1 288	-	-	-	-	-	-	-
Health Subsidy - Environmental Health		-	1 288	-	-	-	-	-	-	-
Other grant providers:		3 656	4 186	2 727	3 329	3 120	3 120	496	-	-
SETA - Skills Development		3 419	3 130	2 264	2 989	2 989	2 989	-	-	-
Donor Funding - Leiden & Galve		50	345	464	-	-	-	-	-	-
Salakia		-	-	-	-	-	-	-	-	-
Trust Funds		188	-	-	-	-	-	-	-	-
Umsobomvu Youth Fund		-	-	-	-	131	131	-	-	-
BCMETS Funding		-	710	-	-	-	-	-	-	-
Donor Funding - European Commission		-	-	-	340	-	-	-	-	-
City of Oldenburg		-	-	-	-	-	-	496	-	-
Vuna Awards		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	667 461	815 488	807 303	1 249 211	1 078 093	1 078 093	1 314 259	1 447 381	1 703 052

1.4.1 Property Rates and Service Charges and Impact of Tariff Increases

The proposed revisions to the tariffs have been formulated in accordance with the BCMM's policies and comply with Section 74 of the Municipal Systems Act as well as the recommendations of the National Energy Regulator of South Africa (NERSA).

In terms of section 75A of the Local Government Municipal Systems Act, any fees, charges or tariffs which a municipality may wish to levy and recover in respect of any function or service of the municipality, must be approved by a resolution passed by the municipal council with a supporting vote of a majority of its members.

1.4.1.1 Property Rates

Property rates are a major source of revenue income for the City and contribute to cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the BCMM'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 differential rate ratio for public service infrastructure, public benefit organisation and agricultural properties relative to residential properties to be 0.25:1. The implementation of these regulations was effected 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 rateable value (Section 17(h) of the MPRA).
- 100% rebate will be granted to registered indigents in terms of the municipality's Indigent Policy where the value of the indigent property is to a maximum of R150,000 as determined for a RDP house;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 40% will be granted to owners of rate-able property if the total gross

income of the applicant and/or his/her spouse, if any, does not exceed R5000 per month. In this regard the following stipulations are relevant:

- The rateable property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.
- The Municipality may award a 100% grant-in-aid on the assessment rates of rateable properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rateable properties for purposes of levying rates and the proposed rates for the 2016/17 financial year based on a 7.6% percent tariff increase from 1 July 2016 is contained below:

Table 7: Comparison of proposed rates to be levied for the 2016/17 financial year

	Existing tariff	Proposed tariff
	(from 1 July 2015)	(from 1 July 2016)
	C	C
Residential properties (incl. farms & small holdings used for residential purposes)	0,009039	0,009726
Agricultural (used for Bona-fide farming)	0,002260	0,002431
Public Service Infrastructure	0,002260	0,002431
Business, Commercial & Industrial properties (incl. farms used for Game- / Eco Tourism)	0,022597	0,024315
Educational Institutions	0,006327	0,006808
Municipal Owned properties (Rateable, used for residential purposes)	0,009039	0,009726
Municipal Owned (Rateable, used for non-residential purposes)	0,022597	0,024315
Municipal Owned (Non-rateable)	0,000000	0,000000
Mining / Quarry	0,022597	0,024315
Government properties (incl. Correctional Services Facilities, Office buildings & Hospitals)	0,022597	0,024315
Vacant land	0,027117	0,029178
Religious sites or Places of Worship	0,000000	0,000000
Special properties (e.g. Museums, Libraries)	0,000000	0,000000
Public Benefit Organisations	0,002260	0,002431
Rural Communal properties	0,000000	0,000000

The Municipality has successfully undertaken a General Valuation exercise in terms of the Municipal Property Rates Act and the new values were implemented from 1 July 2014. An increase on rate tariffs of 7.6% in the 2016/17 financial year (2016/17: 7.2%, 2017/18: 7.0%) has been planned. Monthly supplementary valuations will be undertaken and it is projected that they will yield a revenue of R35 million in the 2016/17 financial year.

1.4.1.2 Sale of Water and Impact of Tariff Increases

The water tariff structure of the 2016/17 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R31.2980 per kilolitre for consumption in excess of 30kl per 30 day period.

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. The drought that is currently experienced by the country is negatively affecting the cost of providing water service. National Treasury has always been encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

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

In addition National Treasury has urged all municipalities to ensure that water tariff structures are fully cost reflective by 2014. Although the institution is attempting to comply with this request, the annual impact on consumers in terms of affordability needs to be considered.

The institution is currently concerned about the high level of water losses which have been historically incurred. The City is implementing the following projects to reduce water losses:

- Meter replacement and pipe replacement programme are implemented to reduce water losses that are due to ageing infrastructure, which frequently bursts.
- Installation of bulk water meters on communal standpipes, ablution blocks, reservoir supply zone, flat rated areas to account for all the water that is provided free of charge, non-metering of this water is often construed as physical water losses.

- Installation of pressure reducing valves helps to reduce the number of pipe bursts and the volume of water lost when there is a break down
- Installation of data loggers is used for monitor night flows, which is an indicator of water leaks in a particular supply zone.
- Water loss awareness campaigns is done in order to educate communities about water saving and helps to reduce vandalism of water infrastructure.

An amount of R40 million has been allocated annually within the MTREF budget to cater for this plan. It is envisaged that this will reduce the water losses being incurred to a level which is comparable to the peers of the institution. Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

Amatola Water has proposed to increase its bulk water tariffs by 10% from 1 July 2016. There is some concern surrounding the determination of this tariff as a large portion relates to employee costs which, it could be argued, the Municipality is already incurring through the individuals we have working directly. A tariff increase of 8% from 1 July 2016 for water is proposed. This is based on input cost assumptions of 10% increase in the cost of bulk water (Amatola Water), and the service progressing to becoming self-sufficient with at least a break-even position. In addition 6 kℓ water per 30-day period will again be granted free of charge to all indigent residents. There is also water service that is provided to rural areas which are not billed for water consumption.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 8: Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS	PROPOSED TARIFFS
	2015/16 Rand per kℓ	2016/17 Rand per kℓ
RESIDENTIAL		
(i) 0 to 6 kℓ per 30-day period (Indigent)	0,0000	0,0000
(ii) 0 to 6 kℓ per 30-day period (Non-Indigent)	12,5796	13,5860
(iii) 7 to 10 kℓ per 30-day period	12,8263	13,8524
(iv) 11 to 20 kℓ per 30-day period	17,8141	19,2392
(v) 21 to 30 kℓ per 30-day period	23,0923	24,9397
(vi) More than 30 kℓ per 30-day period:	28,9796	31,2980
NON-RESIDENTIAL		
(i) From the 1 st kℓ per 30-day period	17,6377	19,0487

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

Table 9: Comparison between current water charges and increases (Domestic)

Monthly Consumption kℓ	Current amount Payable R	Proposed amount payable R	Difference (Increase) R	% change
10	126,78	136,93	10,14	8,00%
20	304,92	329,32	24,39	8,00%
30	535,85	578,72	42,87	8,00%
50	1 115,44	1 204,67	89,24	8,00%
75	1 839,93	1 987,12	147,19	8,00%
100	2 564,42	2 769,57	205,15	8,00%

1.4.1.3 Sale of Electricity and Impact of Tariff Increases

For purposes of the MTREF Budget, the electricity tariff structure has been left unchanged. The City is however still in the process of investigation the inclined block tariffs. The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the City. Most of the suburbs and inner city reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the City's electricity network has therefore become a strategic priority, especially the substations and transmission lines.

On 07 March 2016 NERSA issued a guideline to all municipalities detailing the expected increase of bulk purchases and proposed tariff increase that the municipalities must apply which is to be effective from 1 July 2016 and.

The expected increase as communicated in the guidance is 7.86% for bulk purchases. It is envisaged that the municipality will increase its tariff by 7.64% across all categories in order to recover the increased bulk purchase cost as well as capital infrastructure costs for the electrification of informal settlements. It should be noted that given the magnitude of the tariff increases in the recent past, it is expected that the depressed growth in electricity consumption, which is having a negative impact on the municipality's revenue from electricity, will continue for the foreseeable future.

Registered indigents will again be subsidized for the first 50 kWh per 30-day period free of charge, while the discounted Life-Line tariff for the second 50 kWh per 30-day period is available to all registered indigents and pensioners.

The approved budget for the Electricity Division can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply).

An allocation of R477 million over the MTREF period has been made to the electricity trading service. This includes an amount of R130 million that is allocated over the MTREF period electrification programme. Within the electrification programme, an

amount of R30 million over the MTREF period (R10 million per year) is allocated for electrification of informal settlements. As part of the 2016/17 medium-term capital programme, own funding has been allocated to electricity infrastructure to the tune of R330 million over the MTREF period. This funding level is budgeted within the MTREF period with the express purposes of upgrading existing infrastructure assets with the goal of maintaining consistent supply that is within the control of the Municipality.

Table 10: Comparison between current electricity charges and increases (Domestic)

Monthly Consumption kWh	Current amount Payable R	Proposed amount payable R	Difference (Increase) R	% change
100	178,11	191,72	13,61	7,64%
250	445,28	479,30	34,02	7,64%
500	890,56	958,60	68,04	7,64%
750	1 335,84	1 437,90	102,06	7,64%
1 000	1 781,12	1 917,20	136,08	7,64%
2 000	3 562,25	3 834,41	272,16	7,64%

1.4.1.4 Sanitation and Impact of Tariff Increases

A tariff increase of 7.8 % for sanitation from 1 July 2016 is proposed. Currently sanitation charges are calculated according to the relative size of the erf on which the property is located. It is envisaged that future sanitation charges will be based on a percentage of water consumption, but first the large volumes of water losses will have to be brought under control.

The following table shows the impact of the proposed increases in annual tariffs on the sanitation charges for a single dwelling residence:

Table 11: Comparison between current sanitation charges and increases, single dwelling- residence (per annum)

Category	Current amount	Proposed amount	Difference	% Change
	Payable	payable	(Increase)	
	R	R	R	
Erf : 0 – 300m ²	837,00	902,00	65,00	7,8%
Erf : 301 – 400m ²	1 329,00	1 433,00	104,00	7,8%
Flat : Complex	2 107,00	2 271,00	164,00	7,8%
Flat : Ordinary	2 327,00	2 509,00	182,00	7,8%
Flat : Semi	2 327,00	2 509,00	182,00	7,8%
Cluster/Town Houses	2 880,00	3 105,00	225,00	7,8%
Erf : 401 – 800m ²	3 460,00	3 730,00	270,00	7,8%
Erf : 801 – 1200m ²	3 735,00	4 026,00	291,00	7,8%
Erf : > 1200m ²	4 070,00	4 387,00	317,00	7,8%

1.4.1.5 Refuse Removal and Impact of Tariff Increases

It is widely accepted that the rendering of this service should at least break even, which continues to prove difficult to achieve considering affordability for the consumers. The City needs to implement the solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. Efficiencies of staff performing the function continue to be a contributing factor as there is an increase in the cost of remuneration however this does not appear to be converting to refuse collection efficiencies. The on-going increase on repairs and maintenance for refuse trucks and increases in general expenditure such as fuel and hired plant. There will be more added focus by management over the MTREF period in an attempt to improve staff management and create efficiencies in this process. There is further investigation to create a transfer station to reduce the costs of running the transport fleet. It needs to be noted that the institution has embarked on the purchase of wheelie bins for BCMM consumers and it is envisaged that this will improve the efficiencies of employees. These plans are currently at various stages of implementation. The City is in the process of constructing an additional landfill waste site and the rehabilitation of the existing landfill sites and this project is progressing well.

An increase of 7.8% in the refuse removal tariff is proposed from 1 July 2016. A further increase of 7.5% and 7.2% for the two outer years respectively are proposed.

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

Table 12: Comparison between current refuse removal fees and increases

Category	Current amount	Proposed amount	Difference	%
	Payable	Payable	(Increase)	Change
	R	R	R	
85ℓ Bins – Twice weekly	441,00	475,00	34,00	7,8%
240ℓ Bins – Once weekly	621,00	669,00	48,00	7,8%
240ℓ Bins – Twice weekly	1 242,00	1 339,00	97,00	7,8%
420ℓ Bins – Once weekly	1 085,00	1 170,00	85,00	7,8%
420ℓ Bins – Twice weekly	2 169,00	2 338,00	169,00	7,8%
1.1m ³ Sprico – Once weekly	744,00	802,00	58,00	7,8%
1.1m ³ Sprico – Twice weekly	1 483,00	1 599,00	116,00	7,8%
1.1m ³ Sprico – Three x a week	2 229,00	2 403,00	174,00	7,8%
1.1m ³ Sprico – Four x a week	2 966,00	3 197,00	231,00	7,8%
1.1m ³ Sprico – Five x a week	3 708,00	3 997,00	289,00	7,8%

1.4.2 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept at an average of about 8% (CPI + 1%).

The categories of rateable properties for purposes of levying rates and the proposed rates for the 2016/17 financial year based on a 7.60% increase from 1 July 2016 is contained below:

Table 13: SA14 – Household bills

Choose name from list - 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	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						
Monthly Account for Household - 'Middle Income Range'	1																	
Rates and services charges:																		
Property rates		525.67	588.25	479.79	527.29	527.29	527.29	527.29	7.6%	587.37	608.22	650.79						
Electricity: Basic levy		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Electricity: Consumption		1 179.19	1 287.11	992.40	1 113.47	1 113.47	1 113.47	1 113.47	7.6%	1 198.54	1 290.11	1 388.68						
Water: Basic levy		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Water: Consumption		319.36	388.39	298.24	331.04	331.04	331.04	331.04	8.0%	357.53	385.74	416.29						
Sanitation		203.51	225.66	249.34	273.03	273.03	273.03	273.03	7.8%	294.33	316.40	339.18						
Refuse removal		122.81	138.60	156.14	170.97	170.97	170.97	170.97	7.8%	184.31	192.60	208.47						
Other		28.07	30.70	33.33	36.63	36.63	36.63	36.63	7.6%	39.41	42.25	45.21						
sub-total		2 378.61	2 648.70	2 209.24	2 452.43	2 452.43	2 452.43	2 452.43	7.7%	2 641.49	2 835.32	3 046.62						
VAT on Services		333.01	370.82	343.34	343.34	343.34	343.34	343.34	7.7%	368.81	396.94	426.53						
Total large household bill:		2 711.61	3 019.52	2 518.53	2 795.77	2 795.77	2 795.77	2 795.77	7.7%	3 011.30	3 232.26	3 473.15						
% Increase/decrease			11.4%	(16.6%)	11.0%					7.7%	7.3%	7.5%						
Monthly Account for Household - 'Affordable Range'	2																	
Rates and services charges:																		
Property rates		83.08	92.97	342.71	376.64	376.64	376.64	376.64	7.6%	405.26	434.44	484.85						
Electricity: Basic levy		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Electricity: Consumption		587.24	645.96	496.20	556.74	556.74	556.74	556.74	7.6%	599.27	645.06	694.34						
Water: Basic levy		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Water: Consumption		250.55	289.01	248.53	275.87	275.87	275.87	275.87	8.0%	297.94	321.45	348.90						
Sanitation		72.44	80.34	88.74	97.17	97.17	97.17	97.17	7.8%	104.75	112.81	120.72						
Refuse removal		122.81	138.60	156.14	170.97	170.97	170.97	170.97	7.8%	184.31	192.60	208.47						
Other		28.07	30.70	33.33	36.63	36.63	36.63	36.63	7.6%	39.41	42.25	45.21						
sub-total		1 144.19	1 277.58	1 365.65	1 514.02	1 514.02	1 514.02	1 514.02	7.7%	1 630.94	1 748.41	1 878.49						
VAT on Services		148.56	165.84	191.19	211.96	211.96	211.96	211.96	7.7%	228.33	244.78	262.99						
Total small household bill:		1 292.74	1 443.42	1 556.84	1 725.98	1 725.98	1 725.98	1 725.98	7.7%	1 859.27	1 993.19	2 141.48						
% Increase/decrease			11.7%	7.9%	10.9%					7.7%	7.2%	7.4%						
Monthly Account for Household - 'Indigent' Household receiving free basic services	3																	
Rates and services charges:																		
Property rates		63.08	92.97	102.61	112.99	112.99	112.99	112.99	7.6%	121.58	130.33	139.46						
Electricity: Basic levy		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Electricity: Consumption		42.76	47.04	49.62	55.67	55.67	55.67	55.67	7.6%	59.93	64.51	69.43						
Water: Basic levy		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Water: Consumption		44.98	51.89	59.65	66.21	66.21	66.21	66.21	8.0%	71.51	77.15	83.26						
Sanitation		72.44	80.34	87.44	97.21	97.21	97.21	97.21	7.8%	104.75	112.81	120.72						
Refuse removal		122.81	138.60	156.14	170.97	170.97	170.97	170.97	7.8%	184.31	192.60	208.47						
Other		28.07	30.70	33.33	36.63	36.63	36.63	36.63	7.6%	39.41	42.25	45.21						
sub-total		394.15	441.53	408.99	450.62	450.62	450.62	450.62	7.7%	485.53	516.29	553.96						
VAT on Services		38.64	43.55	57.26	63.09	63.09	63.09	63.09	7.7%	67.97	72.28	77.55						
Total small household bill:		432.79	485.08	466.25	513.71	513.71	513.71	513.71	7.7%	553.50	588.57	631.51						
% Increase/decrease			12.1%	(3.9%)	10.2%					(10.5%)	6.3%	7.3%						

1.5 OPERATING EXPENDITURE FRAMEWORK

The City's expenditure framework for the 2016/17 budget and MTREF is informed by Section 18 and 19 of the MFMA. The following table is a high level summary of the 2015/16 budget and MTREF (classified per main type of operating expenditure):

Table 14: Table A4 - Summary of operating expenditure classification by type

2016/2017 DRAFT BUDGET EXPENDITURE FRAMEWORK	2012/2013		2013/2014		2014/2015		2015/2016		2015/2016		2015/2016		2016/2017		2017/2018		2018/2019		
	AUDITED FIGURES		AUDITED FIGURES		AUDITED FIGURES		ADOPTED BUDGET YR1		ROLL OVER ADJ BUDGET		MID-YEAR ADJ BUDGET		DRAFT BUDGET		DRAFT BUDGET		DRAFT BUDGET		
Expenditure Per Category																			
Employee related costs	982 560 038	1 134 596 421	1 192 330 838	1 387 618 913	1 425 571 929	1 553 877 480	1 665 756 659	1 780 693 868											
Remuneration of councillors	43 331 310	45 087 768	47 682 188	52 910 192	54 810 192	58 975 767	63 222 022	66 952 121											
Debt impairment	106 769 758	241 010 582	365 110 172	245 009 326	253 979 326	305 044 511	328 008 021	352 381 815											
Depreciation & asset impairment	701 570 993	646 595 313	729 879 755	690 929 722	740 929 722	748 339 019	794 736 038	841 625 464											
Finance charges	67 258 510	65 775 074	60 670 766	54 313 000	55 813 000	57 105 142	70 938 326	85 887 474											
Bulk purchases	1 040 113 342	1 110 464 178	1 213 641 773	1 377 011 714	1 407 011 714	1 521 587 433	1 645 567 264	1 779 730 216											
Contracted services	7 763 365	9 742 994	14 606 853	21 621 596	21 621 596	22 486 459	23 880 620	25 289 576											
Transfers and grants	116 332 346	145 871 188	235 798 043	258 568 483	258 568 483	288 464 866	310 180 274	333 229 314											
Repairs and Maintenance	263 701 689	285 681 086	284 054 233	372 009 710	372 009 710	414 790 827	456 269 909	501 896 900											
Operating projects	123 581 134	227 458 346	340 281 333	697 731 474	501 838 317	323 530 431	373 853 928	543 600 050											
Other expenditure	507 577 006	705 850 884	630 576 395	566 088 367	597 753 644	621 663 789	660 206 944	699 159 154											
Loss on disposal of PPE	8 659 533	11 042 335	30 408 389	0	0	0	0	0											
Total Direct Operating Expenditure	3 969 219 025	4 629 176 169	5 145 040 740	5 723 812 497	5 689 907 632	5 915 865 724	6 392 620 005	7 010 445 954											

The following figure gives a breakdown of the main expenditure categories for the 2016/17 financial year:

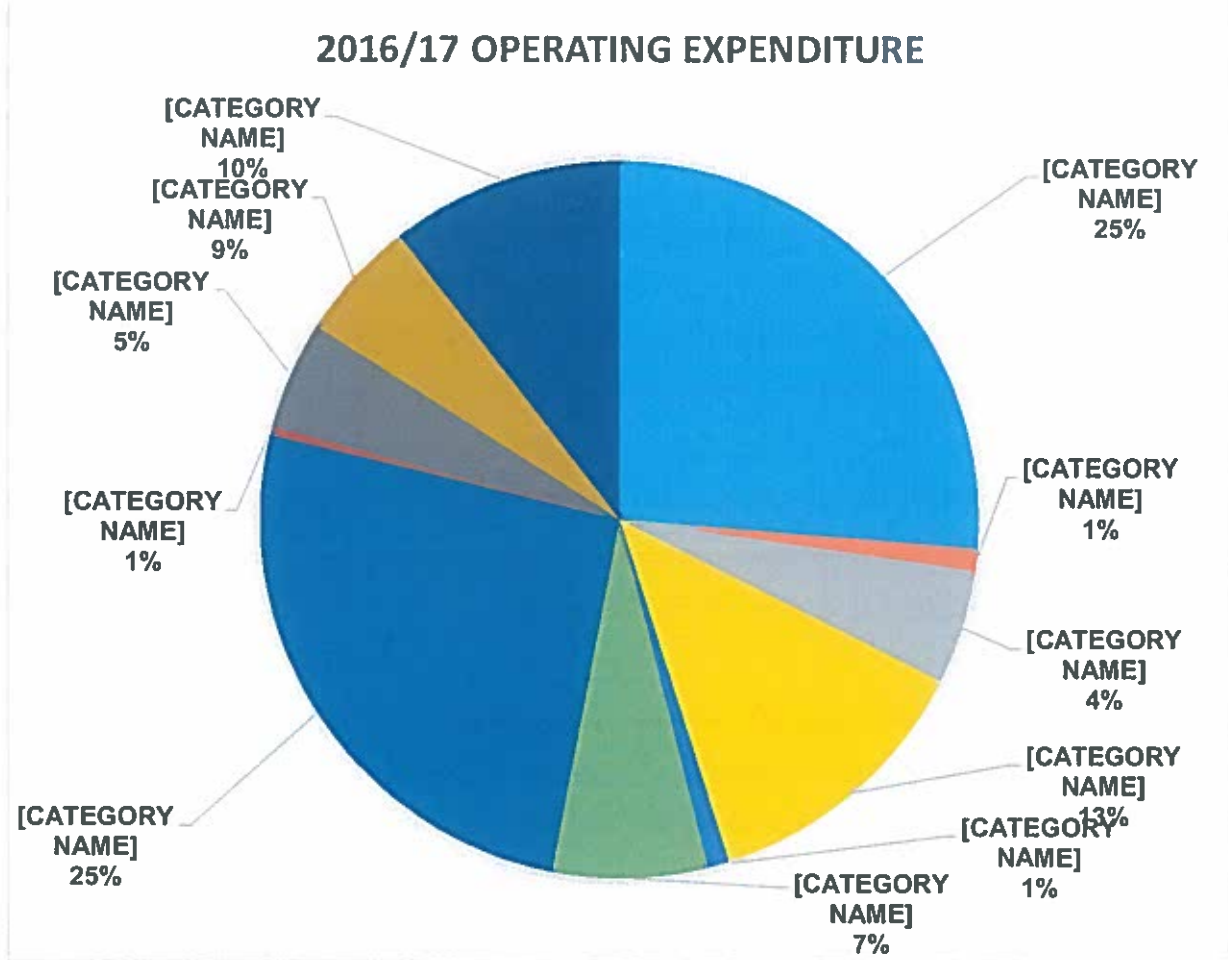


Figure 5: Main operational expenditure categories for the 2016/17 financial year

Employee Costs equates to 25% of the total operating costs and is within the norm of 25% to 40% as per MFMA Circular 71 guideline. Salaries have been increased by CPI plus one (e.g. 6.6%+1% in 2016/17) in line with MFMA Circular 79 guideline.

Remuneration of councillors is determined by the Minister of Cooperative 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 City's budget.

The **provision of debt impairment** has been determined based on an annual collection rate. For the 2016/17 financial year this amounts to R305 million and escalates to R352 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 is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R748 million for the 2016/17 financial year and equates to 13% of the total operating expenditure. Infrastructure assets are by far the most significant value of the Statement of Financial Position of the institution and is where the most significant amount of the institutions resources is expended. As such the institution has made a strategic decision to actively manage its infrastructure assets by ensuring all new infrastructure commitments are made in line with the Metro Growth and Development Strategy.

It needs to be recognised that the institution has adopted the revaluation accounting approach for roads infrastructure assets. The main reason for the decision is to ensure the future viability of the institution by allowing for the future replacement of these significant long term assets.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1% (R57 million) of operating expenditure excluding annual redemption for 2016/17.

Bulk purchases Eskom (equates to 25% of total operating expenditure) are directly informed by the purchase of electricity from and water from Amatola. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions.

Other expenditure comprises of various line items relating to the daily operations of the municipality. In order to comply with the provisions of circular 70 guiding principles as issued by National Treasury, the institution undertook a line by line analysis of expenditure in an attempt to improve efficiencies. As a result the annual increase on

general expenses and contracted services has kept below CPI at 4% on the 2016/17 financial year. In the prior year (2015/16) no annual increase was provided.

1.5.1 Repairs and Maintenance

Aligned to the priority being given to preserving and maintaining the City's current infrastructure, the 2016/17 budget and MTREF provide for extensive growth in the asset maintenance area as informed the City's asset renewal strategy and repairs & maintenance plan.

Repairs and maintenance budget is currently 7% of the total Operating Expenditure Budget. The City is striving towards a 10% repairs and maintenance of its total operating budget owing to the aging of the City's infrastructure and historic deferred maintenance. As a result the City has budgeted an annual increase that is above the projected CPI in the MTREF (2016/17: 11.5%; 2017/18: 10% and 2018/19: 10%) The City has embarked on a programme to replace existing infrastructure assets which have almost reached and/or exceeded their useful lives and will be funded from own funds. The institution has identified a historical funding shortfall associated with the replacement of existing infrastructure assets and in an attempt to alleviate the shortfall, some of the USDG funding will be utilized to replace existing infrastructure. Furthermore, the institution will ensure that surplus budgets are prepared beyond the MTREF period to fund both existing infrastructure replacement as well as new infrastructure expansion.

Table 15: Table SA34c – Repairs and Maintenance expenditure by asset type

R thousand	Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework					
			Audited Outcomes	Audited Outcomes	Audited Outcomes	Audited Outcomes	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	1															
	Infrastructure		220 824	238 228	275 684	316 019	316 019	316 019	316 019	316 019	316 019	316 019	316 019	316 019	316 019	316 019	316 019
	Infrastructure - Road transport		62 067	62 764	86 549	108 529	108 529	108 529	108 529	108 529	108 529	108 529	108 529	108 529	108 529	108 529	108 529
	Roads, Pavements & Bridges		55 427	56 120	79 304	99 988	99 988	99 988	99 988	99 988	99 988	99 988	99 988	99 988	99 988	99 988	99 988
	Storm water		6 840	6 644	7 245	8 541	8 541	8 541	8 541	8 541	8 541	8 541	8 541	8 541	8 541	8 541	8 541
	Infrastructure - Electricity		100 347	103 884	109 151	112 550	112 550	112 550	112 550	112 550	112 550	112 550	112 550	112 550	112 550	112 550	112 550
	Generation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Transmission & Retention		97 551	100 033	105 011	108 089	108 089	108 089	108 089	108 089	108 089	108 089	108 089	108 089	108 089	108 089	108 089
	Street Lighting		2 796	3 850	4 140	4 451	4 451	4 451	4 451	4 451	4 451	4 451	4 451	4 451	4 451	4 451	4 451
	Infrastructure - Water		26 976	30 866	37 061	42 435	42 435	42 435	42 435	42 435	42 435	42 435	42 435	42 435	42 435	42 435	42 435
	Dams & Reservoirs		1 021	932	1 194	1 283	1 283	1 283	1 283	1 283	1 283	1 283	1 283	1 283	1 283	1 283	1 283
	Water purification		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Retention		25 955	29 933	35 868	41 152	41 152	41 152	41 152	41 152	41 152	41 152	41 152	41 152	41 152	41 152	41 152
	Infrastructure - Sanitation		19 486	23 221	25 287	29 620	29 620	29 620	29 620	29 620	29 620	29 620	29 620	29 620	29 620	29 620	29 620
	Retention		19 486	23 221	25 287	29 620	29 620	29 620	29 620	29 620	29 620	29 620	29 620	29 620	29 620	29 620	29 620
	Sewerage purification		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Infrastructure - Other		11 948	15 494	17 636	22 885	22 885	22 885	22 885	22 885	22 885	22 885	22 885	22 885	22 885	22 885	22 885
	Waste Management		11 948	15 494	17 636	22 885	22 885	22 885	22 885	22 885	22 885	22 885	22 885	22 885	22 885	22 885	22 885
	Community		19 435	22 165	16 663	17 874	17 874	17 874	17 874	17 874	17 874	17 874	17 874	17 874	17 874	17 874	17 874
	Parks & gardens		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sportfields & stadia		407	11 248	516	553	553	553	553	553	553	553	553	553	553	553	553
	Swimming pools		328	298	385	413	413	413	413	413	413	413	413	413	413	413	413
	Community halls		398	405	562	585	585	585	585	585	585	585	585	585	585	585	585
	Libraries		155	126	265	253	253	253	253	253	253	253	253	253	253	253	253
	Recreational facilities		11 065	2 285	3 069	3 331	3 331	3 331	3 331	3 331	3 331	3 331	3 331	3 331	3 331	3 331	3 331
	Fire, safety & emergency		991	1 394	2 180	2 288	2 288	2 288	2 288	2 288	2 288	2 288	2 288	2 288	2 288	2 288	2 288
	Security and policing		1 518	1 995	1 960	2 005	2 005	2 005	2 005	2 005	2 005	2 005	2 005	2 005	2 005	2 005	2 005
	Buses		474	394	2 491	2 658	2 658	2 658	2 658	2 658	2 658	2 658	2 658	2 658	2 658	2 658	2 658
	Clinics		24	14	14	101	101	101	101	101	101	101	101	101	101	101	101
	Museums & Art Galleries		32	14	67	71	71	71	71	71	71	71	71	71	71	71	71
	Cemeteries		233	158	339	402	402	402	402	402	402	402	402	402	402	402	402
	Social rental housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Other		3 810	3 828	4 815	5 215	5 215	5 215	5 215	5 215	5 215	5 215	5 215	5 215	5 215	5 215	5 215
	Other assets		23 443	27 293	35 401	38 117	38 117	38 117	38 117	38 117	38 117	38 117	38 117	38 117	38 117	38 117	38 117
	General vehicles		764	940	1 667	1 821	1 821	1 821	1 821	1 821	1 821	1 821	1 821	1 821	1 821	1 821	1 821
	Specialized vehicles		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Plant & equipment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Computers - hardware/equipment		818	604	991	1 065	1 065	1 065	1 065	1 065	1 065	1 065	1 065	1 065	1 065	1 065	1 065
	Furniture and other office equipment		3	0	15	16	16	16	16	16	16	16	16	16	16	16	16
	Abattoirs		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Markets		738	721	868	1 009	1 009	1 009	1 009	1 009	1 009	1 009	1 009	1 009	1 009	1 009	1 009
	Civic Land and Buildings		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Other Buildings		8 091	8 852	9 818	10 554	10 554	10 554	10 554	10 554	10 554	10 554	10 554	10 554	10 554	10 554	10 554
	Other Land		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Surplus Assets - (Investment/ Inventory)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Other		13 031	16 176	22 042	23 651	23 651	23 651	23 651	23 651	23 651	23 651	23 651	23 651	23 651	23 651	23 651
	Total Repairs and Maintenance Expenditure	1	263 702	285 686	327 749	372 010	372 010	372 010	372 010	372 010	372 010	372 010	372 010	372 010	372 010	372 010	372 010
	R&M as % of PPE		2.6%	2.4%	2.7%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%
	R&M as % Operating Expenditure		6.7%	6.5%	6.8%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the City's Indigent Policy. The target is to register 80 000 or more indigent households (urban areas) by end of 2016/17 financial year, this process is reviewed annually. It should however be noted that although this is a goal from a social perspective, it is an indicator of the overall strategic direction of the institution not being achieved. The institution is attempting to steer in the direction of economic growth and job creation. This target is contrary to that focus area.

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

The following table provide a breakdown of the current and proposed total poor relief package per indigent household:

Table 16: Basic social services package per indigent household

	Total Per Household 2015/2016	Total Per Household 2016/2017	Total Per Household 2017/2018	Total Per Household 2017/2018
Rates	112,99	121,58	130,33	139,46
Refuse	170,97	184,31	192,60	206,47
Sewerage	8,15	8,79	9,45	10,13
Fire Levy	36,63	39,41	42,25	45,21
<u>Total Monthly Subsidy</u>	328,75	354,09	374,63	401,26
Electricity - 50kwh p.m.	55,67	59,93	64,51	69,43
Water - 6kl p.m.	66,21	71,51	77,15	83,26
<u>Total Poor Relief</u>	450,63	485,52	516,29	553,95

1.6 CAPITAL EXPENDITURE FRAMEWORK

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

Table 17: Table A5 2016/17 Medium-term capital budget per vote, standard classification and funding

Vote Description R thousand	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										
Vote 1 - Directorate - Executive Support Services	622	2 290	1 321	6 200	4 898	4 898	4 898	3 500	500	500
Vote 2 - Directorate - Municipal Manager	-	-	5 452	21 500	700	700	700	27 348	37 586	61 582
Vote 3 - Directorate - Chief Operations Officer	36 692	39 321	144 783	211 424	196 391	196 391	196 391	202 441	190 530	198 127
Vote 4 - Directorate - Chief Financial Officer	25 488	2 193	3 282	10 000	10 200	10 200	10 200	10 600	10 600	10 600
Vote 5 - Directorate - Corporate Services	-	39 267	4 863	21 600	30 621	30 621	30 621	22 700	32 000	19 000
Vote 6 - Directorate - Engineering Services	402 616	648 609	671 827	820 556	925 500	925 500	925 500	881 591	1 048 524	999 172
Vote 7 - Directorate - Development Planning	101 455	32 934	37 437	68 221	86 153	86 153	86 153	239 444	269 971	329 893
Vote 8 - Directorate - Health & Public Safety	6 358	14 385	3 751	21 650	15 809	15 809	15 809	30 032	19 817	11 619
Vote 9 - Directorate - Community Services	20 255	65 195	57 333	94 204	120 054	120 054	120 054	92 478	71 294	107 506
Capital multi-year expenditure sub-total	593 485	844 194	930 050	1 275 354	1 390 325	1 390 325	1 390 325	1 510 134	1 680 823	1 737 999
Single-year expenditure to be appropriated										
Vote 1 - Directorate - Executive Support Services	-	-	-	-	-	-	-	-	-	-
Vote 2 - Directorate - Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 3 - Directorate - Chief Operations Officer	-	-	-	-	-	-	-	-	-	-
Vote 4 - Directorate - Chief Financial Officer	-	-	-	-	-	-	-	-	-	-
Vote 5 - Directorate - Corporate Services	-	-	-	-	-	-	-	-	-	-
Vote 6 - Directorate - Engineering Services	-	-	-	-	-	-	-	-	-	-
Vote 7 - Directorate - Development Planning	-	-	-	-	-	-	-	-	-	-
Vote 8 - Directorate - Health & Public Safety	-	-	-	-	-	-	-	-	-	-
Vote 9 - Directorate - Community Services	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote	593 485	844 194	930 050	1 275 354	1 390 325	1 390 325	1 390 325	1 510 134	1 680 823	1 737 999

Table A5 2016/17 Medium-term capital budget per vote, standard classification and funding (Cont.)

Vote Description	2012/13		2013/14		2014/15		Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19		
Capital Expenditure - Standard														
<i>Governance and administration</i>														
Executive and council	26 110	43 749	14 918	59 300	46 512	46 512	46 512	46 512	46 512	64 148	80 686	91 682		
Budget and treasury office	622	2 290	6 773	27 700	5 139	5 139	5 139	5 139	5 139	46 548	68 086	80 582		
Corporate services	25 488	2 193	3 282	10 000	10 752	10 752	10 752	10 752	10 752	10 600	10 600	10 600		
<i>Community and public safety</i>														
Community and social services	-	39 267	4 863	21 600	30 621	30 621	30 621	30 621	30 621	7 000	2 000	500		
Sport and recreation	44 632	60 197	165 241	305 568	265 774	265 774	265 774	265 774	265 774	265 616	244 230	254 099		
Public safety	-	4 147	11 918	40 269	20 050	20 050	20 050	20 050	20 050	15 370	15 767	21 588		
Housing	1 582	2 343	4 788	32 225	33 524	33 524	33 524	33 524	33 524	17 773	18 116	22 765		
Health	6 358	13 732	3 751	21 650	15 809	15 809	15 809	15 809	15 809	30 032	19 817	11 619		
<i>Economic and environmental services</i>														
Planning and development	36 692	39 321	144 783	211 424	196 391	196 391	196 391	196 391	196 391	202 441	190 530	198 127		
Road transport	-	653	-	-	-	-	-	-	-	-	-	-		
Environmental protection	246 316	357 416	369 799	333 221	427 260	427 260	427 260	427 260	427 260	500 543	532 971	607 893		
<i>Trading services</i>														
Electricity	101 008	32 934	37 437	68 221	86 612	86 612	86 612	86 612	86 612	239 444	269 971	329 893		
Water	143 551	280 275	322 624	265 000	340 649	340 649	340 649	340 649	340 649	261 099	263 000	278 000		
Waste water management	1 757	44 207	9 738	-	-	-	-	-	-	-	-	-		
Waste management	275 981	382 380	379 734	529 266	603 331	603 331	603 331	603 331	603 331	661 328	802 435	763 325		
<i>Other</i>														
Electricity	65 683	106 855	150 386	158 500	164 500	164 500	164 500	164 500	164 500	143 000	163 000	171 000		
Water	71 359	98 505	91 521	91 000	110 000	110 000	110 000	110 000	110 000	87 500	95 000	140 000		
Waste water management	122 022	162 523	106 938	258 056	262 352	262 352	262 352	262 352	262 352	371 492	507 024	389 172		
Waste management	16 916	14 497	30 889	21 710	66 480	66 480	66 480	66 480	66 480	59 336	37 412	63 152		
<i>Other</i>	447	452	358	48 000	48 000	48 000	48 000	48 000	48 000	18 500	20 500	21 000		
Total Capital Expenditure - Standard	593 485	844 194	930 050	1 275 354	1 390 877	1 390 877	1 390 877	1 390 877	1 390 877	1 510 134	1 680 823	1 737 999		
Funded by:														
National Government	515 570	734 503	565 914	742 884	702 762	702 762	702 762	702 762	702 762	741 969	842 151	969 510		
Provincial Government	-	-	49 578	107 469	86 850	86 850	86 850	86 850	86 850	106 300	50 635	-		
District Municipality	-	-	-	-	-	-	-	-	-	-	-	-		
Other transfers and grants	-	-	-	-	-	-	-	-	-	-	-	-		
Transfers recognised - capital	515 570	734 503	615 492	850 353	789 612	789 612	789 612	789 612	789 612	848 269	892 786	969 510		
Public contributions & donations														
Borrowing	18 146	-	-	-	459	459	459	459	459	-	-	-		
Internally generated funds	59 769	109 692	314 558	425 002	600 806	600 806	600 806	600 806	600 806	592 283	598 685	591 622		
Total Capital Funding	593 485	844 194	930 050	1 275 354	1 390 877	1 390 877	1 390 877	1 390 877	1 390 877	1 510 134	1 680 823	1 737 999		

The above table reflect that the budget for capital programme is R1.51 billion in the 2016/17 financial year, R1.68 billion and R1.74 billion in the 2017/18 and 2018/19 financial years respectively.

It is pleasing to note the BCMM's capital budget has increased by 9% compared to the 2015/16 revised budget. It is also showing an increasing trend from 2016/17 to 2018/19 financial year. Further breakdown per service of the capital budget is detailed in table below. It depicts that for the 2016/17 financial year an amount of R371 million has been appropriated for the Waste Water infrastructure, R261 million for Roads and Storm Water, R239 million for Transport Planning, R202 million for Housing and R143 million for Electricity. These services represent 81% of the total capital budget for the 2016/17 financial year.

Table 18: List of Key Projects Per Service

Services	<u>2016/2017</u> <u>Draft Capital</u> <u>Budget</u>	<u>2017/2018</u> <u>Draft Capital</u> <u>Budget</u>	<u>2018/2019</u> <u>Draft Capital</u> <u>Budget</u>
Water	87 500 000	95 000 000	140 000 000
Waste Water	371 492 022	507 023 769	389 172 252
Electricity	143 000 000	163 000 000	171 000 000
Roads and Stormwater	261 098 558	263 000 000	278 000 000
Housing	202 441 082	190 530 454	198 127 200
Transport Planning	239 444 051	269 971 000	329 893 000
Waste Management / Refuse	59 336 000	37 411 600	63 152 360
Amenities	33 142 344	33 882 440	44 353 430
Public Safety	30 032 401	19 817 400	11 618 520
Support Services	64 647 500	81 186 100	92 682 000
Other - BCM Fleet	18 000 000	20 000 000	20 000 000
TOTAL PER SERVICE	1 510 133 958	1 680 822 763	1 737 998 762

Renewal of existing assets represent 52.7% (R795 million) of the total capital budget while new assets acquisition equates to 47.3% (R715 million) in the 2016/17 financial year. Further detail relating to asset classes and proposed capital expenditure is contained in MBRR Table A9, MBRR Tables SA34a and SA34b provides a detailed breakdown of the capital programme relating to new asset construction and capital asset renewal. Some of the salient projects to be undertaken over the medium-term includes, amongst others:

The following are some of the major projects to be undertaken in the medium-term amongst others:

- **Electricity**

Bulk electricity infrastructure upgrade for the entire BCMM area to improve reliability of supply of the BCMM network for both domestic and commercial consumers is one of the priority areas. To contribute towards fulfilment of this priority, an allocation of R330 million over the MTREF period has been made from own funding. An amount of R139 million has been allocated over the MTREF period for electrification, street lighting and high mast within BCMM area of supply. This allocation include R30 million that has been allocated over the MTREF for electrification of informal dwellings.

- **Sanitation / Waste Water**

Phase 2 of the Zwelitsha Waste Water Treatment Works Upgrade, is budgeted for R308 million over the MTREF period. This plant will provide a centralized regional treatment facility for the Inland Region which will service the domestic and business community from Bhisho, Breidbach, Zwelitsha, Phakamisa, Schornville, Ginsberg, etc. The provision of Sewer Tunnel for diversion of sewer from Central Plant to Reeston Plant is allocated a budget of R436 million over the MTREF period funded from borrowings. An allocation of R311 million from own funds has been made available for renewal of existing infrastructure, including Eastern Beach Gravity Sewer Upgrade (R84 million) and Mdantsane Waste Water Treatment Works (R67 million).

- **Roads**

The Upgrading of Mdantsane Roads is continuing and has been allocated a budget of R211 million over the MTREF period. The Quenera Beacon Bay Link Road is also continuing and has been allocated a budget of R75 million over the MTREF period. Fleet Street upgrade is also progressing and an amount of R105 million has been allocated in over the MTREF. KWT roads upgrade have been allocated R45 million over the MTREF. An amount of R60 million has been set aside for Rural roads over the MTREF period. An allocation of R260 million from own funds has been made available for upgrading various existing roads.

- **Transport Planning**

An allocation of R132 million has been allocated over the MTREF period for the implementation of Integrated Transport Programme. Phase 7 of Qumza Highway Upgrading has been allocated an amount of R130 million over the MTREF period. For the upgrading of KWT Transport Facilities, an amount of R120 million has been allocated over the MTREF period. The Needs Camp Bridge has been allocated R90 million over the MTREF period.

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 BCMM's 2016/17 budget and MTREF as approved by the Council. BCMM's entity, BCDA is currently not operational though the Board of Directors have been constituted. The board is currently in the process of recruiting staff undertake critical positions of the entity. The Chief Executive Officer and a temporary Office Administrator have been appointed and commenced work on 01 November 2015 and 01 December 2015 respectively. Furthermore, a Chief Financial Officer has been appointed and will resume work in the middle of April 2016. In addition, five positions, namely: Executive Manager: Corporate Services; Executive Manager: Development Facilitation; Manager: Risk & Internal Audit; Company Secretary & Legal Services Manager as well as an Executive Personal Assistant have been advertised with a closing date of 29 March 2016.

The Chief Financial Officer is in a process of developing a five year strategic plan for the agency and a board strategy workshop will take place within March 2016 to finalize the work. Furthermore, the agency is in a process of procuring its office space. It is anticipated that once strategic plan is in place, office space is secured and the advertised posts are filled, the entity will start operating on its own with minimal need for daily support from the parent municipality. As a result a full budget document has not yet been prepared for the entity and BCMM has allocated a grant to BCDA for operational costs. A full budget document for BCDA will be prepared and consolidated with BCMM in the preparation and tabling of final budget document at Council in May.

Table 19: MBRR Table A1 – Budget Summary

Description	2012/13		2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework	
	Audited Outcome	Audited Outcome	Audited Outcome	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	580 100	672 957	794 519	803 413	803 413	853 413	953 413	953 413	1 060 873	1 137 255	1 216 883
Service charges	1 985 059	2 198 960	2 424 753	2 686 741	2 686 741	2 790 741	2 790 741	2 790 741	3 006 368	3 236 185	3 481 561
Investment/revenue	83 980	96 477	124 166	133 620	133 620	133 620	133 620	133 620	143 775	152 689	161 698
Transfers recognised - operational	723 457	812 167	948 239	1 249 333	1 249 333	1 078 556	1 078 556	1 078 556	1 314 259	1 447 381	1 703 052
Other own revenue	578 783	661 339	655 068	746 500	746 500	734 500	734 500	734 500	391 737	420 055	449 820
Total Revenue (excluding capital transfers and contributions)	3 931 380	4 441 900	4 946 744	5 719 607	5 719 607	5 680 830	5 680 830	5 680 830	5 917 030	6 393 566	7 012 794
Employee costs	982 560	1 134 596	1 192 331	1 387 619	1 387 619	1 425 572	1 425 572	1 425 572	1 553 877	1 665 757	1 780 684
Remuneration of councillors	43 331	43 331	47 682	52 910	52 910	54 810	54 810	54 810	58 976	63 222	66 952
Depreciation & asset impairment	701 504	844 183	729 880	712 213	712 213	740 930	740 930	740 930	748 339	794 736	841 825
Finance charges	-	67 259	-	54 313	54 313	55 813	55 813	55 813	57 105	70 938	85 867
Materials and bulk purchases	1 040 113	1 119 121	1 213 642	1 377 012	1 377 012	1 407 012	1 407 012	1 407 012	1 521 597	1 645 567	1 779 730
Transfers and grants	99 031	144 957	-	258 568	258 568	258 568	258 568	258 568	288 452	310 173	333 225
Other expenditure	1 042 784	1 212 680	1 646 561	1 876 050	1 876 050	1 747 203	1 747 203	1 747 203	1 667 528	1 842 227	2 122 331
Total Expenditure	3 909 334	4 366 108	4 830 095	5 718 685	5 718 685	5 689 908	5 689 908	5 689 908	5 915 866	6 392 620	7 010 446
Surplus/(Deficit)	22 047	75 792	116 649	92 988	92 922	92 922	92 922	92 922	1 165	940	2 348
Transfers recognised - capital	510 296	734 503	615 492	650 353	650 353	790 071	790 071	790 071	848 269	892 786	969 510
Contributions recognised - capital & contributed asset	532 342	810 295	732 141	851 275	851 275	790 993	790 993	790 993	849 434	893 732	971 858
Surplus/(Deficit) after capital transfers & contributions	-	-	-	22 359	22 359	790 993	790 993	790 993	849 434	893 732	971 858
Share of surplus/ (deficit) of associates	532 342	810 295	754 501	851 275	851 275	790 993	790 993	790 993	849 434	893 732	971 858
Surplus/(Deficit) for the year	532 342	810 295	754 501	851 275	851 275	790 993	790 993	790 993	849 434	893 732	971 858
Capital expenditure & funds sources											
Capital expenditure	593 485	844 194	930 050	1 275 354	1 275 354	1 390 877	1 390 877	1 390 877	1 510 134	1 680 823	1 737 999
Transfers recognised - capital	515 570	734 503	615 492	850 353	850 353	789 612	789 612	789 612	848 269	892 786	969 510
Public contributions & donations	18 148	-	-	-	-	459	459	459	69 582	189 352	176 867
Borrowing	59 789	108 092	314 558	425 002	425 002	600 806	600 806	600 806	592 283	586 665	591 622
Internally generated funds	593 485	844 194	930 050	1 275 354	1 275 354	1 390 877	1 390 877	1 390 877	1 510 134	1 680 823	1 737 999
Total sources of capital funds	2 968 478	2 787 051	3 024 062	3 250 381	3 250 381	3 327 390	3 327 390	3 327 390	3 404 805	3 466 348	3 715 082
Total current assets	10 483 393	12 365 779	12 611 838	11 706 711	11 706 711	11 706 711	11 706 711	11 706 711	12 432 376	13 374 701	13 401 820
Total current liabilities	1 251 827	1 086 016	1 020 134	1 026 227	1 026 227	1 026 227	1 026 227	1 026 227	940 094	1 079 476	945 927
Total non current liabilities	978 533	1 003 150	995 434	1 099 508	1 099 508	1 099 508	1 099 508	1 099 508	1 189 363	1 358 478	1 508 750
Community wealth/Equity	10 809 511	13 190 895	13 620 132	12 831 357	12 831 357	12 908 366	12 908 366	12 908 366	13 707 724	14 403 096	14 962 326
Financial position											
Total current assets	1 176 732	957 735	1 013 447	1 350 929	1 350 929	1 618 620	1 618 620	1 618 620	1 648 698	1 562 637	1 830 154
Net cash from (used) operating	(590 286)	(586 864)	(923 670)	(1 275 354)	(1 275 354)	(1 390 877)	(1 390 877)	(1 390 877)	(1 510 134)	(1 680 823)	(1 737 999)
Net cash from (used) investing	(285 100)	(49 753)	(53 669)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	23 485	137 575	117 930
Net cash from (used) financing	1 843 315	2 164 433	2 200 541	2 383 434	2 383 434	2 380 443	2 380 443	2 380 443	2 542 491	2 561 880	2 771 426
Cash/cash equivalents at the year end	1 843 315	2 164 433	2 200 541	2 383 434	2 383 434	2 380 443	2 380 443	2 380 443	2 542 491	2 561 880	2 771 426
Cash backing/surplus reconciliation											
Cash and investments available	1 844 207	2 163 953	2 198 787	2 383 434	2 383 434	2 460 443	2 460 443	2 460 443	2 540 214	2 567 375	2 785 471
Application of cash and investments	611 722	499 605	232 052	322 569	322 569	306 969	306 969	306 969	247 951	364 854	380 991
Balance - surplus (shortfall)	1 232 485	1 664 348	1 946 745	2 060 845	2 060 845	2 153 474	2 153 474	2 153 474	2 292 263	2 202 521	2 404 480
Asset management											
Asset register summary (WDV)	10 536 384	10 456 609	426 676	11 501 014	11 501 014	11 501 014	11 501 014	11 501 014	12 690 383	14 186 330	15 853 278
Depreciation & asset impairment	701 504	644 163	726 880	712 213	712 213	740 930	740 930	740 930	746 339	784 736	841 825
Renewal of Existing Assets	-	-	502 299	861 279	861 279	861 279	861 279	861 279	795 348	950 469	935 868
Repairs and Maintenance	263 702	285 686	327 749	372 010	372 010	372 010	372 010	395 074	395 074	418 384	445 579
Free services											
Cost of Free Basic Services provided	-	34 471	23 198	48 089	48 089	34 301	34 301	34 301	-	-	-
Revenue cost of free services provided	28 828	-	-	-	-	-	-	-	-	-	-
Households below minimum service level	4	4	3	3	3	2	2	2	2	2	2
Water	48	48	32	32	32	31	31	31	30	30	29
Sanitation/sewage	-	-	-	-	-	-	-	-	-	-	-
Energy	2	2	2	2	2	2	2	2	2	2	2
Refuse	-	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table A1 – Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the City'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. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget.
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The municipality's budget is fully funded and cash-backed and will be generating a surplus in the two outer years of the MTREF period to ensure a more balanced funding mix for capital projects.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic

Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 20: MBRR Table A2 – Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2016/17 Medium Term Revenue & Expenditure Framework				Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework				
		Audited Outcome	2013/14 Audited Outcome	2014/15 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	1													
<i>Governance and administration</i>		1 526 711	1 725 120	1 886 925	1 974 740	2 014 714	2 014 714	2 206 322	2 383 945	2 623 383				
Executive and council		(2 424)	21 185	28 536	37 902	27 996	27 996	30 796	33 275	36 293				
Budget and treasury office		1 521 892	1 694 658	1 846 004	1 922 818	1 972 688	1 972 688	2 160 105	2 334 008	2 588 916				
Corporate services		7 243	9 277	12 385	14 019	14 019	14 019	15 421	16 663	18 174				
<i>Community and public safety</i>		190 460	328 725	93 520	651 123	412 038	412 038	124 758	134 801	147 028				
Community and social services		19 163	64 143	9 404	17 738	17 738	19 511	21 082	22 994	22 994				
Sport and recreation		3 658	4 976	3 346	5 601	5 601	6 161	6 657	7 261	7 261				
Public safety		75 229	84 165	79 741	90 035	87 535	87 535	96 289	104 040	113 476				
Housing		90 358	173 882	—	535 206	298 621	298 621	—	—	—				
Health		1 851	1 559	1 029	2 542	2 542	2 542	2 797	3 022	3 296				
<i>Economic and environmental services</i>		295 653	381 872	79 188	97 752	88 383	88 383	97 222	105 048	114 576				
Planning and development		103 362	47 958	25 472	21 272	21 403	21 403	23 543	25 439	27 746				
Road transport		191 943	332 638	49 859	76 096	66 596	66 596	73 255	79 152	86 331				
Environmental protection		348	1 275	3 857	385	385	385	423	457	498				
<i>Trading services</i>		2 412 458	2 752 896	2 701 728	2 972 019	3 151 720	3 151 720	3 462 357	3 741 276	4 096 727				
Electricity		1 345 538	1 509 239	1 534 229	1 726 439	1 830 439	1 830 439	2 008 948	2 170 868	2 383 883				
Water		401 252	454 987	461 672	492 088	492 088	492 088	541 296	584 871	637 918				
Waste water management		388 639	469 987	389 759	392 460	405 661	405 661	446 227	482 149	525 879				
Waste management		277 030	318 764	336 068	361 032	423 532	423 532	465 885	503 389	549 046				
<i>Other</i>		16 419	18 805	17 753	23 975	23 975	23 975	27 874	30 821	34 781				
Total Revenue - Standard	2	4 441 701	5 207 419	4 779 115	5 719 607	6 541 182	6 541 182	6 765 300	7 286 352	7 982 304				
Expenditure - Standard	2													
<i>Governance and administration</i>		698 952	852 728	452 668	1 067 762	1 123 270	1 123 270	1 169 222	1 263 461	1 386 017				
Executive and council		143 834	113 452	154 500	194 037	201 849	201 849	209 923	226 842	248 846				
Budget and treasury office		304 717	465 667	—	466 958	510 649	510 649	532 096	574 983	630 757				
Corporate services		250 401	273 609	298 168	426 767	410 772	410 772	427 203	461 635	506 414				
<i>Community and public safety</i>		435 486	513 237	405 221	989 070	786 101	786 101	817 546	883 440	969 133				
Community and social services		76 645	82 725	88 098	93 320	95 656	95 656	99 483	107 501	117 929				
Sport and recreation		71 465	84 128	78 789	74 147	74 147	74 147	77 113	83 328	91 411				
Public safety		169 684	190 274	209 992	219 275	219 275	219 275	228 046	246 426	270 330				
Housing		89 318	128 197	—	571 731	336 649	336 649	350 115	378 335	415 033				
Health		28 375	27 913	26 342	30 598	60 374	60 374	62 789	67 850	74 431				
<i>Economic and environmental services</i>		721 695	723 547	775 123	843 333	862 950	862 950	898 422	970 835	1 065 006				
Planning and development		178 110	192 670	221 953	213 708	239 760	239 760	249 351	269 448	295 585				
Road transport		462 774	435 262	453 960	527 886	521 451	521 451	543 263	587 050	643 994				
Environmental protection		80 812	95 615	99 210	101 739	101 739	101 739	105 809	114 337	125 428				
<i>Trading services</i>		2 109 699	2 371 377	2 740 479	2 781 669	2 900 735	2 900 735	3 012 990	3 255 773	3 569 325				
Electricity		1 230 196	1 314 438	1 481 918	1 625 904	1 659 904	1 659 904	1 722 526	1 861 297	2 039 585				
Water		387 718	461 736	586 655	503 337	511 337	511 337	531 791	574 653	630 395				
Waste water management		280 290	317 803	371 722	362 232	425 232	425 232	442 242	477 886	524 241				
Waste management		211 496	277 399	300 184	290 196	304 262	304 262	316 432	341 936	375 104				
<i>Other</i>		14 351	13 840	13 509	17 005	17 005	17 005	19 111	19 111	20 965				
Total Expenditure - Standard	3	3 980 184	4 474 727	4 387 000	5 718 839	6 580 062	6 580 062	6 849 434	7 415 620	8 010 446				
Surplus/(Deficit) for the year		461 517	732 691	392 115	768	851 121	851 121	849 434	893 732	971 858				

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. Total Revenue on this table includes capital revenues (Transfers recognised – capital).
3. As a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Waste Water Management and Waste Management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.

Table 21: MBRR Table A3 -- Budgeted Financial Performance (revenue and expenditure by municipal vote)

R thousand	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														
1	Vote 1 - Directorate - Executive Support Services		1 104	251	733	-	131	131	145	156	170			
	Vote 2 - Directorate - Municipal Manager		3 296	21 135	28 536	37 902	47 807	47 807	52 588	56 822	61 975			
	Vote 3 - Directorate - Chief Operations Officer		90 611	174 742	196 494	535 206	352 011	352 011	362 572	373 449	418 263			
	Vote 4 - Directorate - Chief Financial Officer		1 521 892	1 694 658	1 846 004	1 922 818	1 972 698	1 972 698	2 037 048	2 102 260	2 351 961			
	Vote 5 - Directorate - Corporate Services		5 155	7 270	7 832	11 851	11 851	11 851	13 036	14 086	15 364			
	Vote 6 - Directorate - Engineering Services		2 279 385	2 718 289	2 369 496	2 614 132	2 718 132	2 718 132	2 822 410	3 185 770	3 432 812			
	Vote 7 - Directorate - Development Planning		122 390	69 005	44 568	55 515	55 515	55 515	61 067	65 982	71 967			
	Vote 8 - Directorate - Health & Public Safety		123 195	132 865	126 175	157 427	145 427	145 427	159 970	172 848	188 525			
	Vote 9 - Directorate - Community Services		300 399	389 158	352 676	384 756	387 256	387 256	408 195	422 192	471 757			
	Vote 10 - Directorate - Miscellaneous		(5 726)	45	615 492	850 353	850 353	850 353	848 269	892 786	969 510			
	Total Revenue by Vote	2	4 441 701	5 207 419	5 588 007	6 569 960	6 541 182	6 541 182	6 755 300	7 286 352	7 982 304			
Expenditure by Vote to be appropriated														
1	Vote 1 - Directorate - Executive Support Services		126 799	150 857	158 483	164 414	198 928	198 928	206 885	223 560	243 837			
	Vote 2 - Directorate - Municipal Manager		59 650	76 810	79 494	102 124	111 469	111 469	115 928	125 271	136 633			
	Vote 3 - Directorate - Chief Operations Officer		95 581	135 916	218 348	582 205	400 614	400 614	416 638	450 220	491 054			
	Vote 4 - Directorate - Chief Financial Officer		304 717	465 667	622 050	466 958	510 649	510 649	531 075	573 880	625 931			
	Vote 5 - Directorate - Corporate Services		98 171	106 354	123 906	214 533	185 537	185 537	192 959	208 511	227 423			
	Vote 6 - Directorate - Engineering Services		2 376 481	2 545 434	2 921 502	3 046 354	3 085 019	3 085 019	3 208 420	3 467 018	3 813 820			
	Vote 7 - Directorate - Development Planning		217 819	238 320	255 196	274 508	300 228	300 228	312 237	337 404	368 006			
	Vote 8 - Directorate - Health & Public Safety		220 959	243 319	264 371	283 787	313 488	313 488	326 027	352 305	384 259			
	Vote 9 - Directorate - Community Services		464 772	566 536	573 172	582 239	582 411	582 411	604 069	652 692	717 564			
	Vote 10 - Directorate - Miscellaneous		15 001	(54 589)	-	1 565	1 565	1 565	1 627	1 759	1 918			
	Total Expenditure by Vote	2	3 979 949	4 474 624	5 216 523	5 718 685	5 689 908	5 689 908	5 915 866	6 392 620	7 010 446			
	Surplus/(Deficit) for the year	2	461 753	732 795	371 483	851 275	851 275	851 275	849 434	893 732	971 858			

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 City. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 22: MBRR Table A4 – Budgeted Financial Performance (revenue and expenditure)

R thousand	Ref	Description	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework						
			2012/13	2013/14	2014/15	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
		Expenditure By Type											
	2	Employee related costs	982 560	1 134 596	1 192 331	1 387 619	1 425 572	1 425 572	1 425 572	1 425 572	1 425 572	1 425 572	1 425 572
		Remuneration of councillors	43 331	43 331	47 682	52 910	54 810	54 810	54 810	54 810	54 810	54 810	54 810
	3	Debt impairment	106 770	106 770	365 110	245 009	253 979	253 979	253 979	253 979	253 979	253 979	253 979
	2	Depreciation & asset impairment	701 504	644 163	729 880	712 213	740 930	740 930	740 930	740 930	740 930	740 930	740 930
		Finance charges		67 259		54 313	55 813	55 813	55 813	55 813	55 813	55 813	55 813
	2	Bulk purchases	1 040 113	1 110 464	1 213 642	1 377 012	1 407 012	1 407 012	1 407 012	1 407 012	1 407 012	1 407 012	1 407 012
	8	Other materials		8 657									
		Contracted services	7 763	9 743	-	21 622	21 622	21 622	21 622	21 622	21 622	21 622	21 622
		Transfers and grants	99 031	144 957	-	258 568	258 568	258 568	258 568	258 568	258 568	258 568	258 568
	4, 5	Other expenditure	928 261	1 096 168	1 281 450	1 609 419	1 471 602	1 471 602	1 471 602	1 471 602	1 471 602	1 471 602	1 471 602
		Loss on disposal of PPE											
		Total Expenditure	3 909 334	4 386 108	4 830 095	5 718 685	5 689 908	5 689 908	5 689 908	5 689 908	5 689 908	5 689 908	5 689 908
		Surplus/(Deficit)	22 047	75 792	116 649	922	922	922	922	922	922	922	922
		Transfers recognised - capital	510 296	734 503	615 492	850 353	790 071	790 071	790 071	790 071	790 071	790 071	790 071
	6	Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-
		Contributed assets											
		Surplus/(Deficit) after capital transfers & contributions	532 342	810 295	732 141	851 275	790 993	790 993	790 993	790 993	790 993	790 993	790 993
		Taxation											
		Surplus/(Deficit) after taxation	532 342	810 295	732 141	851 275	790 993	790 993	790 993	790 993	790 993	790 993	790 993
		Attributable to minorities											
		Surplus/(Deficit) attributable to municipality	532 342	810 295	732 141	851 275	790 993	790 993	790 993	790 993	790 993	790 993	790 993
	7	Share of surplus/ (deficit) of associate			22 359								
		Surplus/(Deficit) for the year	532 342	810 295	754 501	851 275	790 993	790 993	790 993	790 993	790 993	790 993	790 993

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

1. Total operating revenue is R5.9 billion in 2016/17 and escalates to R6.4 billion and R7 billion by 2017/18 and 2018/19 respectively. This represents a year-on-year increase of 8 % for 2017/18 financial year and 10% for the 2018/19 financial year.
2. Revenue to be generated from property rates is R1.06 billion in the 2016/17 financial year and increases to R1.22 billion by 2018/19 which represents 18% of the operating revenue base of the City and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 7.2% and 7% for each of the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the City totalling R2.98 billion for the 2016/17 financial year and increasing to R3.46 billion by 2018/19. For the 2016/17 financial year services charges amount to 50% of the total revenue base. It remains stagnant at 50% in 2017/18 financial year and slightly decrease to 49% in the 2018/19 financial year and 50%. Transfers recognised – operating includes the local government equitable share, fuel levy and other operating grants from national and provincial government. It needs to be noted that the grant receipts from national government increased by 22% from 2015/16 to 2016/17, it further increase by 10% and 18% over the MTREF respectively.
4. Bulk Purchases have increased from 2015/16 financial year as a result of annual increase. The amount has increased over the 2016/17 to 2018/19 period escalating from R1.52 billion to R1.78 billion. The increases of 17% from 2016/17 to 2018/19 can be attributed to the increase in the cost of bulk electricity from Eskom and water from Amatola Water.
5. The Employee Related Costs depicts an increase from R1.55 billion in the 2016/17 financial year to R1.78 billion in the 2018/19 financial year due to annual increase projection of CPI plus one.
6. Employee Related Costs and Bulk Purchases are the main cost drivers within the municipality. The institution has attempted to identify operational efficiencies in other

expenditure items by undertaking a line by line analysis to determine where budgeted expenditure can be reduced. This has yielded beneficial results in that General Expenditure and Contracted Services has only been projected with an annual increase of 4% in the 2016/17 financial year. Ongoing operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 23: MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

R thousand	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		
2	Capital expenditure - Vote													
	Multi-year expenditure to be appropriated													
	Vote 1 - Directrals - Executive Support Services		622	2 290	1 321	6 200	4 898	4 898	4 898	3 500	500	500	500	
	Vote 2 - Directrals - Municipal Manager		-	-	5 452	21 500	700	700	700	27 348	37 586	61 582	61 582	
	Vote 3 - Directrals - Chief Operations Officer		36 692	39 321	144 783	211 424	196 391	196 391	196 391	202 441	190 530	198 127	198 127	
	Vote 4 - Directrals - Chief Financial Officer		25 488	2 193	3 282	10 000	10 200	10 200	10 200	10 200	10 600	10 600	10 600	
	Vote 5 - Directrals - Corporate Services		-	39 267	4 863	21 600	30 621	30 621	30 621	22 700	32 000	19 000	19 000	
	Vote 6 - Directrals - Engineering Services		402 616	648 609	671 827	820 556	925 500	925 500	925 500	881 591	1 048 524	999 172	999 172	
	Vote 7 - Directrals - Development Planning		101 455	32 934	37 437	68 221	86 153	86 153	86 153	239 444	269 971	329 893	329 893	
	Vote 8 - Directrals - Health & Public Safety		6 358	14 385	3 751	21 650	15 809	15 809	15 809	30 032	19 817	11 619	11 619	
	Vote 9 - Directrals - Community Services		20 255	65 195	57 333	94 204	120 054	120 054	120 054	92 478	71 294	107 506	107 506	
	Capital multi-year expenditure sub-total		593 485	844 194	930 050	1 275 354	1 390 325	1 390 325	1 390 325	1 510 134	1 680 823	1 737 999	1 737 999	
	Single-year expenditure to be appropriated													
	Capital single-year expenditure sub-total		593 485	844 194	930 050	1 275 354	1 390 325	1 390 325	1 390 325	1 510 134	1 680 823	1 737 999	1 737 999	
	Total Capital Expenditure - Vote													
	Capital Expenditure - Standard													
	Governance and administration													
	Executive and council		26 110	43 749	14 918	59 300	46 512	46 512	46 512	64 148	80 686	91 682	91 682	
	Budget and treasury office		622	2 290	6 773	27 700	5 139	5 139	5 139	46 548	68 086	80 582	80 582	
	Corporate services		25 488	2 193	3 282	10 000	10 752	10 752	10 752	10 600	10 600	10 600	10 600	
	Community and public safety													
	Community and social services		44 632	60 197	165 241	305 568	265 774	265 774	265 774	265 616	244 230	254 099	254 099	
	Sport and recreation		-	4 147	11 918	40 269	20 050	20 050	20 050	15 370	15 767	21 588	21 588	
	Public safety		1 582	13 732	3 751	32 225	33 524	33 524	33 524	17 773	18 116	22 765	22 765	
	Housing		36 692	39 321	144 783	211 424	196 391	196 391	196 391	202 441	190 530	199 127	199 127	
	Health		-	653	-	-	-	-	-	-	-	-	-	
	Economic and environmental services													
	Planning and development		246 316	357 416	369 799	333 221	427 260	427 260	427 260	500 543	532 971	607 893	607 893	
	Road transport		101 008	32 934	37 437	68 221	86 612	86 612	86 612	239 444	269 971	329 893	329 893	
	Environmental protection		143 551	280 275	322 624	265 000	340 649	340 649	340 649	261 099	263 000	278 000	278 000	
	Trading services													
	Electricity		1 757	44 207	9 738	-	-	-	-	-	-	-	-	
	Water		275 981	382 380	379 734	529 266	603 331	603 331	603 331	661 328	802 435	763 325	763 325	
	Waste water management		65 683	106 855	150 386	158 500	164 500	164 500	164 500	143 000	163 000	171 000	171 000	
	Waste management		71 359	98 505	91 521	91 000	110 000	110 000	110 000	87 500	95 000	140 000	140 000	
	Other													
	Other		122 022	162 523	106 938	258 056	262 352	262 352	262 352	371 492	507 024	389 172	389 172	
			16 916	14 497	30 889	21 710	66 480	66 480	66 480	59 336	37 412	63 152	63 152	
			447	452	358	48 000	48 000	48 000	48 000	18 500	20 500	21 000	21 000	
	Total Capital Expenditure - Standard		593 485	844 194	930 050	1 275 354	1 390 877	1 390 877	1 390 877	1 510 134	1 680 823	1 737 999	1 737 999	
	Funded by:													
	National Government		515 570	734 503	565 914	742 884	702 762	702 762	702 762	741 969	842 151	969 510	969 510	
	Provincial Government		-	-	49 578	107 469	86 850	86 850	86 850	106 300	50 635	-	-	
	Transfers recognised - capital		515 570	734 503	615 492	850 353	789 612	789 612	789 612	848 269	892 786	969 510	969 510	
	Public contributions & donations													
	Borrowing													
	Internally generated funds													
	Total Capital Funding		593 485	844 194	930 050	1 275 354	1 390 877	1 390 877	1 390 877	1 510 134	1 680 823	1 737 999	1 737 999	

Explanatory notes to MBRR 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. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2016/17 R1.5 billion has been allocated. This allocation increases to R1.68 billion in 2017/18 and further increases to R1.74 billion in 2018/19.
3. The capital programme is funded from National and Provincial Grants (Capital Transfers), Internally Generated Funds from prior and current year surpluses and Long-Term-Borrowings. For 2016/17, Capital transfers totals R828 million (56%) and increases to R970 million by 2018/19 (56%).
4. It needs to be noted that the institution has made a strategic decision to utilize own funds to mainly replace existing infrastructure assets in the urban core of the City. The total amount of own funding is R592 million in 2016/17 increasing to R598 million in the 2017/18 financial year and decrease to R592 million in 2018/19 financial year.
5. New long-term-borrowing has been provided for the 2016/17 financial year at R70 million, increasing to R189 million in 2017/18 and slightly decreasing to R178 million in the 2018/19 financial year.

Table 24: MBRR Table A6 - Budgeted Financial Position

R thousand	Description	Ref	2014/15					Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework			
			Audited Outcome	2013/14 Audited Outcome	2014/15 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		144 847	197 584	62 873	80 000	80 000	80 000	80 000	80 000	77 723	85 495	85 495	94 044	
1	Call investment deposits		1 698 468	1 966 369	2 135 924	2 303 434	2 380 443	2 380 443	2 380 443	2 380 443	2 462 491	2 461 880	2 461 880	2 691 426	
1	Consumer debtors		596 220	504 743	694 777	671 945	671 945	671 945	671 945	671 945	698 097	715 829	715 829	734 011	
	Other debtors		67 564	67 742	85 592	98 188	98 188	98 188	98 188	98 188	60 000	66 000	66 000	72 600	
	Current portion of long-term receivables		14	16	18	14	14	14	14	14	14	14	14	14	
2	Inventory		59 365	50 598	44 878	96 800	96 800	96 800	96 800	96 800	106 480	117 130	117 130	122 987	
	Total current assets		2 566 478	2 767 051	3 024 062	3 250 361	3 327 390	3 327 390	3 327 390	3 327 390	3 404 805	3 466 348	3 466 348	3 715 082	
	Non current assets														
	Long-term receivables		43	27	9	60	60	60	60	60	60	60	60	60	
	Investments		892	333 211	328 302	411 400	411 400	411 400	411 400	411 400	452 540	498 000	498 000	522 900	
	Investment property		302 981	59 549	81 908	—	—	—	—	—	—	—	—	—	
	Investment in Associate		5 326	11 828 576	11 986 967	11 197 291	11 197 291	11 197 291	11 197 291	11 197 291	11 872 016	12 758 103	12 758 103	12 753 116	
3	Property, plant and equipment		10 108 484	—	—	—	—	—	—	—	—	—	—	—	
	Agricultural		—	—	—	—	—	—	—	—	—	—	—	—	
	Biological		—	—	—	—	—	—	—	—	—	—	—	—	
	Intangible		3 851	30 497	98 374	22 800	22 800	22 800	22 800	22 800	25 080	27 588	27 588	30 347	
	Other non-current assets		61 816	113 919	116 077	75 160	75 160	75 160	75 160	75 160	82 680	90 950	90 950	95 498	
	Total non current assets		10 483 393	12 365 779	12 611 638	11 706 711	11 706 711	11 706 711	11 706 711	11 706 711	12 432 376	13 374 701	13 374 701	13 401 920	
	TOTAL ASSETS		13 049 871	15 152 831	15 635 700	14 957 093	15 034 102	15 034 102	15 034 102	15 034 102	15 837 181	16 841 049	16 841 049	17 117 002	
	LIABILITIES														
	Current liabilities														
1	Bank overdraft		—	—	—	—	—	—	—	—	—	—	—	—	
4	Borrowing		51 657	54 633	46 097	46 097	46 097	46 097	46 097	46 097	46 097	51 776	51 776	59 477	
	Consumer deposits		45 519	44 838	48 505	54 050	54 050	54 050	54 050	54 050	60 000	66 000	66 000	69 300	
4	Trade and other payables		1 033 311	855 380	740 894	774 300	774 300	774 300	774 300	774 300	666 997	778 000	778 000	817 150	
	Provisions		131 340	141 165	184 638	151 780	151 780	151 780	151 780	151 780	167 000	183 700	183 700	193 700	
	Total current liabilities		1 261 827	1 096 016	1 020 134	1 026 227	1 026 227	1 026 227	1 026 227	1 026 227	1 026 227	1 079 476	1 079 476	945 927	
	Non current liabilities														
	Borrowing		600 830	545 999	497 244	500 418	500 418	500 418	500 418	500 418	523 903	661 478	661 478	778 352	
	Provisions		377 703	457 151	498 191	599 090	599 090	599 090	599 090	599 090	665 460	697 000	697 000	730 398	
	Total non current liabilities		978 533	1 003 150	995 434	1 099 508	1 099 508	1 099 508	1 099 508	1 099 508	1 189 363	1 358 478	1 358 478	1 508 750	
	TOTAL LIABILITIES		2 240 360	2 099 166	2 015 568	2 125 735	2 125 735	2 125 735	2 125 735	2 125 735	2 125 735	2 437 954	2 437 954	2 454 677	
5	NET ASSETS		10 809 511	13 053 664	13 620 132	12 831 358	12 908 367	12 908 367	12 908 367	12 908 367	13 707 724	14 403 096	14 403 096	14 662 326	
	COMMUNITY WEALTH/EQUITY														
4	Accumulated Surplus/(Deficit)		8 393 971	9 005 040	9 383 469	10 020 574	10 097 563	10 097 563	10 097 563	10 097 563	10 156 402	11 304 166	11 304 166	11 408 481	
	Reserves		2 415 540	4 185 855	4 236 663	2 810 783	2 810 783	2 810 783	2 810 783	2 810 783	3 551 322	3 098 900	3 098 900	3 253 845	
	TOTAL COMMUNITY WEALTH/EQUITY		10 809 511	13 190 895	13 620 132	12 831 357	12 908 366	12 908 366	12 908 366	12 908 366	13 707 724	14 403 096	14 403 096	14 662 326	

Explanatory notes to Table A6 - Budgeted Financial Position

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

Table 25: MBRR Table A7 - Budgeted Cash Flow Statement

R thousand	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	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		580 100	672 957	794 519	831 140	884 767	884 767	884 767	884 767	884 767	884 767	884 767	981 307	1 051 961	1 125 599
	Service charges		1 965 059	2 198 960	2 424 753	2 471 802	2 644 096	2 644 096	2 644 096	2 644 096	2 644 096	2 644 096	2 644 096	2 780 909	2 993 471	3 220 444
	Other revenue		287 662	447 934	84 777	657 180	651 758	651 758	651 758	651 758	651 758	651 758	651 758	330 305	354 087	380 597
1	Government - operating		723 457	812 186	948 263	1 149 387	1 078 556	1 078 556	1 078 556	1 078 556	1 078 556	1 078 556	1 078 556	1 314 259	1 447 381	1 703 052
1	Government - capital		506 406	734 503	615 492	850 353	812 071	812 071	812 071	812 071	812 071	812 071	812 071	848 269	892 786	969 510
	Interest		106 184	123 654	159 221	152 531	165 794	165 794	165 794	165 794	165 794	165 794	165 794	178 425	189 948	201 725
	Dividends		-	-	-	0	0	0	0	0	0	0	0	-	-	-
	Payments															
	Suppliers and employees		(2 808 957)	(3 821 719)	(3 718 728)	(4 448 581)	(4 304 041)	(4 304 041)	(4 304 041)	(4 304 041)	(4 304 041)	(4 304 041)	(4 304 041)	(4 439 218)	(4 985 886)	(5 351 659)
	Finance charges		(67 259)	(65 777)	(60 674)	(54 313)	(55 813)	(55 813)	(55 813)	(55 813)	(55 813)	(55 813)	(55 813)	(57 105)	(70 938)	(85 887)
	Transfers and Grants		(115 922)	(144 964)	(234 175)	(258 568)	(258 568)	(258 568)	(258 568)	(258 568)	(258 568)	(258 568)	(258 568)	(288 452)	(310 173)	(333 225)
	NET CASH FROM/(USED) OPERATING ACTIVITIES	1	1 176 732	957 735	1 013 447	1 350 929	1 618 620	1 618 620	1 618 620	1 618 620	1 618 620	1 618 620	1 618 620	1 548 698	1 562 637	1 830 154
	CASH FLOWS FROM INVESTING ACTIVITIES															
	Receipts															
	Proceeds on disposal of PPE		18 168	766	6 364	-	-	-	-	-	-	-	-	-	-	-
	Decrease (increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Decrease (increase) other non-current receivables		13	14	16	-	-	-	-	-	-	-	-	-	-	-
	Decrease (increase) in non-current investments		(36)	892	-	-	-	-	-	-	-	-	-	-	-	-
	Payments															
	Capital assets		(608 431)	(588 536)	(930 050)	(1 275 354)	(1 390 877)	(1 390 877)	(1 390 877)	(1 390 877)	(1 390 877)	(1 390 877)	(1 390 877)	(1 510 134)	(1 680 823)	(1 737 999)
	NET CASH FROM/(USED) INVESTING ACTIVITIES		(590 286)	(586 864)	(923 670)	(1 275 354)	(1 390 877)	(1 390 877)	(1 390 877)	(1 390 877)	(1 390 877)	(1 390 877)	(1 390 877)	(1 510 134)	(1 680 823)	(1 737 999)
	CASH FLOWS FROM FINANCING ACTIVITIES															
	Receipts															
	Short term loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Borrowing long term/refinancing		(278 943)	-	-	-	-	-	-	-	-	-	-	-	-	-
	Increase (decrease) in consumer deposits		8 599	(681)	3 667	-	-	-	-	-	-	-	-	-	-	-
	Payments															
	Repayment of borrowing		5 243	(49 072)	(57 336)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	(51 776)	(59 477)
	NET CASH FROM/(USED) FINANCING ACTIVITIES		(265 100)	(49 753)	(53 669)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	23 485	137 575	117 390
	NET INCREASE/(DECREASE) IN CASH HELD		321 346	321 118	36 108	29 477	181 645	181 645	181 645	181 645	181 645	181 645	181 645	162 048	19 389	209 546
	Cash/cash equivalents at the year begin:	2	1 521 969	1 843 315	2 164 433	2 353 956	2 198 797	2 198 797	2 198 797	2 198 797	2 198 797	2 198 797	2 198 797	2 380 443	2 542 491	2 561 880
	Cash/cash equivalents at the year end:	2	1 843 315	2 164 433	2 200 541	2 383 434	2 380 443	2 380 443	2 380 443	2 380 443	2 380 443	2 380 443	2 380 443	2 542 491	2 561 880	2 771 426

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. It can be seen that the cash levels of the City grew significantly over the prior financial periods.
4. The cash and cash equivalents increases from R2.3 billion for the 2015/16 period escalating to R2.5 billion in the 2016/17 financial year and culminating in R2.8 billion in the 2018/19 financial year. The increase from R2.3 billion to R2.5 billion can be attributed to the depreciation that is cash-backed and the City will release this funding in the near future when its capacity to spend has achieved its desired level.

Table 26: MBRR Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation

Description R thousand	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
<u>Cash and investments available</u>													
Cash/cash equivalents at the year end	1	1 843 315		2 164 433		2 200 541	2 383 434	2 380 443	2 380 443	2 380 443	2 542 491	2 561 880	2 771 426
Other current investments > 90 days		0		(480)		(1 744)	0	80 000	80 000	80 000	(2 277)	5 495	14 044
Non current assets - Investments	1	892		-		-	-	-	-	-	-	-	-
Cash and investments available:		1 844 207		2 163 953		2 198 797	2 383 434	2 460 443	2 460 443	2 460 443	2 540 214	2 567 375	2 785 471
<u>Application of cash and investments</u>													
Unspent conditional transfers		460 596		213 718		205 715	112 800	112 800	112 800	112 800	78 300	83 000	87 150
Unspent borrowing	2	-		-		-	-	-	-	-	-	-	-
Statutory requirements	3	(25 270)		101 746		(130 330)	(41 821)	(57 441)	(57 441)	(57 441)	(107 149)	(22 626)	(10 639)
Other working capital requirements		180 396		184 142		176 668	251 610	251 610	251 610	251 610	276 800	304 480	304 480
Other provisions	4	-		-		-	-	-	-	-	-	-	-
Long term investments committed	5	-		-		-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments		611 722		499 605		252 052	322 589	306 969	306 969	306 969	247 951	364 854	380 991
Total Application of cash and investments:		1 232 485		1 664 348		1 946 745	2 060 845	2 153 474	2 153 474	2 153 474	2 292 263	2 202 521	2 404 480
Surplus(shortfall)													

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be “funded”.
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2011/12 to 2013/14 the surplus improved from R782 million to R1.9 billion.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2015/16 MTREF was funded with a slight surplus.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2015/16 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 27: MBRR Table A9 – Asset Management

R thousand	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	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													
	<u>Total New Assets</u>	1	593 485	844 194	427 751	522 328	524 010	524 010	703 786	716 353	802 031			
	Infrastructure - Road transport		253 915	345 781	116 893	20 000	20 000	20 000	100 000	95 000	45 000			
	Infrastructure - Electricity		55 173	98 209	38 944	66 500	66 500	66 500	43 000	53 000	51 000			
	Infrastructure - Water		74 565	87 476	-	-	-	-	-	-	-			
	Infrastructure - Sanitation		120 669	170 238	-	-	-	-	-	-	-			
	Infrastructure - Other		-	8 488	57 324	71 710	100 662	100 662	239 125	240 079	363 045			
	Infrastructure		504 323	710 192	213 161	158 210	187 162	187 162	382 125	388 079	459 045			
	Community		15 988	56 128	20 706	35 069	18 300	18 300	13 070	12 467	18 288			
	Heritage assets		-	2 555	-	-	-	-	-	-	-			
	Investment properties		-	-	145 316	211 274	195 880	195 880	201 941	190 030	197 627			
	Other assets	6	73 175	47 819	48 568	117 775	122 668	122 668	106 650	125 778	127 071			
	Agricultural Assets		-	-	-	-	-	-	-	-	-			
	Biological assets		-	-	-	-	-	-	-	-	-			
	Intangibles		-	27 501	-	-	-	-	-	-	-			
	<u>Total Renewal of Existing Assets</u>	2	-	-	502 299	745 427	861 279	861 279	795 348	960 469	935 968			
	Infrastructure - Road transport		-	-	212 002	245 000	320 649	320 649	161 099	168 000	233 000			
	Infrastructure - Electricity		-	-	79 994	92 000	98 000	98 000	100 000	110 000	120 000			
	Infrastructure - Water		-	-	90 752	91 000	110 000	110 000	87 500	95 000	140 000			
	Infrastructure - Sanitation		-	-	-	-	-	-	371 492	507 024	389 172			
	Infrastructure - Other		-	-	107 707	258 056	262 352	262 352	-	-	-			
	Infrastructure		-	-	490 455	686 056	791 000	791 000	720 091	880 024	882 172			
	Community		-	-	4 788	30 700	27 759	27 759	16 903	17 246	21 895			
	Heritage assets		-	-	-	-	-	-	-	-	-			
	Investment properties		-	-	-	-	-	-	-	-	-			
	Other assets	6	-	-	7 056	28 671	42 519	42 519	58 355	63 200	31 900			
	Agricultural Assets		-	-	-	-	-	-	-	-	-			
	Biological assets		-	-	-	-	-	-	-	-	-			
	Intangibles		-	-	-	-	-	-	-	-	-			
	<u>Total Capital Expenditure</u>	4	253 915	345 781	328 894	265 000	340 649	340 649	261 099	263 000	278 000			
	Infrastructure - Road transport		55 173	98 209	118 938	158 500	164 500	164 500	143 000	163 000	171 000			
	Infrastructure - Electricity		74 565	87 476	90 752	91 000	110 000	110 000	87 500	95 000	140 000			
	Infrastructure - Water		120 669	170 238	-	-	-	-	371 492	507 024	389 172			
	Infrastructure - Sanitation		-	8 488	165 031	329 766	363 014	363 014	239 125	240 079	363 045			
	Infrastructure - Other		504 323	710 192	703 616	844 266	978 163	978 163	1 102 216	1 268 102	1 341 218			
	Infrastructure		15 988	56 128	25 494	65 769	46 059	46 059	29 972	29 712	40 183			
	Community		-	2 555	-	-	-	-	-	-	-			
	Heritage assets		-	-	145 316	211 274	195 880	195 880	201 941	190 030	197 627			
	Investment properties		73 175	47 819	55 624	146 446	165 187	165 187	165 005	188 978	158 971			
	Other assets		-	-	-	-	-	-	-	-	-			
	Agricultural Assets		-	-	-	-	-	-	-	-	-			
	Biological assets		-	-	-	-	-	-	-	-	-			
	Intangibles		-	27 501	-	-	-	-	-	-	-			
	TOTAL CAPITAL EXPENDITURE - Asset class	2	593 485	844 194	930 050	1 267 754	1 385 289	1 385 289	1 499 134	1 676 823	1 737 999			

MBRR Table A9 – Asset Management - Continued

R thousand	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	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19		
	ASSET REGISTER SUMMARY - PPE (WDV)	5												
	Infrastructure - Road transport		4 380 374	4 274 625	-	1 635 518	1 635 518	1 635 518	1 635 518	1 635 518	1 851 018	2 066 018	2 313 941	
	Infrastructure - Electricity		1 404 499	1 378 045		1 682 635	1 682 635	1 682 635	1 682 635	1 682 635	1 898 135	2 001 635	2 241 831	
	Infrastructure - Water		1 237 951	1 254 091		1 511 164	1 511 164	1 511 164	1 511 164	1 511 164	1 726 664	1 785 664	1 999 944	
	Infrastructure - Sanitation		1 125 476	1 139 469		1 713 536	1 713 536	1 713 536	1 713 536	1 713 536	1 929 036	2 128 036	2 383 400	
	Infrastructure - Other		-	-		2 951 380	2 951 380	2 951 380	2 951 380	2 951 380	3 235 969	3 833 495	4 293 514	
	Infrastructure		8 148 300	8 046 230		9 504 233	9 504 233	9 504 233	9 504 233	9 504 233	10 640 822	11 814 848	13 232 630	
	Community		629 330	585 067		415 737	415 737	415 737	415 737	415 737	415 737	415 737	465 626	
	Heritage assets		40 181	40 181		43 955	43 955	43 955	43 955	43 955	43 955	43 955	49 229	
	Investment properties		302 981	333 211	328 302	441 400	441 400	441 400	441 400	441 400	485 540	534 094	587 503	
	Other assets		1 411 752	1 421 423		1 102 889	1 102 889	1 102 889	1 102 889	1 102 889	1 112 249	1 386 202	1 552 546	
	Agricultural Assets		-	-		-	-	-	-	-	-	-	-	
	Biological assets		-	-		-	-	-	-	-	-	-	-	
	Intangibles		3 851	98 875	98 374	22 800	22 800	22 800	22 800	22 800	25 080	27 588	30 374	
	TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	10 536 394	10 524 988	426 676	11 531 014	11 531 014	11 531 014	11 531 014	11 531 014	12 723 383	14 222 424	15 917 908	
	EXPENDITURE OTHER ITEMS													
	Depreciation & asset impairment		701 504	644 163		712 213	712 213	712 213	712 213	712 213	748 339	794 736	841 625	
	Repairs and Maintenance by Asset Class	3	263 702	285 686		372 010	372 010	372 010	372 010	372 010	414 791	456 270	501 897	
	Infrastructure - Road transport		62 067	62 764		108 529	108 529	108 529	108 529	108 529	121 010	133 111	146 422	
	Infrastructure - Electricity		100 347	103 884		112 550	112 550	112 550	112 550	112 550	125 493	138 042	151 846	
	Infrastructure - Water		26 976	30 866		42 435	42 435	42 435	42 435	42 435	47 315	52 047	57 251	
	Infrastructure - Sanitation		19 486	23 221		29 620	29 620	29 620	29 620	29 620	33 027	36 329	39 962	
	Infrastructure - Other		11 948	15 494		22 885	22 885	22 885	22 885	22 885	25 517	28 068	30 875	
	Infrastructure		220 824	236 228		316 019	316 019	316 019	316 019	316 019	352 361	387 597	426 357	
	Community		19 435	22 165		17 874	17 874	17 874	17 874	17 874	19 929	21 922	24 114	
	Heritage assets		-	-		-	-	-	-	-	-	-	-	
	Investment properties		-	-		-	-	-	-	-	-	-	-	
	Other assets	6, 7	23 443	27 293	35 401	38 117	38 117	38 117	38 117	38 117	42 501	46 751	51 426	
	TOTAL EXPENDITURE OTHER ITEMS		965 206	929 849	1 057 629	1 084 223	1 112 939	1 112 939	1 112 939	1 112 939	1 163 130	1 251 006	1 343 522	
	Renewal of Existing Assets as % of total capex		0.0%	0.0%	54.0%	58.8%	62.2%	62.2%	62.2%	62.2%	53.1%	57.3%	53.9%	
	Renewal of Existing Assets as % of deprecn R&M as a % of PPE		0.0%	0.0%	68.8%	104.7%	116.2%	116.2%	116.2%	116.2%	106.3%	120.9%	111.2%	
	Renewal and R&M as a % of PPE		2.6%	2.4%	2.7%	3.3%	3.3%	3.3%	3.3%	3.3%	3.1%	3.2%	3.3%	
	Renewal and R&M as a % of PPE		3.0%	3.0%	195.0%	10.0%	11.0%	11.0%	11.0%	11.0%	10.0%	10.0%	9.0%	

Explanatory notes to Table A9 – Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. BCMM has allocated 58.4 % of its capital budget towards asset renewal and 3.3% for Repairs and Maintenance as a percentage of PPE, which is at current replacement cost and this grows to 3.6% of PPE in the outer year.
3. National Treasury has recommended that municipalities should allocate at least 40% of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8% of PPE. It should be borne in mind that Buffalo City Metropolitan Municipality budgets has valued certain of its assets on the revaluation model and therefore the above %age allocations should be adjusted accordingly to reflect the increase in asset values due to different valuation methodologies. The city has taken a strategic decision to move in the direction of allocating 60% of its capital budget to replacing and/or refurbishment of existing infrastructure.

Table 28: MBRR Table A10 – Basic Service Delivery Measurement

Ref	Description	2012/13		2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19		
1	Household service targets												
	Water:												
	Piped water inside dwelling	104 000	103 000	118 000	118 000	118 000	118 000	118 000	118 000	118 000	118 000	118 000	
	Piped water inside yard (but not in dwelling)	-	-	-	-	-	-	-	-	-	-	-	
2	Using public tap (at least min. service level)	120 000	120 000	103 000	103 000	103 000	104 000	104 000	104 000	104 000	106 000	106 000	
4	Other water supply (at least min. service level)	5 093	5 093	-	-	-	-	-	-	-	-	-	
	<i>Minimum Service Level and Above sub-total</i>	229 093	228 093	221 000	221 000	221 000	222 000	222 000	222 000	222 000	224 000	224 000	
3	Using public tap (< min. service level)	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	
4	Other water supply (< min. service level)	-	-	-	-	-	-	-	-	-	-	-	
	No water supply	3 000	3 000	2 000	2 000	2 000	1 000	1 000	1 000	1 000	1 000	1 000	
	<i>Below Minimum Service Level sub-total</i>	4 000	4 000	3 000	3 000	3 000	2 000	2 000	2 000	2 000	2 000	2 000	
5	Total number of households	233 093	232 093	224 000	224 000	224 000	224 000	224 000	224 000	224 000	224 000	224 000	
	Sanitation/sewerage:												
	Flush toilet (connected to sewerage)	120 355	154 387	155 034	155 034	156 336	156 336	156 336	156 836	157 336	157 836	157 836	
	Flush toilet (with septic tank)	1 341	5 428	5 437	5 437	5 437	5 437	5 437	5 437	5 437	5 437	5 437	
	Chemical toilet	-	3 544	3 544	3 544	3 544	3 544	3 544	3 544	3 544	3 544	3 544	
	Pit toilet (ventilated)	22 398	11 882	20 440	20 440	26 639	26 639	26 639	27 139	27 639	28 139	28 139	
	Other toilet provisions (> min. service level)	-	-	-	-	-	-	-	-	-	-	-	
	<i>Minimum Service Level and Above sub-total</i>	144 094	175 241	184 455	184 455	191 956	191 956	191 956	192 956	193 956	194 956	194 956	
	Bucket toilet	-	-	-	-	-	-	-	-	-	-	-	
	Other toilet provisions (< min. service level)	-	24 953	25 789	25 789	26 027	26 027	26 027	26 027	26 027	26 027	26 027	
	No toilet provisions	48 118	23 374	13 324	13 324	5 585	5 585	5 585	4 585	3 585	2 585	2 585	
	<i>Below Minimum Service Level sub-total</i>	48 118	48 327	39 113	39 113	31 612	31 612	31 612	30 612	29 612	28 612	28 612	
5	Total number of households	192 212	223 568	223 568	223 568	223 568	223 568	223 568	223 568	223 568	223 568	223 568	
	Energy:												
	Electricity (at least min. service level)	10 000	9 000	8 923	8 923	8 846	8 846	8 846	8 846	8 846	8 846	8 846	
	Electricity - prepaid (min. service level)	105 000	106 000	109 623	109 623	113 245	113 245	113 245	113 245	113 245	113 245	113 245	
	Electricity (< min. service level)	115 000	115 000	118 546	118 546	122 091	122 091	122 091	122 091	122 091	122 091	122 091	
	Electricity - prepaid (< min. service level)	-	-	-	-	-	-	-	-	-	-	-	
	Other energy sources	-	-	-	-	-	-	-	-	-	-	-	
	<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-	-	-	
5	Total number of households	115 000	115 000	118 546	118 546	122 091	122 091	122 091	122 091	122 091	122 091	122 091	
	Refuse:												
	Removed at least once a week	119 000	119 000	170 023	170 023	130 000	130 000	130 000	130 000	130 000	130 000	130 000	
	Removed less frequently than once a week	119 000	119 000	170 023	170 023	130 000	130 000	130 000	130 000	130 000	130 000	130 000	
	Using communal refuse dump	1 980	1 980	1 980	1 980	1 980	1 980	1 980	2 000	2 000	2 000	2 000	
	Using own refuse dump	2	2	2	2	2	2	2	2	2	2	2	
	Other rubbish disposal	1	1	1	1	3	3	3	1	1	1	1	
	No rubbish disposal	3	3	3	3	3	3	3	6	6	6	6	
	<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-	-	-	
5	Total number of households	1 986	1 986	1 986	1 986	1 988	1 988	1 988	2 009	2 009	2 009	2 009	
	<i>Below Minimum Service Level sub-total</i>	120 986	120 986	172 009	172 009	131 988	131 988	131 988	277 009	277 009	277 009	277 009	

MBRR Table A10 – Basic Service Delivery Measurement - Continue

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
<u>Household service targets</u>										
Households receiving Free Basic Service	1									
Water (6 kilolitres per household per month)	7	-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Retuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
<u>Cost of Free Basic Services provided - Formal Settlements (R'000)</u>	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)		-	-	-	-	-	-	-	-	-
Retuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
<u>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</u>										
Total cost of FBS provided		-	-	-	-	-	-	-	-	-
<u>Highest level of free service provided per household</u>										
Property rates (R value threshold)		150 000	150 000		151 240	151 240	151 240	151 240		
Water (kilolitres per household per month)		6	6		6	6	6	6		
Sanitation (kilolitres per household per month)		-	-		-	-	-	-		
Sanitation (Rand per household per month)		65	72		97	97	97	97		
Electricity (kwh per household per month)		50	50		50	50	50	50		
Retuse (average litres per week)		170	170		170	170	170	170		
<u>Revenue cost of subsidised services provided (R'000)</u>	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		22 767	26 216	23 198	34 301	34 301	34 301	34 301		
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)		-	-	-	-	-	-	-		
Retuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-		
Municipal Housing - rental rebates										
Housing - bp structure subsidies										
Other		6 061	8 254		13 788	13 788	13 788	13 788		
Total revenue cost of subsidised services provided	6	28 828	34 471	23 198	48 089	48 089	34 301	34 301		

PART 2 – SUPPORTING DOCUMENTATION

2.1 OVERVIEW OF ANNUAL BUDGET PROCESS

The Budget Steering Committee has been established in terms Section 53 of the MFMA and Municipal Budget Reporting Regulations.

The Budget Steering Committee consists of the City Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance. All other MMC's are also invited to partake in all the Budget Steering Committee meetings.

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

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

2.1.1 IDP/Budget Process Overview

In terms of Section 30 of the Municipal Systems Act no 32 of 2000, *the Executive Mayor of a municipality must in accordance with S29-*

“(c) submit the draft plan to the municipal council for adoption ,further

Section 53 of the Municipal Finance Management Act no 56 of 2003 subsection 1 (b) *The Mayor of the Municipality must coordinate the annual revision of the IDP in terms of S34 of the MSA and the preparation of the annual budget and determine how the IDP is to be taken into account/ or revised for the purposes of the budget.*

The budget process is governed by the Municipal Finance Management Act 56 of 2003 and the Municipal Systems Act 32 of 2000. The objective process is to ensure good governance and accountability and enables the municipality to involve residents and other stakeholders in the budgeting process.

In terms of Section 16 (2) of the Municipal Finance Management Act (MFMA) No 56, 2003:

“the Mayor of the Municipality must table the annual budget at a Council meeting at least 90 days before the start of the budget year.”

Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Executive Mayor has established a Budget Steering Committee, which consists of the Portfolio Holder for Finance (Chairperson) and Senior Managers.

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

Section 28 (1) of the Municipal Systems Act requires each municipality to adopt a process in writing to guide the planning, drafting, adoption and review of its integrated development plan. In compliance with this requirement Buffalo City Metropolitan Municipality adopted the plan on 25 August 2015.

Table 29: Key activities in the review of the 2015/16 IDP and MTREF Budget

Activity	Co-ordinating Department	Legislative requirement	Timeframe	Was the timeframe met?
June 2015				
City Manager submits draft SDBIP 15/16 to Executive Mayor	IDP/PMS	MFMA 69(3)(a)(b)	12 June 2015	Yes
Executive Mayor approves SDBIP 15/16 & section 56 Performance Agreements 28 days after the adoption of IDP & Budget	IDP/PMS	MFMA (53)(1)(c)(ii)	24 June 2015	Yes
July 2015				
Publication of 15/16 Institutional SDBIP and directorate SDBIPs <ul style="list-style-type: none"> • Advertise • Place on website • Distribute in libraries 	IDP/PMS	MFMA 53 (3)(a)(b), Budget Regulations Chapter 2, Part 3, 15(3)	17 June 2015	Yes

Activity	Co-ordinating Department	Legislative requirement	Timeframe	Was the timeframe met?
July 2015				
<ul style="list-style-type: none"> Submit adopted 2015/16 SDBIP to National Treasury and MEC Local Government and Traditional Affairs 	IDP/PMS	MFMA 53(3)(a)(b), Budget Regulations Chapter 2, Part 3, 15(3)	17 June 2015	Yes
Top Management Meeting: <ul style="list-style-type: none"> Tabling of IDP/Budget/PMS Process Plan for 2016-2021 IDP Review 	IDP/PMS	MSA/MFMA	13 July 2015	Yes
IDP and Organisational Performance Management Portfolio Committee: <ul style="list-style-type: none"> Tabling of IDP/Budget/PMS Process Plan for 2016-2021 IDP Review 	IDP/PMS	MSA/MFMA	23 July 2015	Yes
Commence process of reviewing and adopting Delegations Framework as well as IDP & Budget related policies & By-laws	Budget & Treasury	MFMA	27 July 2015	In progress

Activity	Co-ordinating Department	Legislative requirement	Timeframe	Was the timeframe met?
Special Top Management Meeting: <ul style="list-style-type: none"> Consideration of 2014/15 roll over adjustment budget (excluding Conditional Grant Funded Projects) 	IDP/PMS/Budget & Treasury	MFMA	27 July 2015	Yes
<ul style="list-style-type: none"> Submission of 4th Quarter SDBIP & Institutional Scorecard 14/15 	IDP/PMS	MFMA 52(d), 54(i) and Budget Regulations Sec 11(i)	30 July 2015	Yes

August 2015

Mayoral Committee Meeting <ul style="list-style-type: none"> Tabling of IDP/Budget/PMS Process Plan for 2016-2021 IDP Review 	IDP/PMS/Budget & Treasury	MSA Sec 28(1)/MFMA Sec 21(1)	4 August 2015	Yes
IDP and Organisational Performance Management Portfolio Committee	IDP/PMS	MSA/MFMA	5 August 2015	Yes
Review and registration of BCMM stakeholders for participation in the IDP review processes: <ul style="list-style-type: none"> Advertise and invite new stakeholders to register on BCMM database 	IDP/PMS	MSA	7 August 2015	Yes

Activity	Co-ordinating Department	Legislative requirement	Timeframe	Was the timeframe met?
Publicize draft process plan on BCMM website, local newspaper and notice boards	IDP/PMS	MSA (28)(2)(3)	7 August 2015	Yes
Submit draft Annual Report and evidence to Internal Auditors including annual financial statements and financial and non-financial information. [Note that the annual performance report and the annual financial statements form part of an Annual Report.]	Chief Financial Officer [Annual Financial Statements] and Director: Executive Support Services [Performance Report].	MFMA Circular No 63 MSA 46 MFMA 121	31 August 2015	Yes
IDP/Budget/PMS workshop (All Cllrs, Executive Directors, Directors and GMs) <ul style="list-style-type: none"> <li data-bbox="877 1485 1011 2007">Draft IDP Review Process Plan 2016-2021 	IDP/PMS & Office of the Speaker	MSA	21 August 2015	Yes

Activity	Co-ordinating Department	Legislative requirement	Timeframe	Was the timeframe met?
August 2015				
Budget Steering Committee Meeting: <ul style="list-style-type: none"> Consideration of 2014/15 roll over adjustment budget (excluding Conditional Grant Funded Projects) 	IDP/PMS/Budget & Treasury	MFMA	13 August 2015	Yes
Submission of Annual Financial Statements to the Audit Committee	Finance	MFMA	August 2015	Yes
IDP Representative Forum: <ul style="list-style-type: none"> Report 14/15 Institutional Performance Presentation of process plan Establishment of committees and consultation forums for budget processes 	IDP /PMS Budget & Treasury	MSA 16 (a)(i) MFMA	20 August 2015	Yes
Submit Annual Report including annual financial statements and Annual Performance Report to the Combined Audit / Performance Committee	Chief Financial Officer and Accounting Officer	MFMA Circular No 63 MSA 46 MFMA 121	21 August 2015	Yes
Council meeting: <ul style="list-style-type: none"> Adoption of IDP/Budget/PMS process plan for 2016/21 IDP Review Submission of 2015/16 SDBIP 	IDP/PMS/Budget & Treasury	MSA Sec 28(1)/MFMA Sec 21(1)	25 August 2014	Yes
Council Meeting: <ul style="list-style-type: none"> Approval of 2014/15 roll over adjustment budget (excluding Conditional Grant Funded Projects) 	Operations/Budget & Treasury Budget & Treasury	MSA/MFMA	25 August 2014	Yes 25 August 2015

<ul style="list-style-type: none"> • Tabling of unaudited annual report 				
Activity	Co-ordinating Department	Legislative requirement	Timeframe	Was the timeframe met?
August 2015				
Completion and submission of Budget Evaluation Checklist to National Treasury	Budget & Treasury	MFMA	31 August 2015	Yes
Submit to National Treasury 2014/15 Roll-Over Adjustment Budget in terms of National Treasury Reporting requirements	Budget and Treasury	MFMA	31 August 2015	Yes 11 September 2015
Submission of 2015/16 Annual Financial Statements and unaudited Annual Report	Finance IDP/PMS	MSA/MFMA	31 August 2015	Yes
<ul style="list-style-type: none"> • Advertise 2014/15 Roll-Over Adjustment Budget for public comment • Place 2014/15 Roll-Over Adjustment Budget on BCMM website 	Budget and Treasury	MFMA	31 August 2015	Yes 15 September 2015

SITUATIONAL ANALYSIS PHASE

Activity	Co-ordinating Department	Legislative requirement	Timeframe	Was the timeframe met?
September 2015				
IDP and Organisational Performance Management Portfolio Committee	IDP/PMS	MSA/MFMA	2 September 2015	Yes
Advertise adopted IDP/Budget/PMS Process Plan <ul style="list-style-type: none"> Publication of process plan on BCMM website, local newspaper and notice boards 	IDP/PMS	MSA 21, 28(3)	4 September 2015	Yes
Submit adopted process plan to MEC for Local Government and Traditional Affairs	IDP/PMS	MSA 31 (a)(b)(c)(d)	4 September 2015	Yes
BCMM IGR Forum Meeting: <ul style="list-style-type: none"> Process plan and expectations Development of Metro Plan of Action 	IDP/PMS	MSA / IGR Framework Act	11 September 2015	Yes
Mayoral Imbizo Programme	IDP/PMS	MSA	21-23 September 2015	Yes – held on 22, 25 Oct and 1 Nov 2015
October 2015				
IDP Technical Cluster Meetings: <ul style="list-style-type: none"> Review progress made in implementation of IDP from 2011-2015 	IDP/PMS	MSA 34(a)(i)(ii)	05 & 09 October 2015	Yes

Activity	Co-ordinating Department	Legislative requirement	Timeframe	Was the time frame met?
<p>Top Management Meeting:</p> <ul style="list-style-type: none"> Consideration of 2014/15 roll over adjustment budget for Conditional Grant Funded Projects 	IDP/PMS/Budget & Treasury	MFMA	12 October 2015	Yes
<p>Mayoral Lekgotla Session:</p> <ul style="list-style-type: none"> 2011-2015 Performance assessment/review Review of strategic objectives for service delivery and development Broad capital budget allocations 	Office of the Executive Mayor	MSA / MFMA	14-15 October 2015	Yes – convened on 16-18 November 2015
<p>Council meeting –</p> <ul style="list-style-type: none"> approval of 2014/15 Roll-over Adjustment Budget for Conditional Grant Funded Projects 	IDP/PMS/Budget & Treasury	MFMA	28 October 2015	N/A
Table 2015/16 SDBIP 1 st quarter reports and MFMA Section 52 (d) report to Council	IDP/PMS/ Budget and Treasury	MFMA Sec 52(d)	28 October 2015	Yes

STRATEGIES PHASE

Activity	Co-ordinating Department	Legislative requirement	Timeframe	Was the timeframe met?
November 2015				
IDP Full Cluster Meetings (Led by Political Cluster Champs)	IDP/PMS	MSA	3-4 November 2015	Yes
Submit to National Treasury 2014/15 Roll-over Adjustment Budget for Conditional Grant Funded Projects	Budget and Treasury	MFMA	9 November 2015	N/A
<ul style="list-style-type: none"> Advertise 2014/15 Roll-over Adjustment Budget for Conditional Grant Funded Projects for public comment Place Adjustment Budget on BCMM website 	Budget and Treasury	MFMA	9 November 2015	N/A
Budget Workshops – with all Directorates	Budget and Treasury	MFMA	16 - 20 November 2015	Yes
IDP Representative Forum: <ul style="list-style-type: none"> Presentation of draft 2016/21 IDP and MTREF Budget Report on 2015/16 SDBIP 1st Quarter performance 	IDP/PMS	MSA Sec 16(1)(a) MFMA Sec 52(d)	30 November 2015	Yes
IDP/Budget/PMS workshop (All Cllrs, Executive Directors, Directors and GMs)	IDP/PMS & Office of the Speaker	MSA	13-15 Dec 2015	Yes

PROJECTS PHASE

Activity	Legislative requirement	Timeframe	Was the timeframe met?
January 2016			
Top Management Technical Planning Session to consider <ul style="list-style-type: none"> • Mid-year adjustment budget and service delivery targets; • Draft Integrated Development Plan and MTREF Budget 	MSA	13-15 January 2016	Yes
IDP Technical Cluster Meetings: <ul style="list-style-type: none"> • Confirmation of draft IDP 2016/21 and MTREF Budget 	MSA	19 January 2016	Yes
Submission of 2015/16 SDBIP 2 ^d quarter reports Section 72 Reports (Mid - year report) to the Executive Mayor	MFMA Sec 52(d) & 51(a), Budget Regulation Part 5 (32) & PM Regulations 2001 (2)(a)	18 January 2016	Yes
Council Meeting: <ul style="list-style-type: none"> • Consider 2015/16 SDBIP 2nd quarter reports (Mid - year report) • Draft Annual Report 2014/15 	MFMA Sec 52(d) & 51(a), Sec 72, Budget Regulation Part 5 (32) & PM Regulations 2001 (2)(a)	27 January 2016	Yes
Mayor tables audited Annual Report and financial statements to Council	MFMA Circular No 63 MSA 46 MFMA 121	27 January 2016	Yes
IDP Technical Cluster Meetings <ul style="list-style-type: none"> • Confirmation of draft Projects and Programmes 	MSA/MFMA	28 January 2016	Yes
February 2016			
National Treasury Mid-year Budget and Performance Assessment Review	MFMA	4 February 2016	Yes

Top Management Meeting: <ul style="list-style-type: none"> Consideration of 2015/16 Mid-year adjustment budget 	MFMA	8 February 2016	Yes
--	------	-----------------	-----

CONSOLIDATION PHASE

Activity	Co-ordinating Department	Legislative requirement	Timeframe
March 2016			
Council Workshop (all Cllrs, Directors and GMs):	IDP/PMS/Finance	MSA / MFMA	7-8 March 2016
<ul style="list-style-type: none"> Review and confirm Draft 2016/21 IDP and MTREF Budget Budget Related Policy review 			
<ul style="list-style-type: none"> Submits to National Treasury 2015/2016 Mid-Year Adjustment Budget in terms of the National Treasury Reporting Requirements Advertise 2015/2016 Mid-Year Adjustment Budget for public comment Place 2015/2016 Mid-Year Adjustment Budget on BCMM website 	IDP/PMS/Budget and Treasury Budget and Treasury Budget and Treasury	MSA/MFMA MFMA MFMA	11 March 2016
BCMM IGR Forum Meeting: <ul style="list-style-type: none"> Presentation of draft 2016/21 IDP and MTREF Draft programmes/projects 	IDP/PMS	MSA / IGR Framework Act	11 March 2016
IDP/Budget/PMS External Representative Forum Meeting: <ul style="list-style-type: none"> Presentation of draft 2016/21 IDP and MTREF 	IDP/Budget & Treasury	MSA Sec 16(1)(a) / MFMA	23 March 2016
Council Meeting: <ul style="list-style-type: none"> Approve 2016-2021 Draft IDP, SDBIP and MTREF Budget 	Budget and Treasury	MFMA MSA	25 March 2016

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The development of the 2016-2021 Integrated Development Plan commenced in September 2015 after the adoption of the IDP/Budget Process Plan by Council and the Budget Time Schedule for the 2016/17 MTREF.

The Metro's IDP is the 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 informs the Service Delivery and Budget Implementation Plan.

The IDP has been taken into a business and financial planning process leading up to the 2016/17 MTREF, based on the approved 2015/16 MTREF, Mid-year Performance Assessment 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 function/directorate had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year performance against the 2016/17 Service Delivery and Budget Implementation Plan. Business planning responds to the Metro's priority needs, reviewed strategic objectives and informs the detail operating budget appropriations and three-year capital programme.

The Draft Service Delivery and Budget Implementation Plan (SDBIP) with Draft Performance Agreements will be submitted to the Executive Mayor after the approval of the IDP and Budget; and the final SDBIP will be tabled to Council for approval with the Performance Agreements before 30 June 2016.

2.1.3 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:

- City 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 2015/15 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 78 and 79 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The draft 2016-2021 Integrated Development Plan and MTREF Budget will be tabled before Council on 30 March 2016. Thereafter the draft documents will be made available for community consultation on the municipality's website, and hard copies will be made available at customer care offices and municipal libraries.

IDP/Budget road shows to present the draft IDP and Budget are scheduled to take place from 4 – 22 April 2016.

Table 30: Proposed Schedule of IDP/Budget Road Shows

DAY 1: MONDAY, 04 APRIL 2016

Day	Ward	Areas to be Covered	Venue & Time
1(a)	38	Lenge, Bulembu, Anders Mission, Mantlaneni, Mamata, Mzantsi, Lieveldt, Mxaxo A, Mxaxo B, Nonkcampa, Gwaba, Zikhalini, Dikidikana, Lower Mngqesha, Khayelitsha, Tyhusha, Kwelerana	Dikidikana Community Hall 3.00 pm
(b)	40	Mlakalaka, Ndileka, Godidi, Mimosa, Qongqota, Ekuphumleni, Dongwe, Fort Murray, Tshabo 2&3, Mount Coke, Bongweni, Thubalethu	Tshabo 2 Community Hall 3.00 pm
(c)	37	Tolofiyeni, King Williams Town, Westbank, Schornville, Masingata, Mdingi	Schonville Hall 5.00 pm
(d)	24	Nxamkwana, Mntlabati, Mabaleni, Mbolompeni, Mncotsho, Luxomo, Nkqonqweni, Kanana, Khayelitsha, Khwezi Block 1, Khwezi Block 2, Msintsini, Mbekweni, Unit P, Kingston	Mbekweni Primary School 2.00 pm

DAY 2: TUESDAY, 05 APRIL 2016.

Day	Ward	Areas to be Covered	Venue & Time
2(a)	21	Fort Jackson, Golden Highway, Unit 13 & 15, Tambo Park	N. U. 15 Community Hall 5.00 pm
(b)	20	Mdantsane NU 6, 7	NU 7 Community Hall 5.00 pm
(c)	25	Phakamisa, Zwelitsha zone 8, 9, Cliff	Phakamisa Community Hall 3.00pm
(d)	12	Mdantsane Unit 1, Mdantsane Zone, SmilingValley	N.U. 1 Community Hall 5.00 pm

DAY 3: WEDNESDAY, 06 APRIL 2016

Day	Ward	Areas to be Covered	Venue & Time
3 (a)	6	Parkridge, Eluxolweni, Duncan Village	Gompo Hall 5.00 pm
(b)	13	Reeston, Khayelitsha, Chicken Farm, Part of Scenery Park, Thembaletu, Eureka, Arnalton, Part of Highway Gardens, Dice, Hutchinson, Part of Biko Village	Reeston (Tent) 5.00 pm
(c)	15	Cambridge town, Cambridge township, Highgate, Vincent	Cambridge Hall 5.00 pm
(d)	23	Unit 17, CC 18, Potsdam, Blue rock, Raxanga, Nxamkwana	Potsdam Community Hall 3.00 pm

DAY 4: THURSDAY, 07 APRIL 2016

Day	Ward	Areas to be Covered	Venue & Time
4 (a)	5	Scenery Park	Scenery Park Community Hall 5.00 pm
(b)	30	Mdantsane NU 9 & 10	NU 10 Hall 5.00 pm
(c)	22	N.U. 14, N.U. 16	Loyiso High School 5.00pm
(d)	28	Mzamomhle, Riegerton	Mzamomhle Hall 5.00 pm

DAY 5: FRIDAY, 08 APRIL 2016

Day	Ward	Areas to be Covered	Venue & Time
5(a)	19	Buffalo Flats , Parkside, Pefferville Second Creek, Mzamo Informal Settlement, New Rest	Parkside Hall 5.00 pm
(b)	7	C-Section, Gompo Town area, Bhebhelele, D-Section	Post Office 5.00 pm
(c)	29	Nompumelelo, Ducats, Abbotsford	Sinempumelelo School 5.00 pm
(d)	48	N.U.11a, 11b, N.U. 12	N.U.12 Community Hall 5.00 pm

DAY 6: MONDAY, 11 APRIL 2016

Day	Ward	Areas to be Covered	Venue & Time
6(a)	31	Kaisers Beach, Sunny South, Shelford, Winterstrand, Kidd's Beach, Lillyvale, Igoda, Fort Grey, Bongweni, Ntentseni, Bhompini, Ncera Village 1, Ncera Village 2, Ncera Village 3, Airport Phase 1, Ncera Village 9	Kidd's Beach Hall 5.00 pm
(b)	32	Thyusha, Dowu, Zikhova, Kampini, Mazikhanye, Ngqinisa, Weltina, Zweliyandila, Open Shaw, Kiwane, Kalkeni, Xesi, Dyamdyam, Phози, Gqala, New Rest, Mpongo, Sandile, Tsaba, Xhamini, Ncera Village 4, Ncera Village 5, Ncera Village 6, Ncera Village 7, Boxwood, Gxethu, Qhuru	Xhamini Community Hall 10.00 am
(c)	33	Needs Camp Welcome wood, Gwiligwili, Kuni, Twecana, Phumlani, Hill Village, Thembisa, Cornfield, Silverdale, Altile Village, Good Hope	Welcomewood Community Hall 12.00 pm
(d)	26	Kwampundu, Ncalukeni, St Mary, Mzonkeshe, Nkqonqweni, Zikwaba, Kwetyana, Thorn Park, Sinqumeni, Ntsonkotha, Msobomvu Macleantown, Kwaseya, Esigqibeni, Newbright	Ntsonkotha Community Hall 2.00 pm

DAY 7: TUESDAY, 12 APRIL 2016

Day	Ward	Areas to be covered	Venue & Time
7(a)	18	Woodleigh, Bunkers Hill, Nahoon, Nahoon Mouth, Stirling, Berea, Selborne, Baysville Pearce Street to Bridge Ave N.E. Express Way, Southernwood Lower part, McGrath-Usher-Starhope- Jellico down to Valley Road	Drake Road Clinic 5.00 PM;
(b)	4	Beacon Bay, Nahoon Valley Park, Bonnie Doon, Vincent Heights, Lower Vincent Amalinda, Haven Hills, Saxillby, Dawn,	Beacon Bay Library 5.00 pm
(c)	3	Belgravia, Braelynn, Milner Estate, Stoney Drift, Panmure, Braelynn, Southernwood, Braelynn Industrial, Lennox Estate	East London High School 5.00 pm
(d)	47	Quigney, Beach, E.L. CBD, Baysville,	Orient Theatre 5.00 pm

DAY 8: WEDNESDAY, 13 APRIL 2016

Day	Ward	Areas to be Covered	Venue & Time
8(a)	17	N.U. 9, N.U. 6, N.U. 4, Cuba, Eluxolweni	Eluxolweni Community Hall 3.00 pm
(b)	44	Sweetwaters, Tshatshu, Breidbach , Siyathemba, Qalashe, Golf Course	Breidbach Community Hall 7.00 pm
©	41	Zwelitsha 1,2,3,4,5,6,7 & 10	Nolizwe Mnyaka Community Hall 5.00 pm
(d)	50	N.U. 8, 10	Nyameko High School 5.00 pm Contact Person

DAY 09: THURSDAY, 14 APRIL 2016

Day	Ward	Areas to be Covered	Venue & Time
9(a)	34	Dimbaza, Phola Park	Moses Twebe Community Hall 5.00 pm
(b)	35	Clubview, Balasi, Balasi Valley, Ethembeni, Zinyoka, Tyutyu Village	War Memorial Hall 5.00 pm
(c)	43	Bisho, Tyutyu, Ncemera , Hanover, Majali, Mpengempengeni, Mdange	Skenjana Roji Community Hall 5.00 pm
(d)	45	Skobeni, Ilitha, Berlin, Tshabo 1	Ilitha Community Hall 3.00 pm

DAY 10: FRIDAY, 15 APRIL 2016

Day	Ward	Areas to be Covered	Venue & Time
10(a)	8	Gompo, Dip, Gesini	Qaqamba High School 5.00 pm
(b)	16	Amalinda Forest, Summerpride, Rosedale, Winchester Gardens, Morningside	Amalinda Stadium(tent) 5.00 pm
(c)	42	N.U. 1, 2	Indoor Sport Centre 5.00 pm

DAY 11: MONDAY, 18 APRIL 2016

Day	Ward	Areas to be Covered	Venue & Time
11 (a)	36	Part of Dimbaza, Madakeni, Zabalaza, Nakani, Upper Mngqesha, Mzintshane, Pierie Mission, Gambushe, Pierie Trust, New Rest	Mzintshane Community Hall 10.00 am
(b)	39	Ginsberg, Bonke, Kwalini, Rhayi, Ngxwalane	Ginsberg Community Hall 5.00 pm
(c)	43	Bisho, Tyutyu, Ncemera , Hanover, Majali, Mpengempengeni, Mdange	Skenjana Roji Community Hall 5.00 pm
(d)	49	Ndevana	Ndevana Community Hall 3.00 pm

DAY 12: TUESDAY, 19 APRIL 2016

Day	Ward	Areas to be Covered	Venue & Time
12(a)	1	Pefferville, Duncan Village, Braelynn Hills, Milkywood	Gompo Hall 5.00 pm
(b)	9	Amalinda, Soccho, Soney Drift, Braelyn extension 8 & 10, C Section, Duncan Village, C Section extension, Chishurst, Cambridge	Clements Kadalie Hall 5.00 pm
(c)	10	Haven Hill South , Buffalo Flats, Alphendale, Vergenoeg, Egoli, East Bank, Ghost Town, Fynbos informal	Alphendale High School 5.00 pm
(d)	14	Mdantsane NU 3 & 4	Isithembiso High School 5.00 pm

DAY 13: WEDNESDAY, 20 APRIL 2015

Day	Ward	Areas to be Covered	Venue & Time
13(a)	2	Gompo, Bhebhelele, St Peters Catholic Church, Clover Catholic Church (Dunga, Mzonyana)	Gompo Hall 5.00 pm
(b)	46	West Bank, Orange Grove, Greenfields, Airport, Sunnyridge, Leaches Bay, Sunset Bay, Sunnyridge Ext/Park	Robbie De Lange Hall 5.00 pm
(c)	27	Kwelera, Gonubie, Nkwezana, Dwadwa, Sunrise on Sea	Carnegie Hall 5.00 pm
(d)	11	N.U. 2, 5	N.U 5 Rent Office 2.00 pm (tent)

2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

The IDP review process was undertaken within the framework of National, Provincial and District policies and legislation. Some of the key informants that guide the review and refinement of IDP objectives and strategies include the following:

- National Development Plan;
- Sustainable Development Goals (SDGs);
 - 12 Outcomes adopted by National Cabinet in January 2010;
 - BCMM Ward priorities;
 - Priorities from the Mayoral Lekgotla held on 16 – 18 November 2015;

The following table highlights the IDP's five strategic outcomes for the 2016/17 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 31: IDP'S Five Strategic Objectives

Strategic Objective 1:	An innovative and productive city
Strategic Objective 2:	A green city
Strategic Objective 3:	A connected city
Strategic Objective 4:	A spatially-integrated city
Strategic Objective 5:	A well-governed city

The national sphere of government develops and promulgates legislation, policies and strategies which all spheres have to implement. In developing their own plans and policies, other spheres of government, particularly the local government sphere has to ensure that there is alignment with both National and Provincial plans. Key plans and policies include the National Development Plan, Provincial Development Plan –EC Vision 2030, Sustainable Development Goals and the 12 Outcomes of Government. These are aligned below:

Table 32: Alignment of BCMM Strategic Objectives with National and Provincial Priorities

National Development Plan	Provincial Development Plan (EC Vision 2030)	Sustainable Development Goals	12 Outcomes	BCMM Objectives	strategic
<p>Unemployment rate should fall from 27% in 2011 to 14% by 2020 and to 6% by 2030</p> <p>Total employment should rise from 13 million to 24 million</p> <p>The proportion of adults working should rise from 41% to 61%</p> <p>GDP should increase by 2.7 times in real terms, requiring average annual GDP growth of 5.4% over the period</p> <p>GDP per capita should increase from about R50 000 per person in 2010 to R110 000 per person in 2030 in constant prices</p> <p>Public employment</p>	<p>A growing, inclusive and equitable economy.</p> <p>Vibrant and equitably enabled communities.</p>	<p>End poverty in all its forms everywhere.</p> <p>End hunger, achieve food security and improved nutrition and promote sustainable agriculture.</p> <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</p> <p>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.</p>	<p>Decent employment through inclusive economic growth.</p> <p>A skilled and capable workforce to support inclusive growth.</p> <p>An efficient, competitive and responsive economic infrastructure network.</p>	<p>Maintain inclusive and sustainable economic growth.</p> <p>Promote sound financial and administrative capabilities.</p> <p>To develop and maintain world class infrastructure and utilities.</p>	

National Development Plan	Provincial Development Plan (EC Vision 2030)	Sustainable Development Goals	12 Outcomes	BCMM Objectives	strategic
<p>programs should reach 1 million by 2015 and 2million people by 2030</p>					
<p>By 2030, the number of households living below R418 a month per person (in 2009 rands) should fall from 39% to zero.</p> <p>The level of inequality as measured by the Gini coefficient should fall from 0.7 in 2009 to 0.6 in 2030</p>	<p>An educated, empowered, and innovative citizenry.</p>	<p>End poverty in all its forms everywhere.</p> <p>End hunger, achieve food security and improved nutrition and promote sustainable agriculture.</p> <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</p>	<p>Vibrant, equitable and sustainable communities and food security</p>	<p>Maintain inclusive and sustainable economic growth.</p>	
<p>All children should have at</p>	<p>An educated, empowered,</p>	<p>Ensure inclusive and</p>	<p>Improve the quality of basic</p>		

National Development Plan	Provincial Development Plan (EC Vision 2030)	Sustainable Development Goals	12 Outcomes	BCMM Objectives	strategic
<p>least two years of pre-school education. This implies about 2 million places</p> <p>About 80% of schools and learners achieve 50% and above in literacy, mathematics and science in grades 3, 6, 9</p> <p>At least 80% of students should complete 12 years of schooling</p> <p>Increase the higher education participation rate from 17% to 30% by 2030</p> <p>Increase the number of students eligible to study maths and science at university to 450 000 per year</p> <p>By 2030, life expectancy should reach at least 70 for both men and women</p>	<p>and innovative citizenry.</p>	<p>equitable quality education and promote lifelong learning opportunities for all.</p> <p>Strengthen the means of implementation and revitalize the global partnership for sustainable development.</p>	<p>education</p>		
	<p>A healthy population</p>	<p>Ensure healthy lives and promote well-being for all at all ages.</p>	<p>Improve health and life expectancy</p>	<p>To promote an environmentally friendly City</p>	

National Development Plan	Provincial Development Plan (EC Vision 2030)	Sustainable Development Goals	12 Outcomes	BCMM Objectives	strategic
<p>Infant mortality rate should decline from 43 to 20 per 1000 live births and the under-five mortality rate should be less than 30 per 1000, from 104 today</p> <p>All HIV – positive people should be on treatment and preventive measures should be widely available.</p> <p>Reduce non-communicable diseases by 28% and deaths from drug abuse, road accidents and violence by 50%</p> <p>Everyone has access to an equal standard of basic health care regardless of their income</p> <p>The proportion of people with access to electricity should rise from 70% in 2010 to 95% by 2030, with</p>		<p>End poverty in all its forms everywhere.</p> <p>End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p>			
	<p>Vibrant and equitably enabled communities (Universal access to social infrastructure).</p>	<p>Ensure availability and sustainable management of water and sanitation for all.</p>	<p>Sustainable human settlements and improved quality of household life</p>	<p>To promote an integrated spatial form.</p> <p>To develop and maintain</p>	

National Development Plan	Provincial Development Plan (EC Vision 2030)	Sustainable Development Goals	12 Outcomes	BCMM Objectives	strategic
<p>no grid options available for the rest.</p> <p>Ensure that all people have access to clean, potable water and that there is enough water for agriculture and industry.</p> <p>By 2030, most South Africans will have affordable access to services and quality environments.</p>		<p>Reduce inequality within and among countries.</p> <p>Conserve and sustainably use the oceans, seas and marine resources for sustainable development.</p>		<p>world class infrastructure and utilities.</p> <p>To promote an environmentally friendly City</p>	
<p>In 2030, people living in South Africa feel safe and have no fear of crime</p> <p>The Police Service is a well-resourced professional institution staffed by highly skilled officers who value their work, serve the community, safeguard lives and property without discrimination, protect the peaceful against violence</p>	<p>An educated, empowered, and innovative citizenry.</p> <p>A healthy population.</p>	<p>Make cities and human settlements inclusive, safe, resilient and sustainable.</p> <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.</p> <p>Ensure healthy lives and promote well-being for all</p>	<p>All people in South Africa protected and feel safe</p>	<p>To promote an integrated spatial form</p>	

National Development Plan	Provincial Development Plan (EC Vision 2030)	Sustainable Development Goals	12 Outcomes	BCMM Objectives	strategic
<p>and respect the rights of all to equality and justice.</p> <p>Ensure progressively and through multiple avenues that no one lives below a social floor.</p>		<p>at all ages.</p>			
<p>Achieve the peak, plateau and decline trajectory for greenhouse gas emissions, with the peak being achieved around 2025</p> <p>By 2030, an economy-wide carbon price should be entrenched</p> <p>The installation of 5 million solar water heaters by 2030</p> <p>About 20 000 MW of renewable energy should be</p>		<p>Ensure access to affordable, reliable, sustainable and modern energy for all.</p>	<p>A response and, accountable, effective and efficient local government system</p> <p>Protection and enhancement of environmental assets and natural resources</p>	<p>Promote sound financial and administrative capabilities.</p> <p>To promote environmentally friendly city</p>	

National Development Plan	Provincial Development Plan (EC Vision 2030)	Sustainable Development Goals	12 Outcomes	BCMM Objectives	strategic
<p>contracted by 2030</p> <p>Intra-regional trade in Southern Africa should increase from 7% to 25% of trade by 2030</p> <p>South Africa's trade with regional neighbours should increase from 15% to 30%</p>	<p>A growing, inclusive and equitable economy</p>	<p>Strengthen the means of implementation and revitalize the global partnership for sustainable development.</p>	<p>A better South Africa, a better and safer Africa and world</p>	<p>Maintain sustainable growth</p>	<p>inclusive and economic</p>
<p>A capable and effective state, able to enhance economic opportunities, support the development of capabilities and intervene to ensure a rising floor of social rights for the poor</p> <p>A corruption-free society, a high adherence to ethics throughout society and a government that is accountable</p>	<p>An educated, empowered, and innovative citizenry.</p>	<p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels. Ensure healthy lives and promote well-being for all at all ages.</p>	<p>A development-orientated public service and inclusive citizenship</p>	<p>Promote sound financial and administrative capabilities</p>	

During the development process an effort was made to ensure that the IDP is fully aligned with the Metro Growth and Development Strategy. Over the next five year term the City will concentrate on the 5 strategic outcomes to be achieved by the year 2030:

Strategic Objective 1: An innovative and productive city: with rapid and inclusive economic growth, and falling unemployment

Strategic Objective 2: A green city: environmentally sustainable with optimal benefits from our natural assets. A clean and healthy city of subtropical gardens.

Strategic Objective 3: A connected city: high-quality (and competitively priced) connections to ICT, electricity and transport networks (inside the city and to the outside world).

Strategic Objective 4: A spatially-integrated city: the spatial divisions and fragmentation of the apartheid past are progressively overcome and township economies have become more productive.

Strategic Objective 5: A well-governed city: a smart and responsive municipality (working with other levels of government) that plans and efficiently delivers high quality services and cost effective infrastructure, without maladministration and political disruptions

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.

Table 33: MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	Ref	Current Year 2015/16					2016/17 Medium Term Revenue Framework		
				2012/13 Audited Outcome	2013/14 Audited Outcome	2014/15 Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18
Innovative and Productive City	Strengthen Multi-stakeholder forums Reduction in high crime rate within BCMIM To have an efficient and effective response to emergencies Improve road traffic safety within BCMIM Tourism opportunities explored in high value niche products To promote the competitiveness of various industries and increase export potential To promote rural logistics infrastructure projects initiated and supporting To facilitate economic empowerment Create an enabling economic environment with focus on key growth sectors To provide support to all farmers through agricultural development programmes To provide engineering support (to pricing, development, monitoring (paid evaluation) with regard to irrigation technology, on-farm mechanization, value chain, extension structures, resource conservation management, operation and maintenance of farm equipment, machinery, tools and implements solutions Growing Buffalo City as tourism destination of choice Develop, manage and promote art, culture and heritage of Buffalo City BCMIM to partner with stakeholders to reduce the cost of doing business Develop innovation hubs to develop entrepreneurship and industry focused skills development Township businesses are developed and integrated into the mainstream economy Promote economic activities in rural and urban areas Mainstream the informal trade sector into the mainstream economy Promote access to markets for SMME's and cooperatives Job creation Reduction the high rate of youth unemployment	189 876	229 966	170 141	217 681	205 681	205 681	226 250	244 463	266 635	
Total Revenue (excluding capital transfers and contributions)				4 441 701	5 207 419	4 776 115	5 719 607	5 590 830	5 917 830	6 392 020	7 010 445

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

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	2 199	Audited Outcome	2 834	Audited Outcome	4 886	Original Budget	2 927	Adjusted Budget	2 927	Full Year Forecast	2016/17	3 220
A green city	Build disaster management capacity Provision of sustainable municipal health services plan Minimise the impact of air pollutants on human health and well-being Implement waste hierarchy strategy throughout BCMM To protect and manage BCMM natural resources for future generations Implement climate change mitigation strategies Build climate change resilience Implement the water demand and conservation strategy Implement metro rural development and agrarian reform strategy			2 199	2 834	4 886	2 927	2 927	2 927	2 927	2 927	3 220	3 220	3 479	3 479	3 794
A connected city	Develop and establish a smart city concept for the city Extensive investment and development of infrastructure networks			103 420	47 866	24 012	28 111	28 242	28 242	28 242	28 242	31 066	31 066	33 567	33 567	36 612
Total Revenue (excluding capital transfers and contributions)			1	4 441 701	5 207 419	4 779 115	5 719 607	5 690 830	5 690 830	5 690 830	5 917 030	5 917 030	6 392 620	6 392 620	7 010 445	

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

Strategic Objective	Goal	Goal Code	Ref	Current Year 2015/16					2016/17 Medium Term Revenue & Expenditure Framework			
				Audited Original	2012/13 Audited Original	2013/14 Audited Original	2014/15 Audited Original	Original	Adjusted	Full Year Forecast	Budget Year 2016/17	Budget Year 2017/18
R Increased A Sprayed Transformed city Goal Lead change change resolution Implement the water demand and conservation strategy Inner city regeneration To provide adequate services to serve all BCMM constraints Address energy budgets and service quality To ensure that households within BCMMM have access to basic level of water To ensure that water supply systems in BCMMM are compliant with SANS 241 drinking standards To ensure that households within BCMMM have access to basic level of sanitation Ensure investment and development of infrastructure Invest in developments located in quality environments and close to existing opportunities Inner city regeneration Implement the township rehabilitation strategy Develop and establish a smart city concept for the city A well governed city				1 510 408	1 715 844	1 874 540	1 980 720	2 000 685	2 000 005	2 100 001	2 388 337	2 602 861
				2 950 730	3 310 808	2 705 535	3 510 108	3 453 285	3 405 504	3 744 775	4 100 543	
Allocations to other priorities Total Revenue (excluding capital transfers and contributions)			2	4 441 781	6 207 419	4 779 119	6 719 807	6 680 836	6 680 836	6 917 030	6 382 620	7 010 448

Table 34: MBRR Table SA5 - Reconciliation between the IDP Strategic Objectives and budgeted operating expenditure

Strategic Objective	Goal	Ref	Goal Code	2012/13		2013/14		2014/15		Current Year 2018/18		2018/17 Medium Term Framework		Budgetary Year		
				Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/17	Budget Year 2017/18	Budget Year 2016/19	Budget Year 2015/16	Budget Year 2014/15	
Rinhouse and Productive City	Strengthen Multi-Sectoral Initiatives			013 055	077 803	733 807	874 488	801 228	801 228	805 076	007 888	007 888	007 888	007 888	007 888	007 888
	Reduction in high crime rate with ICMM															
	To have an efficient and effective response to emerging trends															
	Improve road traffic safety with ICMM															
	Tuition opportunities explored in high value home projects															
	To promote the competitiveness of various industries and increase export potential															
	To promote rural logistics infrastructure projects enabled and supported															
	To enhance economic empowerment															
	Create an enabling economic environment with focus on key growth sectors															
	To provide support to all farmers through agricultural development programmes															
	To provide engineering support (planning, development, monitoring and maintenance) with regard to roads, bridges, water supply and sewerage in the City of Durban															
	Develop, manage and promote art, culture and heritage of Durban City															
	ICMM to partner with stakeholders to reduce the cost of doing business															
	Develop innovation hubs to develop entrepreneurship and industry focused skills development															
	Township businesses are encouraged to be integrated into the mainstream economy															
	Promote economic activities in rural and urban areas															
	Memberships in informal trade economy															
	Provide access to markets for SMME's and cooperatives															
	Job creation															
	Reduce the high rate of youth unemployment															
Total Expenditure				3 880 184	4 874 737	4 387 000	6 718 838	8 850 052	8 850 052	8 815 886	8 312 820	8 312 820	8 312 820	8 312 820	8 312 820	8 312 820

Table 35: MBRR Table SA5 - Reconciliation between the IDP Strategic Objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	Ref	2012/13		2013/14		2014/15		Current Year 2015/16				2018/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19			
A green city	Build disaster management capacity			109 187	123 527	127 552	132 338	162 113	162 113	166 598	182 187	182 187	199 859			
	Provision of sustainable municipal health service plan															
	Minimise the impact of air pollutants on human health and well-being															
	Implement waste hierarchy strategy throughout BCMM															
	To protect and manage BCMM natural resource for future generations															
	Implement climate change mitigation strategies															
	Build climate change resilience															
	Implement the water demand and conservation strategy															
	Implement metro rural development and agrarian reform strategy															
A connected city	Develop and establish a smart city concept for the city			176 892	192 440	217 359	214 125	239 778	239 778	249 369	269 468	269 468	295 606			
	Extensive investment and development of infrastructure networks															
Total Expenditure			1	3 980 184	4 474 727	4 387 000	5 716 839	5 680 062	5 680 062	5 915 866	6 392 620	6 392 620	7 010 448			

MBRR Table SA5 - Reconciliation between the IDP Strategic Objectives and budgeted operating expenditure (continued)

Strategic Objective	Goal	2023/24 Actuals	2023/24 Budgeted	2024/25 Actuals	2024/25 Budgeted	2025/26 Actuals	2025/26 Budgeted	2026/27 Actuals	2026/27 Budgeted	2027/28 Actuals	2027/28 Budgeted
<p>Strategic Objective 1: Increase the number of people who are employed in the region</p> <p>Goal 1: Increase the number of people who are employed in the region</p> <p>1.1 Increase the number of people who are employed in the region</p> <p>1.2 Increase the number of people who are employed in the region</p> <p>1.3 Increase the number of people who are employed in the region</p> <p>1.4 Increase the number of people who are employed in the region</p> <p>1.5 Increase the number of people who are employed in the region</p> <p>1.6 Increase the number of people who are employed in the region</p> <p>1.7 Increase the number of people who are employed in the region</p> <p>1.8 Increase the number of people who are employed in the region</p> <p>1.9 Increase the number of people who are employed in the region</p> <p>1.10 Increase the number of people who are employed in the region</p> <p>1.11 Increase the number of people who are employed in the region</p> <p>1.12 Increase the number of people who are employed in the region</p> <p>1.13 Increase the number of people who are employed in the region</p> <p>1.14 Increase the number of people who are employed in the region</p> <p>1.15 Increase the number of people who are employed in the region</p> <p>1.16 Increase the number of people who are employed in the region</p> <p>1.17 Increase the number of people who are employed in the region</p> <p>1.18 Increase the number of people who are employed in the region</p> <p>1.19 Increase the number of people who are employed in the region</p> <p>1.20 Increase the number of people who are employed in the region</p>	<p>1.1 Increase the number of people who are employed in the region</p> <p>1.2 Increase the number of people who are employed in the region</p> <p>1.3 Increase the number of people who are employed in the region</p> <p>1.4 Increase the number of people who are employed in the region</p> <p>1.5 Increase the number of people who are employed in the region</p> <p>1.6 Increase the number of people who are employed in the region</p> <p>1.7 Increase the number of people who are employed in the region</p> <p>1.8 Increase the number of people who are employed in the region</p> <p>1.9 Increase the number of people who are employed in the region</p> <p>1.10 Increase the number of people who are employed in the region</p> <p>1.11 Increase the number of people who are employed in the region</p> <p>1.12 Increase the number of people who are employed in the region</p> <p>1.13 Increase the number of people who are employed in the region</p> <p>1.14 Increase the number of people who are employed in the region</p> <p>1.15 Increase the number of people who are employed in the region</p> <p>1.16 Increase the number of people who are employed in the region</p> <p>1.17 Increase the number of people who are employed in the region</p> <p>1.18 Increase the number of people who are employed in the region</p> <p>1.19 Increase the number of people who are employed in the region</p> <p>1.20 Increase the number of people who are employed in the region</p>	<p>4,500,000,000</p>	<p>4,710,000,000</p>	<p>4,600,000,000</p>	<p>4,720,000,000</p>	<p>4,600,000,000</p>	<p>4,720,000,000</p>	<p>4,600,000,000</p>	<p>4,720,000,000</p>	<p>4,600,000,000</p>	<p>4,720,000,000</p>

Table 36: MBRR Table SA6 – Reconciliation between the IDP Strategic Objectives and budgeted 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	2012/13	Audited Outcome	2013/14	Audited Outcome	2014/15	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17
Enhance and Productive City	Strengthen Infrastructure	A	853,488	50,841	50,841	103,744	148,004	148,004	148,004	148,004	148,004	148,004	148,004
	Reduction in high crime rate within BCMM												
	To have an efficient and effective response to emergencies												
	Improve road & safety within BCMM												
	Tourism activities established as high value niche product												
	To promote the competitiveness of various industries and increase export potential												
	To promote rural equitable enterprise projects funded and supported												
	To enhance economic empowerment												
	Check on existing economic empowerment focus on key growth sectors												
	To provide support to all the areas through agricultural development programmes												
	To provide employment support (training, development, transfer and evaluation) with regard to migrant technology-driven growth in the city as a result of influx of jobs												
	Develop, manage and promote other job fairs in the city												
	BCMM in partnership with other stakeholders to reduce the cost of doing business												
	Develop entrepreneur hubs to support the growth of small and medium sized businesses and industry focused skills development												
	Tourism businesses are encouraged to be integrated into the tourism sector												
	Promote economic activities in rural and urban areas												
	Maintain the external trade and investment in the tourism sector												
	Promote access to markets by SMEs and cooperatives												
	Job creation												
	Reduce the high rate of youth unemployment												
Total Capital Expenditure			853,488	50,841	50,841	103,744	148,004	148,004	148,004	148,004	148,004	148,004	148,004

MBRR Table SA6 – Reconciliation between the IDP Strategic Objectives and budgeted Capital Expenditure (continued)

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	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 green city	Build disaster management capacity			1 757	44 861	9 738													
	Provision of sustainable municipal health services plan																		
	Minimise the impact of air pollutants on human health and well-being																		
	Implement waste hierarchy strategy throughout BCMM																		
	To protect and manage BCMM natural resource for future generations																		
	Implement climate change mitigation strategies																		
	Build climate change resilience																		
	Implement the water demand and conservation strategy																		
	Implement metro rural development and agrarian reform strategy																		
	A connected city	Develop and establish a smart city concept for the city			101 008	32 934	37 437	68 221	86 612	86 612	239 444	269 971	329 893						
	Extensive investment and development of infrastructure networks																		
Total Capital Expenditure				593 485	844 194	930 050	1 275 354	1 390 877	1 390 877	1 510 134	1 680 823	1 737 999							

MBRR Table SA6 – Reconciliation between the IDP Strategic Objectives and budgeted Capital Expenditure (continued)

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	701 976	Audited Outcome	847 142	Audited Outcome	1 005 690	Adjusted Budget	1 140 371	Full Year Forecast	1 140 371	Budget Year 2016/17	1 124 868	Budget Year +1 2017/18	1 255 966
A spatially Transformed city	Build climate change resilience			456 224	701 976	847 142	1 005 690	1 140 371	1 140 371	1 140 371	1 124 868	1 255 966	1 239 452				
	Implement the water demand and conservation strategy																
	Inner city regeneration																
	To provide adequate amenities to serve all BCMM communities																
	Address energy backlogs and invest in human capital																
	To ensure that households within BCMM have access to basic level of water																
	To ensure that water supply systems in BCMM are compliant with SANS 241 drinking standards																
	To ensure that households within BCMM have access to basic level of sanitation																
	Extensive investment and development of infrastructure networks																
	Housing developments located in quality environments and close to economic opportunities																
	Inner city regeneration																
	Implement the township revitalisation strategy																
	Develop and establish a smart city concept for the city																
Allocations to other priorities				593 485	844 194	830 090	1 275 364	1 390 877	1 390 877	1 510 134	1 680 823	1 737 959					
Total Capital Expenditure																	

2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance. BCMM is developing 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.

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

Table 37: MBRR Table SA7 - Measurable performance objectives

Description	Unit of measurement	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Vote 1 - Infrastructure Services										
Function 1 - Water and Sanitation										
Sub-function 1 - Water Services										
To ensure universal access to potable water within BCMM	Number of households with access to basic level of water supply	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sub-function 2 - Sanitation Services										
To ensure that water and sanitation systems are adequately resourced, well maintained and efficiently functioning by 2014	reduction in the sanitation backlog in the number of consumer units with access to at least a basic level of	139 324	143 213	0	146 519	148 519	1 505 519	203 598	205 598	0
Sub-function 3 - Roads and										
To provide an accessible all weather BCMM road network	Kilometers of existing roads maintained	57km	20km	0.0%	83km (Gravel) 26km (surface)	83km (Gravel) 30km (surface)	100km (Gravel) 30km (surface)	150km	200km	0.0%
Function 2 - Energy and Electricity										
Sub-function 1 - Electricity										
Implement an electricity management service that is inclusive, safe, reliable, efficient and adequately maintained	Number of new households (RDP) provided with electricity connections	1000	1200	0	350	1500	1500	1499	1501	0
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										

Table 38: MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Borrowing Management											
Credit Rating		A1-/A	A1-/A		A1-/A	A1-/A	A1-/A	A1-/A			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	-0.1%	2.7%	1.2%	1.8%	1.8%	1.8%	1.8%	1.7%	1.9%	2.1%
Capital Charges to Own Revenue	Finance charges & Repayment/borrowing /Own Revenue	-0.2%	3.2%	1.4%	2.2%	2.2%	2.2%	2.2%	2.2%	2.5%	2.7%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	-358.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	10.5%	24.0%	23.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	24.9%	13.0%	11.7%	17.8%	17.8%	17.8%	17.8%	14.8%	21.3%	23.9%
Liquidity											
Current Ratio	Current assets/current liabilities	2.0	2.5	3.0	3.2	3.2	3.2	3.2	3.6	3.2	3.9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.0	2.5	2.0	2.3	2.3	2.3	2.3	2.6	2.3	2.9
Liquidity Ratio	Monetary Assets/Current Liabilities	1.5	2.0	2.2	2.3	2.4	2.4	2.4	2.7	2.4	2.9
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	100.0%	100.0%	100.0%	100.0%	92.0%	94.2%	94.2%	94.2%	92.5%	92.5%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		100.0%	100.0%	100.0%	92.0%	94.2%	94.2%	94.2%	92.5%	92.5%	92.5%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	16.9%	12.9%	15.8%	13.5%	13.5%	13.5%	13.5%	12.8%	12.2%	11.5%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	12.5%	11.9%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		31.1%	29.6%	24.3%	27.8%	27.8%	27.8%	27.8%	23.2%	27.1%	26.3%

MBRR Table SA8 - Performance indicators and benchmarks (continued)

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		
Other Indicators													
Electricity Distribution Losses (2)	Total Volume Losses (kW)	209 592	232 150	233 605	244 198	244 198	164 891	164 891	164 891	157 396	157 396		
	Total Cost of Losses (Rand '000)	128	151	164	188	188	127	127	140	145	145		
	% Volume (units purchased and generated less units sold)/units purchased and generated	13.8%	15.8%	15.6%	16.6%	16.6%	11.0%	11.0%	11.0%	10.5%	10.5%		
Water Distribution Losses (2)	Total Volume Losses (kl)	30 874	25 888	22 982	25 425	25 425	21 782	21 782	20 582	19 382	19 382		
	Total Cost of Losses (Rand '000)	105221	99400	91495	93817	93817	88231	88231	85	82	82		
	% Volume (units purchased and generated less units sold)/units purchased and generated	47.3%	39.5%	34.4%	30.0%	30.0%	30.0%	30.0%	25.0%	20.0%	20.0%		
Employee costs	Employee costs/(Total Revenue - capital revenue)	25.0%	25.5%	24.1%	24.3%	25.1%	25.1%	25.1%	26.3%	26.1%	25.4%		
Remuneration	Total remuneration/(Total Revenue - capital revenue)	26.1%	26.6%	25.1%	25.2%	26.1%	26.1%	26.1%	27.3%	27.1%	26.4%		
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	6.7%	6.4%	6.6%	6.5%	6.5%	6.5%	6.5%	6.7%	6.5%	6.4%		
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	17.8%	16.0%	14.8%	13.4%	14.0%	14.0%	14.0%	13.6%	13.5%	13.2%		
IDP regulation financial viability indicators													
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	18.6	16.8	20.1	21.1	21.1	21.1	21.1	19.0	18.9	20.3		
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	25.9%	19.8%	24.1%	21.3%	20.5%	20.5%	20.5%	18.5%	17.8%	17.1%		
iii. Cost coverage	(Available cash + investments)/monthly fixed operational expenditure	8.6	9.0	8.1	7.6	7.5	7.5	7.5	7.5	7.0	7.0		

2.3.1.1 Borrowing management

The City has a credit rating of A- (Short Term) and A (Long Term) together with a low gearing ratio thus enabling the city to borrow capital to fund its revenue generating infrastructure.

However, the city adopts a conservative approach in its ability to borrow due to repayment constraints associated with operational surpluses.

The following financial performance indicators have formed part of the compilation of the 2016/17 MTREF budget:

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 steadily increasing from 1.7% in 2016/17 to 2.1% in 2018/19. This increase can be attributed to new loan funding being sourced during 2016/17 financial year.

2.3.1.2 Safety of capital

The debt-to-equity ratio over the MTREF period increases from 14.8% in the 2016/17 period to 23.9% in the 2018/19 period. The ratio indicates the taking up of new loan funding.

2.3.1.3 Liquidity

Current ratio for the 2016/17 MTREF is 3.6:1 and improves to 3.9:1 in the 2018/19 period. The city is in a position to repay its current liabilities and thus strives to maintain this ratio above the public sector norm of 2:1. Included in the current assets is the city's debt book which has a collection ratio of 92.5% and the recoverability of this is considered to be obtainable.

The liquid ratio for the 2016/17 MTREF is 2.6:1 and improves to 2.9: in the 2018/19 period. The city aims to maintain a consistent stock level over the MTREF period to adequately respond to emergency situations relating to service delivery considerations.

2.3.1.4 Revenue Management

The city has adopted an aggressive Revenue Enhancement Strategy, which includes revenue generation, accuracy of meter reading, regular supplementary valuations, and ensuring all residents receive a correct bill that the city has rendered thereby contributing to the confidence of the consumers. The current collection rate of 94.2% in the 2015/16 year is expected to decrease over the MTREF period to 92.5%.

2.3.1.5 Creditors Management

The City has managed to ensure that creditors are settled within the legislated 30 days of statement, except for those that are under dispute. SMME's are paid bi-monthly. By applying daily cash flow management the municipality has managed to ensure a 100% compliance.

2.3.1.6 Other Indicators

- Employee costs as a percentage of operating revenue is remaining consistent at 26.3% for the MTREF period.
- The Electricity distribution losses was 15.58% as at 30 June 2015, this continues to an area of focus to reduce electricity losses. There is a program to electrify informal dwellings which would also assist in reducing illegal connects.
- The City has established a Revenue Protection Unit, the main aim of this unit is to reduce the losses; however there is a limit to what can be done with limited resources in the short term and the extent to which losses can be limited.
- The overall average of non-revenue water amounts to 34.44% at 30 June 2015.
- BCMM has developed a Water Conservation and Water Demand Management (WC/WDM) Strategy, which focuses primarily on reducing the level of non-revenue water to enhance both the financial viability of and water supply sustainability to BCM, is for the 5-year period 2016/2017 to 2021/2022 and requires some R450 million to implement over this period.
- The goals set in terms of this Strategy, are the following:
 - Reduction of non-revenue water:
 - Increased billed metered consumption:

- Reduction of raw water treatment losses:
- Ability to undertake detailed water balances:
- Promotion of water use efficiency
- Repairs and maintenance as a percentage of total operating revenue is on average 7% over the 2016/17 MTREF period.

2.3.2 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 City. Only registered indigents qualify for the free basic services.

For the 2015/16 financial year 80 000 registered indigents are targeted to be provided for in the budget for all services including provision of electricity by Eskom in rural areas. In terms of the Municipality's indigent policy registered households are entitled to 6kℓ free water (R71.51), and 50 kwh of electricity (R59.93).

Registered indigents are to receive the following monthly rebates in the 2016/17 financial year:

- Property Rates – R121.58 (based on a property value of R150 000)
- Refuse Removal – R184.31
- Sewerage Charges - R8.79
- Fire Levy – R39.41

2.3.3 Providing Clean Water and Managing Waste Water

The BCMM is the Water Services Authority and has the executive authority to provide water services within its area of jurisdiction in terms of the Municipal Structures Act 118 of 1998 or the ministerial authorisations made in terms of this Act.

The primary responsibility for Water Services Authority includes:

- **Ensuring access:** To ensure the realisation of the right of access to water services, particularly basic water services (subject to available resources) by seeing that appropriate investments in water services infrastructure are made.
- **Planning:** To prepare water services development plans to ensure effective, efficient, affordable, economical and sustainable access to water services that promote sustainable livelihoods and economic development.
- **Regulation:** To regulate water services provision and Water Services Providers within the jurisdiction of the municipality and within the policy and regulatory frameworks set by DWAF through the enactment of by-laws and the regulation of contracts.
- **Provision:** To ensure the provision of effective, efficient and sustainable water services (including water conservation and demand management) either by providing water services themselves or by selecting, procuring and contracting with external Water Services Providers.

BCMM provides approximately 60% of bulk potable water through Umzonyana Water Treatment Works and KWT Water Treatment Works, 40% is provided by Amatola Water as Water Services Provider.

2.3.3.1 Blue Drop Status

Buffalo City Metropolitan Municipality is achieved 72.79% on Blue Drop Score as it was audited by Department of Water and Sanitation in 2014. This was about 20% drop from the 2012 results which was caused by the staff resignation and retirements.

2.3.3.2 Green Drop Status

The BCMM had 15 of wastewater collector and treatment systems audited. The BCMM Sanitation Department was the best performing municipality in the Eastern Province:

- 80.9% Municipal Green Drop Score
- 1 Green Drop Awards for 2011/12 (East Bank)

Green Drop Comparisons between the larger Municipalities are as detailed:-

- Buffalo City : 80.9%
- Nelson Mandela : 60.0%

Currently the BCMM is faced with the following water service challenges:

- Capacity of the existing treatment works is inadequate to cater for current and future water demands
- Aging water infrastructure
- High rate of non-revenue water, which is approximately 40%
- Total required funding to build new Water Treatment Works (Kei Road) and bulk pipe lines to Bhisho and Berlin to meet housing backlogs, new developments and Bhisho Prescient and demand is R500 million.

2.4 OVERVIEW OF BUDGET-RELATED POLICIES

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

2.4.1 Tariff Policy

In terms of Section 74(1) of the Municipal Systems Act No 32 of 2000, as amended, Council to adopt the draft tariffs policy on 30 March 2016. The amended policy is attached as annexure F (amendments are highlighted in yellow in the policy for easy reference).

2.4.2 Rates Policy

In terms of Section 3 of the Municipal Property Rates Act No. 6 of 2004, the municipality has adopted a rates policy. The policy was approved by Council on 28 May 2014.

2.4.3 Credit Control Policy

The Credit Control and Debt Collection Policy was adopted by Council on 28 May 2014.

2.4.4 Indigent Policy

The Indigent policy was adopted by Council on 28 May 2014.

2.4.5 Investment and Cash Management Policy

In terms of Section 13(2) of the Municipal Finance Management Act No. 56 of 2003, the municipality has adopted an investment and cash management policy. The policy was approved by Council on 29 May 2013. Council adopted the revised investment and cash management policy on 29 May 2015.

2.4.6 Long-Term Borrowings Policy

A long-term borrowings policy has been developed in compliance with the Municipal Finance and Management Act No. 56 of 2003 and the Municipal Budget and Reporting Regulations on Debt Disclosure. The policy was approved by Council on 29 May 2013. Council adopted the long-term borrowing policy on 29 May 2015.

2.4.7 Supply Chain Management Policy

In terms of Section 111 of the Municipal Finance and Management Act No. 56 of 2003 the municipality must adopt a Supply Chain Management policy. The reviewed policy was approved by Council on 30 September 2015.

2.4.8 Asset Management Policy

The Asset Management policy was adopted on 29 May 2013 and provides guidance on the management of immovable assets (infrastructure, community facilities, public amenities, investment property and associated land and intangible assets). Council adopted the revised asset management policy on 29 May 2015.

2.4.9 Capital Infrastructure Investment Policy

The Capital Infrastructure Investment Policy was adopted on 29 May 2014 and the objective is the adequate maintenance of assets so as to provide a return on the City's investment.

2.4.10 Funding and Reserves Policy

The Funding and Reserves policy was adopted by Council on 29 May 2013 and is aimed at ensuring that the Municipality has sufficient and cost-effective funding in order to achieve its long term objectives through the implementation of the medium term operating and capital budgets.

2.4.11 Policy on Long-Term Financial Planning

The Policy on Long Term Financial Planning was adopted by Council on 29 May 2013 and encompasses the development, implementation and evaluation of a plan for the provision of basic municipal services and capital assets.

2.4.12 Budget Implementation & Management Policy (Budget Virement Policy)

The Budget Implementation & Management Policy (Budget Virement Policy) was adopted by Council on 29 May 2013 and is to effectively and efficiently manage the

budget transfers to ensure optimum service delivery. Council to adopt the revised Budget Virement Policy on 30 March 2016, the amended policy is attached as annexure G (amendments are highlighted in yellow in the policy for easy reference).

2.4.13 Budget Policy

The Budget was adopted by Council the year 2007 and is to provide the principles which the municipality will follow in preparing each medium term revenue and expenditure framework budget, and adjustment budgets. Council to adopt the revised Budget Policy on 30 March 2016, the amended policy is attached as annexure H (amendments are highlighted in yellow in the policy for easy reference).

All the above policies are available and can be viewed on Buffalo City Metropolitan Municipality's Website: www.buffalocitymetro.gov.za.

2.5 OVERVIEW OF BUDGET ASSUMPTIONS

The 2016/17 – 2018/19 annual budget and MTREF was prepared using 2014/15 financial year's audit outcome and lessons learned from the 2015/16 budget and adjustment budget as a base. The guidelines and assumptions as outlined in the MFMA Circulars (78 and 79), National and Provincial Government priorities, including making reference to the Municipal Reporting and Budget Regulations;

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

- Efficient revenue management, which aims to ensure a 93.5% annual collection rate over the medium term for property rates and other key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Move from a flat-rate billing system to all consumers billed according to consumption;
- Implementation of an automated billing system as opposed to a manual meter reading process;
- Regular Supplementary Valuations performed.
- Implementation of a General Valuation every four years in terms of the Municipal Property Rates Act.
- Creating a conducive environment to attract potential investors.
- Review of the Spatial Development Plan to allow for human capital resources to be closer to economic and job opportunities.

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

- Our expenditure strategy is ensuring that capital expenditure is incurred in line with the requirements detailed in the Spatial Development Plan to ensure maximum return to the municipality.
- Re-prioritisation of expenditure to ensure any inefficiencies are eliminated to allow for own-funded capital programme.
- Additional funding to be allocated to the maintenance of the infrastructure.

2.5.1 Depreciation

Buffalo City Metropolitan Municipality is attempting to comply with the guidelines provided by National Treasury in relation to future financial sustainability and has therefore implemented a revaluation policy relating to the roads infrastructure assets. It needs to be recognised that the whole reason for depreciation is to adequately allocate the cost of providing services against the revenue being generated. It further needs to be recognised within the Local Government environment that the resources being accumulated are to allow for the replacement of the asset which was originally created. Considering that the replacement of an asset that has reached its useful life will be the responsibility of Government through the various spheres including Local Government or, failing which, will become the responsibility of National Government. The determining factor would be then how much risk is borne by Local Government versus the risk borne by National Government. In order to adequately allow for the replacement of long term assets in the future, and to reduce the risk being placed on National Government to allow for the replacement, Buffalo City Metropolitan Municipality has implemented the revaluation policy for long term infrastructure assets. This does have the effect of increasing the monthly tariff to the local consumer, however it will allow for resources to be available to replace infrastructure assets that have reached the end of their useful lives.

As depreciation is an expenditure item which does not result in an outflow of cash, the effect would be to increase the cash resources that exist at a Local Government level. The main purpose of the increase in the cash resources is to allow for the replacement of infrastructure assets in the future. There is a further risk that a perception could be created with increasing cash resources that these are available for current use. Should these resources be utilised in an attempt to expand the city through the creation of additional infrastructure expansion it could have a severe adverse effect on the operations of the institutions in that any expansion will result in an additional depreciation charge as part of the budgeting process and, furthermore, there will be no funding available at a local government level to allow for the replacement of

infrastructure assets which is currently in operation. This would place further risk on National Government to fund the replacement of these infrastructure assets.

It does need to be recognised that, even with the revaluation policy, to replace the asset will still require grants from National Government, however the grant assistance would be less than the amount required assuming the cost basis.

In the case of Buffalo City Metropolitan Municipality, there is a potential to increase the loan funding available to the institution to allow for the replacement of infrastructure assets as the institution has low gearing. It is recognised that this would be part of a solution to adequately fund the replacement of the infrastructure assets going into the future however this cannot be viewed as the complete solution. It needs to be recognised that there is a cost associated with borrowing funds together with the requirement to repay the capital associated with the loan. If not adequately planned, this could further burden the consumers and also result in asset stripping.

Buffalo City Metropolitan Municipality has recognised the requirement to replace the institutions infrastructure in the future and, together with the guidance being provided by National Treasury to achieve a sustainable institution, is attempting to implement policies which will achieve these goals. The revaluation of long tenure infrastructure assets is an attempt to correctly allocate the use of infrastructure assets against the income being generated thereby allowing for additional resources to be generated at a local government level to be accumulated to prevent the deterioration of services being offered to the consumers. The adverse effect of this policy is that a slightly higher monthly bill is expected to be paid by the consumers in relation to its peers, however this policy is specifically implemented in an attempt to allow for the replacement of infrastructure assets in the future. The institution does recognise that this is not a complete solution to the problem however through a mix of local government resources, budgeted surpluses, long term funding and grants from National Government, all of which are strategically planned for, the institution can allow for the replacement of existing aging infrastructure assets in the future.

2.5.2 General inflation outlook and its impact on the municipal activities

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

- National Government macro-economic targets for inflation is set to be 6.6% for the 2016/17 financial year.
- Salaries are set to increase by CPI plus one (6.6% + 1 in 2016) as guided in the MFMA Circular 79.
- Water bulk purchases are set to increase by 10% as negotiated with Amatola Water Board.
- Electricity bulk purchases are set to increase by 7.86% as per the guidelines received from NERSA.
- The City has adopted an aggressive approach with regards to budget on General Expenses and Contracted Services where cost containment measures have been put in place. Therefore the annual increase on these expenditure categories has been capped at 4% which is 2.6% below the CPI.
- Repairs and maintenance has been increased by 11.5% and constitute 7% of the total operating expenditure. The City has recognized the target to be reached is 10%, however cognizance should be given to the impact on tariffs in this regard.
- The City approved an Asset Management Policy in the 2012/13 financial year. It was felt that in preparing this policy that the most appropriate valuation model for our roads and storm-water infrastructure as well as municipal properties would be the revaluation approach. The reason for this approach being used was specifically to allow for additional funding to be accumulated to replace and/or refurbish these infrastructure assets in the future. It needs to be recognized that if this approach was not followed there would be significant risk to the national fiscus and by implication National Treasury to be able to allow for significant additional funding for the replacement of these assets in the future. It is further emphasized that this approach is in line with National Treasury guidelines to ensure the institution remains financially viable. The resulting impact of this policy is a significant

increase in depreciation being charged on an annual basis which is placing pressure on our operational budget and by inference our tariffs. An attempt has however been made in the 2016/17 MTREF budget to keep tariff increases at affordable levels.

The table below indicate the budget assumptions that were used in preparing the 2016/17 MTREF budget:

Table 39: 2015/2016 to 2018/2019 Budget Assumptions

DESCRIPTION	2015/2016	2016/2017	2017/2018	2018/2019
National Treasury Headline Inflation Forecasts	5.80%	6.60%	6.20%	5.90%
Salaries	5.60%	7.60%	7.20%	6.90%
Electricity Purchases	14.24%	7.86%	7.86%	7.86%
Water Purchases	8.00%	10.00%	10.00%	10.00%
Free Basic Electricity	50 kwh p.m.	50 kwh p.m.	50 kwh p.m.	50 kwh p.m.
Free Basic Water	6 kl p.m.	6 kl p.m.	6 kl p.m.	6 kl p.m.
Basic Welfare Package	R 450,63	R 485,52	R 516,29	R 553,95
Equitable Share Allocation	R 655 141 000	R 678 197 000	R 703 602 000	R 760 226 000
Bad Debt Provision	8,00%	7,50%	7,50%	7,50%
Property Rates	9.90%	7.60%	7.20%	7.00%
Refuse Tariff	9.50%	7.80%	7.50%	7.20%
Sewerage Tariff	9.50%	7.80%	7.50%	7.20%
Electricity Tariff	12.20%	7.64%	7.64%	7.64%
Water Tariff	11.00%	8.00%	7.89%	7.92%
Fire Levy	9.90%	7.60%	7.20%	7.00%
Sundry Income	9.90%	7.60%	7.20%	7.00%

The City has continued to offer the indigents the free basic subsidy package as indicated below:

Table 40: Indigent Subsidy Package

	Total Per Household 2015/2016	Total Per Household 2016/2017	Total Per Household 2017/2018	Total Per Household 2017/2018
Rates	112,99	121,58	130,33	139,46
Refuse	170,97	184,31	192,60	206,47
Sewerage	8,15	8,79	9,45	10,13
Fire Levy	36,63	39,41	42,25	45,21
Total Monthly Subsidy	328,75	354,09	374,63	401,26
Electricity - 50kwh p.m.	55,67	59,93	64,51	69,43
Water - 6kl p.m.	66,21	71,51	77,15	83,26
Total Poor Relief	450,63	485,52	516,29	553,95

The guidance received from National Treasury in respect of DoRA and fuel levy has been included in the 2016/17 MTREF budget. .

Table 41: Proposed tariff increases over the medium-term

Description	2015/2016	2016/2017	2017/2018	2018/2019
Rates	9.90%	7.60%	7.20%	7.00%
Refuse	9.50%	7.80%	7.50%	7.20%
Sewerage	9.50%	7.80%	7.50%	7.20%
Electricity	12.20%	7.64%	7.64%	7.64%
Water	11.00%	8.00%	7.89%	7.92%
Fire Levy	9.90%	7.60%	7.20%	7.00%
Sundry Income	9.90%	7.60%	7.20%	7.00%

2.5.3 Credit rating outlook

Table 42: Credit rating outlook

Security class	Currency	Rating	Annual rating 2012/13	Previous Rating
Short term	Rand	A1-	June 2013	A1-
Long-term	Rand	A	June 2013	A
Outlook	Rand	Positive	June 2013	Positive

The service provider has been engaged by the City and will shortly conduct an assessment of the 2014/2015 annual financial statements to review and issue a new credit rating for the City.

The rating definitions are:

- Short term: A1- (**single A one minus**); defined as having a high certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.
- Long-term: A (**single A**); defined as having high credit quality. Protection factors are good. However, risk factors are more variable and greater in periods of economic stress.

The City's last credit rating reflected a stagnant financially stable environment.

2.5.4 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The City engages in financing arrangements to minimise its interest rate costs and risk. The average interest rate for borrowings is currently 10.17%. The municipality is has budgeted R57 million in the 2016/17 financial year, R71 million and R86 million in the two outer years respectively in respect of its existing long term borrowings and the new loan that is being sought by the City. The City is investing its cash reserves on various investing institution in line with the MFMA. The interest rate is currently 6.25% on primary bank account and 6.45% on investment call accounts. An amount of R123 million has been projected in the 2016/17 financial

year, R126 million in the 2017/18 financial year and R130 million in the 2018/19 financial year.

2.5.5 Collection rate for revenue services

The rate of revenue collection is currently at 90% of annual billings and arrear debt. Stricter control measures of the Credit Control Policy are being enforced, the collection of arrear debt will be utilised as a source of additional cash in-flow for funding future capital infrastructure projects. An amount of R305 million contribution towards bad debts has been provided for the 2016/17 financial year and is based on projected average collection ratio of 92.5% at the 30 June 2016.

2.5.6 Growth in the tax base of the municipality

Revenue from own sources is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the City, household formation growth rate and the poor household change rate.

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

2.5.7 Salary and Wage increases

The guidance provided on MFMA Circular 79 has been followed in projecting salary and wage increases of CPI plus one. This is in line with the existing Salary and Wage Collective Agreement regarding salaries/wages.

2.5.8 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:

- Accelerate Public Infrastructure Investment;
- Support for special economic zones and manufacturing incentives;
- Further expansion of public works programmes
- Investment in renewable energy
- Overhaul procurement and supply chain management
- Creating jobs and reduce poverty
- Skill development;
- Rural development and agriculture; and
- Fighting crime and corruption.

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

2.5.9 Ensuring maintenance of existing assets

Repairs and maintenance has been budgeted at 7% of the total operating expenditure. The city has recognised the target to be reached is 10%, however cognizance should be given to the impact on tariffs in this regard. Substantial budget allocation has been made for renewal of existing assets as detailed in the capital program section.

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

The establishment of the Enterprise Project Management Office (EPMO) Office has assisted capital spending of the City. It is anticipated that the spending pattern will continue to improve in the MTREF period.

2.6 OVERVIEW OF BUDGET FUNDING

The 2016/17 MTREF budget is fully funded utilising receipts from the following funding sources:

- Own Funds (Internally Generated Funds and Borrowing)
- Division of Revenue Act (National Revenue Fund) including Equitable Share
- Provincial Government
- Fuel levy
- Other Grants and subsidies

2.6.1 Proposed Tariff Increases over the Medium-term

Consideration of bad economic climate that is affecting the City's consumers was taken into consideration when determining the tariff increases. Ensuring that tariffs are fully recovering the costs of running the service was also given high consideration in determining the tariff increases.

The table below reflects the proposed tariffs for the 2016/2017 MTREF period.

Table 43: Proposed tariff increases 2016/17 to 2018/19

Description	2015/2016	2016/2017	2017/2018	2018/2019
Rates	9.90%	7.60%	7.20%	7.00%
Refuse	9.50%	7.80%	7.50%	7.20%
Sewerage	9.50%	7.80%	7.50%	7.20%
Electricity	12.20%	7.64%	7.64%	7.64%
Water	11.00%	8.00%	7.89%	7.92%
Fire Levy	9.90%	7.60%	7.20%	7.00%
Sundry Income	9.90%	7.60%	7.20%	7.00%

2.6.2 Detailed Investment

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

Table 44: MBRR Table SA15 – Detail Investment Information

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		1 699 360	1 966 369	2 137 189	2 303 434	2 380 443	2 380 443	2 462 491	2 481 880	2 691 426
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										
Municipal Bonds										
Municipality sub-total	1	1 699 360	1 966 369	2 137 189	2 303 434	2 380 443	2 380 443	2 462 491	2 481 880	2 691 426
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		1 699 360	1 966 369	2 137 189	2 303 434	2 380 443	2 380 443	2 462 491	2 481 880	2 691 426

Table 45: MBRR Table SA16 – Investment particulars by maturity

Choose name from list - Supporting Table SA16 Investment particulars by maturity													
Investments by Maturity	Period of Investment	Type of Investment	Capital Guarantee (Yes/No)	Variable or Fixed Interest rate	Interest Rate %	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Parent municipality													
RMB	Various	Short Term / Call	No	Variable	0,0625	0	0	Various	595 111	35 944		4 568	635 623
Standard Bank	Various	Short Term / Call	No	Variable	0,0625	0	0	Various	297 555	17 972		2 284	317 811
Scotiabank	Various	Short Term / Call	No	Variable	0,0726	0	0	Various	297 555	17 972		2 284	317 811
ABSA	Various	Short Term / Call	No	Variable	0,0625	0	0	Various	595 111	35 944		4 568	635 623
Nedbank	Various	Short Term / Call	No	Variable	0,0625	0	0	Various	595 111	35 944		4 568	635 623
Municipality sub-total									2 380 443			18 273	2 542 491
Entities													
Entities sub-total													
TOTAL INVESTMENTS AND INTEREST									2 380 443			18 273	2 542 491

2.6.3 Medium-term outlook: capital revenue

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

Table 46: MBRR Table A5 - Sources of capital revenue over the MTREF

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
Funded by:											
National Government		515 570	734 503	565 914	742 884	702 762	702 762	702 762	741 969	842 151	969 510
Provincial Government		-	-	49 578	107 469	86 850	86 850	86 850	106 300	50 635	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	515 570	734 503	615 492	850 353	789 612	789 612	789 612	848 269	892 786	969 510
Public contributions & donations	5	-	-	-	-	459	459	459	-	-	-
Borrowing	6	18 146	-	-	-	-	-	-	69 582	189 352	176 867
Internally generated funds		59 769	109 692	314 558	425 002	600 806	600 806	600 806	592 283	598 685	591 622
Total Capital Funding	7	593 485	844 194	930 050	1 275 354	1 390 877	1 390 877	1 390 877	1 510 134	1 680 823	1 737 999

2.6.4 Details of Borrowings

The repayment of capital and interest (debt services costs) has substantially increased over the past three years. The City will be acquiring additional loan in the 2016/17 MTREF period amounting to approximately R436 million to fund the Sewer Diversion Tunnel Project. This project is critical in unlocking development in the Amalinda Junction, Wilsonia, Fort Jackson and Reeston area. The development would contribute to the revenue base of the City.

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

Table 47: MBRR Table SA17 - Details of borrowings

Borrowing - Categorized by type R thousand	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
Parent municipality										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)		597 207	542 574	496 477	496 477	496 477	496 477	514 234	720 275	1 091 348
Local registered stock										
Instalment Credit										
Financial Leases		3 623	3 425	767	3 941	3 941	3 941	3 941	3 425	3 425
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	600 830	545 999	497 244	500 418	500 418	500 418	518 175	723 700	1 094 773
Entities										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	600 830	545 999	497 244	500 418	500 418	500 418	518 175	723 700	1 094 773

2.6.5 Capital Transfers and Grant Receipts

Table 48: MBRR Table SA 18 - Capital 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
Capital Transfers and Grants										
National Government:		542 474	619 676	664 712	742 884	702 762	702 762	741 969	842 151	969 510
Urban Settlement Development Grant		499 474	569 797	639 025	679 784	659 542	659 542	656 054	710 976	708 935
Infrastructure Skills Development Grant		-	100	100	100	100	100	100	100	100
Energy Efficiency and Demand Management		10 000	4 579	-	13 000	13 000	13 000	-	5 000	3 000
Public Transport Network Grant		3 000	20 000	-	-	-	-	35 289	60 167	166 393
Neighbourhood Development Partnership		-	-	5 000	20 000	-	-	19 346	24 979	49 525
Integrated National Electrification Programme		30 000	25 000	20 587	30 000	30 000	30 000	25 000	30 000	30 000
Finance Management		-	200	-	-	120	120	100	100	100
Integrated City Development Grant		-	-	-	-	-	-	6 080	10 829	11 457
Other capital transfers/grants [insert desc]										
Provincial Government:		20 880	29 025	-	107 469	86 850	86 850	106 300	50 635	-
Human Settlement Development Grant		20 880	29 025	-	94 400	69 800	69 800	106 300	50 635	-
Human Settlement Development Grant - MPCC		-	-	-	13 069	-	-	-	-	-
Dept Sport, Recreation, Arts and Culture (DSRAC)		-	-	-	-	8 014	8 014	-	-	-
Dept of Local Government and Traditional Affairs		-	-	-	-	9 036	9 036	-	-	-
Dept of Economic Development, Environmental Affairs and Tourism (DEDEAT)		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Health Subsidy - Environmental Health										
Other grant providers:		272	340	-	-	459	459	-	-	-
Public Funding		272	340	-	-	-	-	-	-	-
European Commission		-	-	-	-	-	-	-	-	-
BCMET Funding										
Lieden						459	459	-	-	-
Total Capital Transfers and Grants	5	563 626	649 041	664 712	850 353	790 071	790 071	848 269	892 786	969 510
TOTAL RECEIPTS OF TRANSFERS & GRANTS		1 231 087	1 464 529	1 472 015	2 099 564	1 868 165	1 868 165	2 162 528	2 340 167	2 672 562

2.6.6 Cash Flow Management

BCMM is also projecting a favourable cash position, which currently projected to be R2.5 billion at 30 June 2017 and is projected to be R2.6 billion at 30 June 2018 (2019: R2.8 billion).

Table 49: MBRR Table A7 – Budgeted cash flow

R thousand	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	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		580 100	572 957	794 519	831 140	884 767	884 767	884 767	884 767	884 767	884 767	884 767	884 767	1 051 961	1 125 599	
	Service charges		1 965 059	2 198 960	2 424 753	2 471 802	2 644 096	2 644 096	2 644 096	2 644 096	2 644 096	2 644 096	2 644 096	2 644 096	2 993 471	3 220 444	
	Other revenue		287 662	447 934	84 777	657 180	651 758	651 758	651 758	651 758	651 758	651 758	651 758	651 758	354 087	380 597	
1	Government - operating		723 457	812 186	948 263	1 149 387	1 078 556	1 078 556	1 078 556	1 078 556	1 078 556	1 078 556	1 078 556	1 078 556	1 314 259	1 447 381	
1	Government - capital		506 406	734 503	615 492	850 353	812 071	812 071	812 071	812 071	812 071	812 071	812 071	812 071	892 786	989 510	
	Interest		106 184	123 654	159 221	152 531	165 794	165 794	165 794	165 794	165 794	165 794	165 794	165 794	189 948	201 725	
	Dividends		-	-	-	0	0	0	0	0	0	0	0	0	-	-	
	Payments																
	Suppliers and employees		(2 808 957)	(3 821 719)	(3 718 728)	(4 448 581)	(4 304 041)	(4 304 041)	(4 304 041)	(4 304 041)	(4 304 041)	(4 304 041)	(4 304 041)	(4 304 041)	(4 985 886)	(5 351 659)	
	Finance charges		(67 259)	(65 777)	(60 674)	(54 313)	(55 813)	(55 813)	(55 813)	(55 813)	(55 813)	(55 813)	(55 813)	(55 813)	(70 938)	(85 887)	
	Transfers and Grants		(115 922)	(144 964)	(234 175)	(258 568)	(258 568)	(258 568)	(258 568)	(258 568)	(258 568)	(258 568)	(258 568)	(258 568)	(310 173)	(333 225)	
1	NET CASH FROM/(USED) OPERATING ACTIVITIES		1 176 732	957 735	1 013 447	1 350 929	1 618 620	1 618 620	1 618 620	1 618 620	1 618 620	1 618 620	1 618 620	1 618 620	1 562 637	1 830 154	
	CASH FLOWS FROM INVESTING ACTIVITIES																
	Receipts																
	Proceeds on disposal of PPE		18 168	766	6 364	-	-	-	-	-	-	-	-	-	-	-	
	Decrease (increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Decrease (increase) other non-current receivables		13	14	16	-	-	-	-	-	-	-	-	-	-	-	
	Decrease (increase) in non-current investments		(36)	892	-	-	-	-	-	-	-	-	-	-	-	-	
	Payments																
	Capital assets		(608 431)	(588 536)	(930 050)	(1 275 354)	(1 390 877)	(1 390 877)	(1 390 877)	(1 390 877)	(1 390 877)	(1 390 877)	(1 390 877)	(1 510 134)	(1 680 823)	(1 737 999)	
	NET CASH FROM/(USED) INVESTING ACTIVITIES		(590 286)	(586 864)	(923 670)	(1 275 354)	(1 390 877)	(1 390 877)	(1 390 877)	(1 390 877)	(1 390 877)	(1 390 877)	(1 390 877)	(1 510 134)	(1 680 823)	(1 737 999)	
	CASH FLOWS FROM FINANCING ACTIVITIES																
	Receipts																
	Short term loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Borrowing long term/refinancing		(278 943)	(681)	3 667	-	-	-	-	-	-	-	-	-	-	-	
	Increase (decrease) in consumer deposits		8 599	(681)	-	-	-	-	-	-	-	-	-	-	-	-	
	Payments																
	Repayment of borrowing		5 243	(49 072)	(57 336)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	(51 776)	(59 477)	
	NET CASH FROM/(USED) FINANCING ACTIVITIES		(285 100)	(49 753)	(53 669)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	137 575	117 390	
	NET INCREASE/ (DECREASE) IN CASH HELD		321 346	321 118	36 108	29 477	181 645	181 645	181 645	181 645	181 645	181 645	181 645	162 048	19 389	209 546	
2	Cash/cash equivalents at the year begin:		1 521 969	1 843 315	2 164 433	2 353 956	2 198 797	2 198 797	2 198 797	2 198 797	2 198 797	2 198 797	2 198 797	2 380 443	2 542 491	2 561 880	
2	Cash/cash equivalents at the year end:		1 843 315	2 164 433	2 200 541	2 383 434	2 380 443	2 380 443	2 380 443	2 380 443	2 380 443	2 380 443	2 380 443	2 542 491	2 561 880	2 771 426	

2.6.6.1 Cash Backed Reserves/Accumulated Surplus Reconciliation

The table indicates the cash and investments available which increases from R2.4 billion in the 2015/16 financial year to R2.5 billion in the 2017/18 financial year. With the introduction of GRAP the institution was required to account for all assets, including those which had been implemented historically by both pre and post 1994 Governments. This resulted in a significant increase in the accumulated surplus associated with the take on of assets. Furthermore, the institution has implemented the revaluation model for accounting for roads and storm water as well as municipal properties which has contributed further to additional surpluses. In analysing the accumulated depreciation associated with the identified infrastructure assets and comparing that to the net asset position of the institution it has been determined that there is currently a funding deficit of R10 billion required for the future replacement of infrastructure assets.

Table 50: MBRR 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	1 843 315	2 164 433	2 200 541	2 383 434	2 380 443	2 380 443	2 380 443	2 542 491	2 561 880	2 771 426
Other current investments > 90 days		0	(480)	(1 744)	0	80 000	80 000	80 000	(2 277)	5 495	14 044
Non current assets - Investments	1	892	-	-	-	-	-	-	-	-	-
Cash and investments available:		1 844 207	2 163 953	2 198 797	2 383 434	2 460 443	2 460 443	2 460 443	2 540 214	2 567 375	2 785 471
Application of cash and investments											
Unspent conditional transfers		460 596	213 718	205 715	112 800	112 800	112 800	112 800	78 300	83 000	87 150
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(29 270)	101 746	(130 330)	(41 821)	(57 441)	(57 441)	(57 441)	(107 149)	(22 626)	(10 639)
Other provisions		180 396	184 142	176 668	251 610	251 610	251 610	251 610	276 800	304 480	304 480
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		611 722	499 605	252 052	322 589	306 969	306 969	306 969	247 951	364 854	380 991
Surplus/(shortfall)		1 232 485	1 664 348	1 946 745	2 060 845	2 153 474	2 153 474	2 153 474	2 292 263	2 202 521	2 404 480

2.6.6.2 Funding compliance measurement

From a cash flow perspective (cash outflow versus cash inflow) the budget is fully funded and is therefore credible. The challenge for the City will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

Table 51: MBRR Table 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 - R000	18(1)b	1	1 843 315	2 164 433	2 200 541	2 383 434	2 380 443	2 380 443	2 380 443	2 542 491	2 561 880	2 771 426
Cash + investments at the yr end less applications - R000	18(1)b	2	1 232 485	1 664 348	1 946 745	2 060 845	2 153 474	2 153 474	2 153 474	2 292 263	2 202 521	2 404 480
Cash year end/monthly employees/supplier payments	18(1)b	3	8.6	9.0	8.1	7.6	7.5	7.5	7.5	7.5	7.0	7.0
Surplus/(Deficit) excluding depreciation offsets: R000	18(1)	4	532 916	810 295	732 141	651 275	790 993	790 993	790 993	849 434	693 732	971 658
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	6.8%	6.1%	5.5%	(1.7%)	(6.0%)	(6.0%)	2.6%	1.5%	1.4%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	90.7%	94.3%	85.3%	91.3%	93.3%	93.3%	93.3%	91.8%	91.8%	91.8%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	4.2%	3.7%	11.3%	6.8%	6.8%	6.8%	6.8%	7.5%	7.5%	7.5%
Capital payments % of capital expenditure	18(1);19	8	102.5%	69.7%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	(358.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	10.5%	24.0%	23.0%
Grants % of Govt legislated/gazetted allocations	18(1)a	10								100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(13.8%)	36.3%	(1.3%)	0.0%	0.0%	0.0%	(1.6%)	3.1%	3.2%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	(37.2%)	(55.0%)	535.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	2.6%	2.4%	2.7%	3.3%	3.3%	3.3%	3.5%	3.3%	3.3%	3.5%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	54.0%	58.4%	61.9%	61.9%	0.0%	52.7%	57.1%	53.9%

2.6.6.3 Cash/cash equivalent position

BCMM is also projecting a favourable cash position, which currently projected to be R2.3 billion at 30 June 2016 and is projected to be R2.3 billion at 30 June 2017 (2018: R2.4 billion and 2019: R2.5 billion).

2.6.6.4 Cost Coverage

The projected cost coverage, including conditional grants is projected to be 7 months at 30 June 2016 and is projected to remain at 7 months over the MTREF period. BCMM maintains a cost coverage of at least 3 months. The average cost coverage over the last 8 months is 6.42 months.

2.6.6.5 Surplus/deficit

The City has adopted the approach to cash back its depreciation on a year-to-year basis in order to renew and/or refurbish its existing infrastructure assets. The projected surplus for the 2015/16 financial year is R1.16 million.

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

In order for the trading services to breakeven and/or generate a surplus the revenue income percentage increase is set slightly above inflation. This trend will have to be carefully monitored and managed with the implementation of the budget.

2.6.6.7 Cash receipts as a percentage of ratepayer and other revenue

The rate of revenue collection is currently at 90% of annual billings and arrear debt. Stricter control measures of the Credit Control Policy are being enforced, the collection of arrear debt will be utilised as a source of additional cash in-flow for funding future capital infrastructure projects. It is projected that the average collection rate at 30 June 2016 will be 92.5%.

2.6.6.8 Debt impairment expense as a percentage of billable revenue

An amount of R305 million contribution towards bad debts has been provided for in the 2016/17 financial year of the MTREF and is based on an average collection ratio of 92.5%.

2.6.6.9 Repairs and maintenance expenditure level

The City is having a consistent trend of spending above 90% of its repairs and maintenance budget. The allocation of repairs and maintenance is 7% of operating expenditure budget in the MTREF. Substantial own funding has been allocated to renew existing assets. Budget details are contained in SA34C.

2.6.6.10 Asset renewal/rehabilitation expenditure level

Details of the City's strategy pertaining to asset management and repairs and maintenance is contained in SA34B.

2.7 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS

Table 52: MBRR Table SA19 - Expenditure on transfers and grant programmes

R thousand	Description	Ref	Current Year 2015/16					2016/17 Medium Term Revenue & Expenditure Framework						
			2012/13	2013/14	2014/15	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19			
	EXPENDITURE:	1												
	Operating expenditure of Transfers and Grants													
	National Government:		681 689	683 033	86 533	714 196	776 722	776 722	1 174 961	1 236 281	1 389 682			
	Local Government/Equitable Share		650 616	653 660	655 141	655 141	655 141	655 141	678 197	703 602	760 226			
	Urban Settlement Development Grant		6 232	20 855	78 087	33 348	95 994	95 994	75 445	63 226	104 400			
	Finance Management		1 500	1 294	1 474	1 300	1 180	1 180	1 200	1 200	900			
	EPWP Incentive		930	3 278	1 596	1 149	1 149	1 149	1 188	—	—			
	Infrastructure Skills Development Grant		1 265	3 946	5 376	8 400	8 400	8 400	8 900	10 900	11 900			
	Water Services Operating Subsidy		1 126	—	—	—	—	—	—	—	—			
	Integrated City Development Grant		—	—	—	5 605	5 605	—	—	—	—			
	Municipal Human Settlement Capacity Grant		—	—	—	9 253	9 253	—	—	—	—			
	General Fuel Levy		—	—	—	—	—	—	410 031	457 353	512 256			
	Provincial Government:		55 722	125 578	200 665	531 687	298 252	298 252	138 802	211 100	313 370			
	Roads Subsidy - Provincial Roads		—	1 871	—	1 871	1 871	1 871	—	—	—			
	Dept of Economic Development, Environmental Affairs and Tourism (DEDEAT) - Greening Award		—	—	—	—	2 500	2 500	—	—	—			
	Dept of Economic Development, Environmental Affairs and Tourism (DEDEAT)		—	—	3 462	—	—	—	—	—	—			
	Department of Water Affairs		7 730	2 313	—	—	—	—	—	—	—			
	Local Government & Traditional Affairs		—	5 587	—	2 000	3 770	3 770	—	—	—			
	Health Subsidy - ATIC		73	2 522	—	2 522	2 522	2 522	—	—	—			
	DSRAC - Library Subsidy		—	3 638	—	3 638	3 638	3 638	15 000	15 000	15 870			
	Reclaim Land Claims Commission (RLCC)		—	228	—	—	—	—	—	—	—			
	Dept of Sport, Recreation, Arts and Culture (DSRAC)		—	—	—	—	31	31	—	—	—			
	Dept of Land Affairs		1	318	19	—	766	766	—	—	—			
	Human Settlement Development Grant		47 918	114 688	191 535	521 656	283 154	283 154	123 802	196 100	297 500			
	Human Settlement Development Grant - MPCC		—	—	—	—	—	—	—	—	—			
	0		—	—	—	—	—	—	—	—	—			
	District Municipality:		1 754	—	—	—	—	—	—	—	—			
	Health Subsidy - Environmental Health		1 754	—	—	—	—	—	—	—	—			
	Other grant providers:		4 312	3 003	1 039	3 329	3 120	3 120	498	—	—			
	SETA - Skills Development		3 890	2 795	41	2 989	2 989	2 989	—	—	—			
	Donor Funding - Leiden & Gave		414	209	—	—	—	—	—	—	—			
	Seaside		9	—	—	—	—	—	—	—	—			
	Trust Funds		—	—	522	—	—	—	—	—	—			
	Umsobomvu Youth Fund		—	—	467	—	131	131	—	—	—			
	BCMETS Funding		—	—	—	—	—	—	—	—	—			
	Donor Funding - European Commission		—	—	—	340	—	—	—	—	—			
	City of Oldenburg		—	—	—	—	—	—	496	—	—			
	Vuna Awards		—	—	9	—	—	—	—	—	—			
	Total operating expenditure of Transfers and Grants:		723 457	811 614	288 236	1 249 211	1 078 093	1 078 093	1 314 259	1 447 381	1 703 052			

MBRR Table SA19 - Expenditure on transfers and grant programmes (continued)

R thousand	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	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19		
	EXPENDITURE:	1												
	Capital expenditure of Transfers and Grants													
	National Government:		509 146	722 854	565 914	742 884	702 762	702 762	702 762	741 969	842 151	969 510		
	Urban Settlement Development Grant		465 008	693 162	540 452	679 784	659 542	659 542	659 542	656 054	710 976	708 935		
	Infrastructure Skills Development Grant		655	23	-	100	100	100	100	100	100	100		
	Energy Efficiency and Demand Management		10 071	4 578	-	13 000	13 000	13 000	13 000	-	5 000	3 000		
	Public Transport Network Grant		133	-	4 885	-	-	-	-	35 289	60 167	166 393		
	Neighbourhood Development Partnership		-	-	-	20 000	-	-	-	19 346	24 979	49 525		
	Integrated National Electrification Programme		33 278	24 997	20 577	30 000	30 000	30 000	30 000	25 000	30 000	30 000		
	Finance Management		-	-	-	-	120	120	120	100	100	100		
	Integrated City Development Grant		-	94	-	-	-	-	-	6 080	10 829	11 457		
	Other capital transfers/grants (insert desc)													
	Provincial Government:		6 220	10 506	49 322	107 469	86 850	86 850	86 850	106 300	50 635	-		
	Human Settlement Development Grant		6 220	9 460	46 985	94 400	69 800	69 800	69 800	106 300	50 635	-		
	Human Settlement Development Grant - MPCC		-	-	665	13 069	-	-	-	-	-	-		
	Dept Sport, Recreation, Arts and Culture (DSRAC)		-	1 046	1 377	-	8 014	8 014	8 014	-	-	-		
	Dept of Local Government and Traditional Affairs		-	-	179	-	9 036	9 036	9 036	-	-	-		
	Dept of Economic Development, Environmental Affairs and Tourism (DEDEAT)		-	-	117	-	-	-	-	-	-	-		
	District Municipality:													
	Health Subsidy - Environmental Health		-	-	-	-	-	-	-	-	-	-		
	Other grant providers:		205	1 143	256	-	459	459	459	-	-	-		
	Public Funding		-	-	-	-	-	-	-	-	-	-		
	European Commission		-	-	-	-	-	-	-	-	-	-		
	BCMETS Funding		205	1 143	256	-	459	459	459	-	-	-		
	Lieden		-	-	-	-	-	-	-	-	-	-		
	Total capital expenditure of Transfers and Grants		515 570	734 503	615 492	850 353	790 071	790 071	790 071	848 269	892 786	969 510		
	TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		1 239 027	1 546 117	903 729	2 099 564	1 868 165	1 868 165	1 868 165	2 162 528	2 340 167	2 672 562		

Table 53: MBRR Table SA20 - Reconciliation between of transfers, grant receipts and unspent funds

Choose name from list - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

R thousand	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	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		67 401	(20 847)		2 975			13 201						
	Current year receipts		647 124	706 873		738 687		714 196	763 520				1 236 281		1 389 682
	Conditions met - transferred to revenue		712 891	683 033		741 256		714 196	776 722				1 236 281		1 389 682
	Conditions still to be met - transferred to liabilities		1 634	2 994		407									
	Provincial Government:														
	Balance unspent at beginning of the year		169 490	172 729		119 146			6 068						
	Current year receipts		5 831	103 141		106 788		531 987	292 183				211 100		313 370
	Conditions met - transferred to revenue		6 439	126 131		205 945		531 987	298 252				211 100		313 370
	Conditions still to be met - transferred to liabilities		168 862	149 739		20 000									
	District Municipality:														
	Balance unspent at beginning of the year														
	Current year receipts			1 288											
	Conditions met - transferred to revenue														
	Conditions still to be met - transferred to liabilities														
	Other grant providers:														
	Balance unspent at beginning of the year		17 229	16 052		1 949			131						
	Current year receipts		3 656	4 186		2 911		3 451	3 111				496		
	Conditions met - transferred to revenue		4 127	3 003		4 860		3 451	3 242				496		
	Conditions still to be met - transferred to liabilities		16 758	17 234											
	Total operating transfers and grants revenue		723 457	812 187		952 060		1 249 333	1 078 216				1 314 259		1 703 052
	Total operating transfers and grants - CTBM	2	187 274	171 255		20 407									
	Capital transfers and grants:	1,3													
	National Government:														
	Balance unspent at beginning of the year		227 220	112 078		8 900									
	Current year receipts		542 474	819 878		655 590		742 884	702 762				741 969		868 510
	Conditions met - transferred to revenue		509 146	722 854		565 914		742 884	702 762				741 969		868 510
	Conditions still to be met - transferred to liabilities		260 548	8 900		98 577									
	Provincial Government:														
	Balance unspent at beginning of the year		10 727	16 687		74 009			17 050						
	Current year receipts		6 220	29 025		69 800		107 469	69 800				108 300		50 635
	Conditions met - transferred to revenue		6 220	10 506		49 322		107 469	69 800				108 300		50 635
	Conditions still to be met - transferred to liabilities		10 727	35 207		24 687									
	District Municipality:														
	Balance unspent at beginning of the year		1 979	1 979											
	Current year receipts														
	Conditions met - transferred to revenue		1 979	1 979											
	Conditions still to be met - transferred to liabilities														
	Other grant providers:														
	Balance unspent at beginning of the year		67	18		256									
	Current year receipts		205	340		102			459						
	Conditions met - transferred to revenue		205	1 143		358									
	Conditions still to be met - transferred to liabilities		67	(785)					459						
	Total capital transfers and grants revenue		515 570	734 503		615 594		850 353	789 612				848 269		969 510
	Total capital transfers and grants - CTBM	2	273 322	45 301		123 254			459						
	TOTAL TRANSFERS AND GRANTS REVENUE		1 239 027	1 546 670		1 567 654		2 099 686	1 867 828				2 162 528		2 672 562
	TOTAL TRANSFERS AND GRANTS - CTBM		460 596	216 555		143 670			459						

2.8 COUNCILLOR AND EMPLOYEE BENEFITS

Table 54: MBRR Table SA22 - Summary of councillor and staff benefits

R thousand	Summary of Employee and Councillor remuneration				Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
	2012/13	2013/14	2014/15	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
	Audited Outcome	Audited Outcome	Audited Outcome					G	H	I	
Councillors (Political Office Bearers plus Other)											
Basic Salaries and Wages	26 569	27 566	29 335	31 903	32 074	32 074	32 074	34 512	36 997	39 180	
Pension and UIF Contributions	2 627	2 833	3 047	3 328	3 297	3 297	3 297	3 548	3 803	4 028	
Medical Aid Contributions	1 031	1 368	1 539	1 856	1 874	1 874	1 874	2 017	2 162	2 290	
Motor Vehicle Allowance	10 414	10 796	11 247	12 944	12 653	12 653	12 653	13 615	14 595	15 456	
Cellphone Allowance	—	—	—	—	2 150	2 150	2 150	2 313	2 480	2 626	
Housing Allowances	2 690	2 525	2 515	2 879	2 762	2 762	2 762	2 972	3 185	3 373	
Other benefits and allowances	—	—	—	—	—	—	—	—	—	—	
Sub Total - Councillors	43 331	45 088	47 682	52 910	54 810	54 810	54 810	58 976	63 222	66 952	
% Increase		4,1%	5,8%	11,0%	3,5%	3,5%	—	7,6%	7,2%	5,9%	
Senior Managers of the Municipality											
Basic Salaries and Wages	4 154	3 537	4 086	15 026	11 501	11 501	11 501	12 307	13 143	14 037	
Pension and UIF Contributions	590	667	662	2 734	2 147	2 147	2 147	2 237	2 387	2 548	
Medical Aid Contributions	48	103	94	266	254	254	254	272	290	310	
Overtime	—	—	—	—	—	—	—	—	—	—	
Performance Bonus	—	—	—	—	—	—	—	—	—	—	
Motor Vehicle Allowance	651	808	755	2 738	2 481	2 481	2 481	2 655	2 835	3 028	
Cellphone Allowance	—	—	—	—	391	391	391	418	447	477	
Housing Allowances	4	—	2	83	—	—	—	—	—	—	
Other benefits and allowances	1 267	959	1 188	2 273	1 242	1 242	1 242	2 222	2 373	2 535	
Payments in lieu of leave	—	—	—	—	—	—	—	—	—	—	
Long service awards	—	—	—	36	—	—	—	—	—	—	
Post-retirement benefit obligations	—	—	—	—	—	—	—	—	—	—	
Sub Total - Senior Managers of Municipality	6 715	6 074	6 788	23 157	18 017	18 017	18 017	20 110	21 477	22 935	
% Increase		(9,5%)	11,8%	241,2%	(22,2%)	(22,2%)	—	11,6%	6,8%	6,8%	
Other Municipal Staff											
Basic Salaries and Wages	606 290	654 048	705 601	851 398	850 039	850 039	850 039	929 486	1 008 134	1 079 585	
Pension and UIF Contributions	118 568	126 960	134 721	155 271	163 908	163 908	163 908	176 310	185 573	197 910	
Medical Aid Contributions	42 170	46 769	52 819	96 719	79 727	79 727	79 727	85 275	91 073	97 266	
Overtime	62 099	80 707	107 200	60 348	60 348	60 348	60 348	72 871	74 820	79 908	
Performance Bonus	—	—	—	—	—	—	—	—	—	—	
Motor Vehicle Allowance	16 766	17 823	19 718	26 800	27 860	27 860	27 860	30 160	32 211	34 401	
Cellphone Allowance	—	—	—	—	3 665	3 665	3 665	4 188	4 188	4 473	
Housing Allowances	3 504	3 219	3 505	10 185	12 205	12 205	12 205	13 944	13 944	13 944	
Other benefits and allowances	92 356	156 712	116 479	139 402	171 170	171 170	171 170	180 087	190 186	203 119	
Payments in lieu of leave	20 868	22 094	29 230	7 307	15 291	15 291	15 291	16 361	17 474	18 662	
Long service awards	13 225	14 840	16 270	17 033	17 509	17 509	17 509	19 112	20 012	21 373	
Post-retirement benefit obligations	—	—	—	—	5 831	5 831	5 831	6 239	6 664	7 117	
Sub Total - Other Municipal Staff	975 846	1 123 172	1 185 543	1 364 462	1 407 555	1 407 555	1 407 555	1 533 767	1 644 280	1 757 758	
% Increase		15,1%	5,6%	15,1%	3,2%	3,2%	—	9,0%	7,2%	6,9%	
Total Parent Municipality	1 025 891	1 174 333	1 240 015	1 440 529	1 480 382	1 480 382	1 480 382	1 612 853	1 728 979	1 847 646	
% Increase		14,5%	5,6%	16,2%	2,8%	2,8%	—	8,9%	7,2%	6,9%	

MBRR Table SA22 - Summary of councillor and staff benefits (Cont.)

R thousand	2012/13		2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcomes	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19			
		B	C	D	E	F	G	H	I				
Board Members of Entities													
Basic Salaries and Wages	-	174	665	96									118
Pension and UJF Contributions	-	-	-	-									-
Medical Aid Contributions	-	-	-	-									-
Overtime	-	-	-	-									-
Performance Bonus	-	-	-	-									-
Motor Vehicle Allowance	-	-	-	-									-
Cellphone Allowance	-	-	-	-									-
Housing Allowances	-	-	-	-									-
Other benefits and allowances	-	-	-	-									-
Board Fees	-	-	-	-									-
Payments in lieu of leave	-	-	-	-									-
Long service awards	-	-	-	-									-
Post-retirement benefit obligations	-	-	-	-									-
Sub Total - Board Members of Entities	-	174	665	96									118
% Increase			283,4%	(85,6%)									6,9%
Senior Managers of Entities													
Basic Salaries and Wages	-	-	-	1 004									1 238
Pension and UJF Contributions	-	-	-	184									227
Medical Aid Contributions	-	-	-	91									113
Overtime	-	-	-	-									-
Performance Bonus	-	-	-	310									382
Motor Vehicle Allowance	-	-	-	-									-
Cellphone Allowance	-	-	-	25									30
Housing Allowances	-	-	-	104									128
Other benefits and allowances	-	-	-	-									-
Payments in lieu of leave	-	-	-	-									-
Long service awards	-	-	-	-									-
Post-retirement benefit obligations	-	-	-	-									-
Sub Total - Senior Managers of Entities	-	-	-	1 718									2 119
% Increase				(100,0%)									6,9%
Other Staff of Entities													
Basic Salaries and Wages	-	-	-	180									222
Pension and UJF Contributions	-	-	-	34									42
Medical Aid Contributions	-	-	-	91									113
Overtime	-	-	-	-									-
Performance Bonus	-	-	-	-									-
Motor Vehicle Allowance	-	-	-	-									-
Cellphone Allowance	-	-	-	16									20
Housing Allowances	-	-	-	19									23
Other benefits and allowances	-	-	-	-									-
Payments in lieu of leave	-	-	-	-									-
Long service awards	-	-	-	-									-
Post-retirement benefit obligations	-	-	-	-									-
Sub Total - Other Staff of Entities	-	-	-	341									420
% Increase				(100,0%)									6,9%
Total Municipal Entities	-	174	665	2 155									2 857
TOTAL SALARY, ALLOWANCES & BENEFITS	1 025 891	1 174 507	1 240 678	1 442 684	1 480 382	1 480 382	1 480 382	1 615 172	1 731 464	1 850 303			
% Increase		14,5%	5,8%	16,3%	2,6%	2,6%	2,6%	8,1%	7,2%	6,9%			
TOTAL MANAGERS AND STAFF	982 560	1 129 246	1 192 331	1 389 678	1 425 572	1 425 572	1 425 572	1 556 083	1 688 131	1 783 232			

Table 55: MBRR Table SA23 - Salaries, allowances and 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
				1.				2.
Rand per annum								
Councillors	3							
Speaker	4		647 791	111 950	364 908			1 124 649
Chief Whip			607 303	123 789	303 534			1 034 626
Executive Mayor			802 099	35 072	544 660			1 381 830
Deputy Executive Mayor			647 791	40 874	435 984			1 124 649
Executive Committee			6 091 802	792 555	3 453 680			10 338 037
Total for all other councillors			25 715 219	4 460 361	13 796 396			43 971 976
Total Councillors	8	-	34 512 004	5 564 601	18 899 162			58 975 767
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1 225 826	222 526	576 179			2 024 532
Chief Finance Officer			1 021 522	252 636	412 930			1 687 088
Director of Engineering Services			1 013 711	218 457	442 019			1 674 187
Director of Public Safety and Health			1 013 711	216 879	480 227			1 710 817
Director Of Community Services			1 013 711	216 879	480 227			1 710 816
Other			7 018 116	1 499 456	2 785 443			11 303 014
<i>List of each official with packages >= senior manager</i>								
Total Senior Managers of the Municipality	6,10	-	12 306 596	2 626 834	5 177 024	-		20 110 454
A Heading for Each Entity	6,7							
List each member of board by designation								
Total for municipal entities	6,10	-	-	-	-	-		-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	-	46 818 600	8 191 434	24 076 187	-		79 086 221

Table 56: MBRR Table SA24 – summary of personnel numbers

Number	1,2	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)		117	-	117	119	-	119	119	-	119
Board Members of municipal entities	4	-	-	-	-	-	-	-	-	-
Municipal employees	5	-	-	-	-	-	-	-	-	-
Municipal Manager and Senior Managers	3	11	1	10	12	11	1	11	11	1
Other Managers	7	40	23	17	40	23	17	40	23	17
Professionals		160	160	-	160	160	-	160	160	-
Finance		65	65	-	65	65	-	65	65	-
Spatial/Town planning		10	10	-	10	10	-	10	10	-
Information Technology		3	3	-	3	3	-	3	3	-
Roads		3	3	-	3	3	-	3	3	-
Electricity		8	8	-	8	8	-	8	8	-
Water		5	5	-	5	5	-	5	5	-
Sanitation		4	4	-	4	4	-	4	4	-
Refuse		1	1	-	1	1	-	1	1	-
Other		61	61	-	61	61	-	61	61	-
Technicians		285	285	-	285	285	-	285	285	-
Finance		9	9	-	9	9	-	9	9	-
Spatial/Town planning		15	15	-	15	15	-	15	15	-
Information Technology		13	13	-	13	13	-	13	13	-
Roads		6	6	-	6	6	-	6	6	-
Electricity		10	10	-	10	10	-	10	10	-
Water		27	27	-	27	27	-	27	27	-
Sanitation		16	16	-	16	16	-	16	16	-
Refuse		7	7	-	7	7	-	7	7	-
Other		182	182	-	182	182	-	182	182	-
Clerks (Clerical and administrative)		1 204	1 172	32	1 204	1 172	32	1 204	1 172	32
Service and sales workers		891	879	12	1 276	1 264	12	1 276	1 264	12
Skilled agricultural and fishery workers		212	212	-	212	212	-	212	212	-
Craft and related trades		381	381	-	381	381	-	381	381	-
Plant and Machine Operators		750	750	-	750	750	-	750	750	-
Elementary Occupations		1 408	1 408	-	1 408	1 408	-	1 408	1 408	-
TOTAL PERSONNEL NUMBERS	9	5 459	5 271	188	5 847	5 666	181	5 847	5 666	181
% increase					7,1%	7,5%	(3,7%)			
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									

2.9 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

Table 57: MBRR Table SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Rel	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 - Drecbrab - Executive Support Services		-	31	64	68	226	101	274	326	467	673	186	1 083	3 500	500	500	
Vote 2 - Drecbrab - Municipal Manager		-	25	15	-	-	-	-	4	8	35	110	27 150	27 348	37 586	61 582	
Vote 3 - Drecbrab - Chief Operations Officer		-	6 364	2 851	3 615	2 040	6 772	354	920	2 459	3 699	5 645	167 723	202 441	190 530	198 127	
Vote 4 - Drecbrab - Chief Financial Officer	6	6	347	358	467	626	47	261	1 731	1 705	1 096	2 824	1 131	10 600	10 600	10 600	
Vote 5 - Drecbrab - Corporate Services	-	-	612	194	586	679	1 901	425	1 421	322	1 657	1 617	13 285	22 700	32 000	19 000	
Vote 6 - Drecbrab - Engineering Services	2 701	2 701	24 592	20 578	41 708	38 356	37 921	30 435	23 109	48 064	63 571	54 537	496 018	881 591	1 048 524	999 172	
Vote 7 - Drecbrab - Development Planning	118	118	1 484	2 943	2 732	5 728	7 843	2 155	4 909	4 994	7 755	8 919	189 864	239 444	269 971	329 893	
Vote 8 - Drecbrab - Health & Public Safety	48	48	639	577	2 756	2 714	5 975	2 476	4 292	774	3 281	4 512	1 990	30 032	19 817	11 619	
Vote 9 - Drecbrab - Community Services	69	69	3 175	2 729	520	814	2 668	277	978	1 044	967	1 740	77 498	92 478	71 294	107 566	
Capital multi-year expenditure sub-total	2	2 942	37 271	30 310	52 453	51 182	63 229	36 655	37 691	59 835	82 734	80 089	975 743	1 510 134	1 680 823	1 737 999	
Single-year expenditure to be appropriated																	
Vote 1 - Drecbrab - Executive Support Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 2 - Drecbrab - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 3 - Drecbrab - Chief Operations Officer		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 4 - Drecbrab - Chief Financial Officer		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 5 - Drecbrab - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 6 - Drecbrab - Engineering Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 7 - Drecbrab - Development Planning		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 8 - Drecbrab - Health & Public Safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 9 - Drecbrab - Community Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Capital single-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Capital Expenditure	2	2 942	37 271	30 310	52 453	51 182	63 229	36 655	37 691	59 835	82 734	80 089	975 743	1 510 134	1 680 823	1 737 999	

Table 58: MBRR Table SA29 - Budgeted monthly capital expenditure (standard classification)

R thousand	Description	Ref	Budget Year 2018/17												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																
	Governance and administration																	
	Executive and council		6	990	1 417	2 122	1 531	4 050	939	3 479	2 894	3 426	6 628	36 647	64 148	80 686	91 682	
	Budget and treasury office		-	631	864	588	826	2 101	274	1 526	867	1 973	3 186	33 731	46 546	68 086	80 582	
	Corporate services		6	347	358	967	626	1 047	261	731	705	1 096	2 824	1 631	10 600	10 600	10 600	
	Community and public safety		-	12	194	586	79	901	425	1 221	1 322	357	617	1 285	7 000	2 000	500	
	Community and social services		117	10 039	4 445	6 404	4 651	11 298	2 401	5 391	5 398	7 313	11 690	186 469	265 616	244 230	254 099	
	Sport and recreation		-	113	282	443	596	1 109	1 322	2 347	2 347	2 154	3 823	1 650	15 370	15 767	21 588	
	Public safety		111	1 367	1 433	1 875	1 242	2 951	516	2 126	363	554	815	4 419	17 773	18 116	22 765	
	Housing		-	2 195	673	493	773	2 497	207	798	162	901	1 390	19 944	30 032	19 817	11 619	
	Health		6	6 364	2 066	3 593	2 041	4 739	357	935	2 526	3 706	5 663	170 455	202 441	190 530	198 127	
	Economic and environmental services		0	0	0	(0)	(0)	0	(0)	0	(0)	(0)	(0)	0	-	-	-	
	Planning and development		543	8 451	15 729	11 978	21 530	19 883	8 286	9 482	25 257	31 689	36 611	311 103	500 543	532 971	607 893	
	Road transport		118	1 496	2 850	2 732	5 568	7 890	2 075	5 248	5 030	7 792	7 679	190 966	239 444	269 971	329 893	
	Environmental protection		424	6 956	12 878	9 247	15 962	11 993	6 211	4 234	20 228	23 897	28 932	120 137	261 099	263 000	278 000	
	Trading services		-	(0)	0	0	0	0	(0)	(0)	(0)	(0)	0	0	-	-	-	
	Electricity		2 277	17 776	8 601	31 236	23 198	27 922	23 393	19 143	25 540	34 460	22 890	424 893	661 328	862 435	763 325	
	Water		34	32	276	7 620	4 948	7 339	6 713	7 783	5 372	14 250	8 662	79 971	143 000	163 000	171 000	
	Waste water management		1 609	8 684	4 294	1 737	4 003	13 465	13 086	5 908	9 161	10 433	8 882	6 238	87 500	95 000	140 000	
	Waste management		634	8 937	3 146	21 483	13 405	6 786	2 933	4 907	10 567	9 208	5 301	284 165	371 492	507 024	389 172	
	Other		-	123	885	396	843	330	660	544	440	569	45	54 499	59 336	37 412	63 152	
	Total Capital Expenditure - Standard	2	2 942	37 271	30 310	52 453	51 182	63 229	36 655	37 691	59 835	82 734	80 089	975 743	1 510 134	1 680 823	1 737 999	
	Funded by:																	
	National Government																	
	Provincial Government																	
	District Municipality																	
	Other transfers and grants																	
	Transfers recognised - capital																	
	Public contributions & donations																	
	Borrowing																	
	Internally generated funds																	
	Total Capital Funding		-	-	-	-	-	-	-	-	-	-	-	1 510 134	1 680 823	1 737 999		

Table 59: MBRR Table SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	R thousand												Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash Receipts By Source	47 292	76 646	69 356	70 416	68 725	68 985	73 559	84 876	90 535	96 193	107 510	127 214	961 307	1 051 961	1 125 959
Property rates	74	101	-	102	101	102	12	13	14	15	17	(551)	-	-	-
Service charges - penalties & collection charges	4 900	249 046	9 669	134 153	114 361	99 041	134 388	155 063	165 400	173 713	196 413	315 909	1 751 056	1 884 837	2 028 838
Service charges - electricity revenue	42 982	31 211	26 843	30 907	36 465	27 473	26 587	30 678	32 723	36 618	38 859	49 563	410 969	443 395	478 512
Service charges - water revenue	268 123	(3 831)	(91)	22 679	138	45 816	(2 920)	(3 369)	(3 593)	(3 816)	(4 267)	(1 196)	285 247	337 200	361 478
Service charges - sanitation revenue	20 443	20 045	59	20 316	20 257	20 319	21 211	24 474	26 105	27 737	31 000	53 271	285 247	306 641	328 719
Service charges - refuse revenue	6 315	4 320	417	3 575	2 574	3 326	(738)	(851)	(908)	(965)	(1 078)	3 975	19 962	21 399	22 897
Service charges - other	757	1 544	150	1 040	888	889	1 737	2 004	2 138	2 272	2 539	2 585	18 542	19 877	20 993
Rental of facilities and equipment	793	17 827	-	9 430	9 160	8 552	11 414	13 170	14 048	14 926	16 682	27 715	143 775	152 689	161 698
Interest earned - external investments	2 485	2 562	(7)	2 844	2 898	3 005	2 390	2 758	2 942	3 126	3 494	6 153	34 650	37 259	40 027
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	137	579	43	208	290	240	1 043	1 204	1 284	1 364	1 525	(160)	7 756	8 315	8 897
Fines	796	1 339	325	1 127	927	866	2 003	2 311	2 465	2 619	2 927	(4 794)	12 911	13 841	14 810
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services	260 327	-	-	16 399	17 157	235 525	93 590	107 989	115 188	122 387	136 786	208 910	1 314 259	1 447 381	1 703 052
Transfer receipts - operational	16 586	123 635	1 934	12 822	6 308	127 709	42 148	48 633	51 875	55 117	61 601	(257 272)	291 095	312 054	333 898
Other revenue	672 011	524 024	108 737	326 017	280 277	641 892	406 425	468 952	500 215	531 304	594 006	531 343	5 585 205	6 036 848	6 631 417
Cash Receipts by Source															
Other Cash Flows by Source															
Transfer receipts - capital	-	-	-	-	-	-	-	-	-	-	-	848 269	848 269	892 786	969 510
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	69 582	69 582	189 352	176 867
Borrowing long term/rehabing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	672 011	524 024	108 737	326 017	280 277	641 892	406 425	468 952	500 215	531 304	594 006	1 449 194	6 503 055	7 118 985	7 777 794
Cash Payments by Type															
Employee related costs	123 015	123 015	123 015	123 015	123 015	123 015	123 015	123 015	123 015	123 015	123 015	123 015	1 476 184	1 582 469	1 691 659
Remuneration of councillors	4 915	4 915	4 915	4 915	4 915	4 915	4 915	4 915	4 915	4 915	4 915	4 915	58 976	63 222	66 952
Finance charges	4 759	5 959	6 259	6 759	7 259	7 759	8 259	8 759	9 259	9 759	10 259	10 759	107 510	112 766	118 022
Bulk purchases - Electricity	163 743	154 299	93 660	105 573	96 020	85 230	97 469	87 051	92 305	95 524	93 905	151 994	1 316 772	1 420 270	1 531 903
Bulk purchases - Water & Sewer	16 456	16 878	19 074	19 946	16 768	18 283	14 348	19 350	15 789	16 318	16 670	18 936	204 816	225 297	247 827
Other materials	859	1 150	937	963	986	1 761	1 291	3 171	4 136	2 889	3 002	1 350	22 486	23 881	25 290
Contracted services	24 039	24 039	24 039	24 039	24 039	24 039	24 039	24 039	24 039	24 039	24 039	24 039	288 452	310 173	333 225
Transfers and grants - other municipalities	106 504	61 504	41 504	51 504	106 504	106 504	106 504	106 504	106 504	113 504	106 504	346 367	1 359 985	1 670 747	1 789 028
Transfers and grants - other	444 289	391 758	313 403	332 703	377 005	367 705	375 998	373 504	376 960	384 040	376 809	670 602	4 784 776	5 366 997	5 770 772
Cash Payments by Type															
Other Cash Flows/Payments by Type															
Capital assets	125 844	125 844	125 844	125 844	125 844	125 844	125 844	125 844	125 844	125 844	125 844	125 844	1 510 134	1 680 823	1 737 999
Repayment of borrowing	10 370	10 370	10 370	10 370	10 370	10 370	10 370	10 370	10 370	10 370	10 370	10 370	46 097	51 776	59 477
Other Cash Flows/Payments	570 134	517 603	449 617	459 548	502 849	505 626	501 842	499 349	514 552	509 885	502 653	808 351	6 341 007	7 099 596	7 564 248
Total Cash Payments by Type	1 011 078	8 422	(340 800)	(132 531)	(222 572)	136 266	(95 417)	(30 397)	(14 336)	21 420	91 353	640 843	162 048	19 388	209 546
NET INCREASE/(DECREASE) IN CASH HELD	2 380 443	2 488 742	2 488 742	2 147 862	2 015 332	1 929 760	1 929 026	1 633 609	1 903 212	1 788 875	1 610 295	1 901 648	2 380 443	2 542 491	2 661 880
Cash/cash equivalents at the monthly year begin:	2 482 320	2 488 742	2 147 862	2 015 332	1 792 760	1 929 026	1 833 609	1 603 212	1 788 875	1 610 295	1 901 648	2 542 491	2 542 491	2 542 491	2 542 491
Cash/cash equivalents at the monthly year end:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

2.10 ANNUAL BUDGET AND SDBIP'S – INTERNAL DEPARTMENTS

In terms of Section 53(1)(c)(ii) the Mayor of a Municipality must take all reasonable steps to ensure that the municipality's Service Delivery and Budget Implementation Plan is approved by the Mayor within 28 days after the approval of the budget.

Once the draft budget has been approved by Council on 30 March 2016, the Service Delivery Budget and Implementation Plan will be submitted to the Mayor for consideration and approval by Council.

2.11 ANNUAL BUDGET AND SDBIPS – MUNICIPAL ENTITIES AND OTHER EXTERNAL MECHANISMS

The Buffalo City Metropolitan Municipality entity being Buffalo City Development Agency (BCDA) is currently being resuscitated after it was not operational for some time. The Board of Directors have been appointed and they are in the process of recruiting individuals with the required skills to serve the entity. The full budget document and the SDBIP of the City's entity has not yet been compiled, they will be compiled and be part of the final City's budget document that will be tabled at Council for adoption in May.

2.12 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

In terms of the City's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years) unless MFMA Section 33 has been complied with. 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 Chief Financial Officer.

2.13 CAPITAL EXPENDITURE DETAILS

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

Table 60: MBRR Table SA34a – Capital expenditure on new assets by asset class

R thousand	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	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	1	504 323	710 192	213 161	187 162	187 162	187 162	382 125	388 079	459 045				
	Infrastructure - Road transport		253 915	345 781	116 893	20 000	20 000	20 000	100 000	95 000	45 000				
	Roads, Pavements & Bridges		253 915	345 781	116 893	20 000	20 000	20 000	100 000	95 000	45 000				
	Storm water		-	-	-	-	-	-	-	-	-				
	Infrastructure - Electricity		55 173	98 209	38 944	66 500	66 500	66 500	43 000	53 000	51 000				
	Generation		-	-	-	-	-	-	-	-	-				
	Transmission & Reticulation		55 173	98 209	38 944	66 500	66 500	66 500	43 000	53 000	51 000				
	Street Lighting		-	-	-	-	-	-	-	-	-				
	Infrastructure - Water		74 565	87 476	-	-	-	-	-	-	-				
	Dams & Reservoirs		-	-	-	-	-	-	-	-	-				
	Water purification		-	-	-	-	-	-	-	-	-				
	Reticulation		74 565	87 476	-	-	-	-	-	-	-				
	Infrastructure - Sanitation		120 669	170 238	-	-	-	-	-	-	-				
	Reticulation		120 669	170 238	-	-	-	-	-	-	-				
	Sewerage purification		-	-	-	-	-	-	-	-	-				
	Infrastructure - Other		-	8 488	57 324	71 710	100 662	100 662	239 125	240 079	363 045				
	Waste Management		-	8 488	30 727	21 710	34 662	34 662	59 336	37 412	63 152				
	Transportation	2	-	-	25 256	30 000	42 000	42 000	145 789	167 667	252 893				
	Gas		-	-	-	-	-	-	-	-	-				
	Other	3	-	-	1 341	20 000	24 000	24 000	34 000	35 000	47 000				
	Community		15 988	56 128	20 706	35 069	18 300	18 300	13 070	12 467	18 288				
	Parks & gardens		-	-	3 576	-	-	-	500	500	500				
	Sportsfields & stadia		-	5 264	-	-	-	-	500	500	500				
	Swimming pools		-	-	-	-	-	-	-	-	-				
	Community halls		5 340	4 395	7 392	27 069	10 300	10 300	9 427	8 325	8 706				
	Libraries		-	-	-	-	-	-	-	-	-				
	Recreational facilities		834	1 481	-	-	-	-	-	-	-				
	Fire, safety & emergency		-	-	-	-	-	-	-	-	-				
	Security and policing		-	-	-	-	-	-	-	-	-				
	Buses	7	-	-	-	-	-	-	-	-	-				
	Clinics		-	-	-	-	-	-	-	-	-				
	Museums & Art Galleries		-	-	-	-	-	-	-	-	-				
	Cemeteries		-	-	9 738	-	-	-	-	-	-				
	Social rental housing	8	-	-	-	-	-	-	2 643	3 142	8 582				
	Other		9 814	44 988	-	8 000	8 000	8 000	-	-	-				

MBRR Table SA34a – Capital expenditure on new assets by asset class (Cont.)

R thousand	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	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														
	Heritage assets														
	Buildings		-	2 555	-	-	-	-	-	-	-	-	-	-	-
	Other	9	-	2 555	-	-	-	-	-	-	-	-	-	-	-
	Investment properties														
	Housing development		-	-	145 316	195 880	195 880	195 880	201 941	190 030	197 627	197 627	197 627	197 627	197 627
	Other		-	-	145 316	195 880	195 880	201 941	190 030	197 627	197 627	197 627	197 627	197 627	197 627
	Other assets														
	General vehicles		73 175	47 819	48 568	122 668	122 668	122 668	106 650	125 778	127 071	127 071	127 071	127 071	127 071
	Specialised vehicles		36 339	16 457	25 117	48 450	48 450	48 450	18 200	20 000	20 000	20 000	20 000	20 000	20 000
	Plant & equipment		9 749	6 654	688	43 105	43 105	43 105	14 966	16 229	16 229	16 229	16 229	16 229	16 229
	Computers - hardware/equipment		-	-	1 718	31 113	31 113	31 113	20 700	30 000	30 000	30 000	30 000	30 000	30 000
	Furniture and other office equipment		8 409	19 714	10 178	-	-	-	21 972	18 928	18 928	18 928	18 928	18 928	18 928
	Abattoirs		-	-	-	-	-	-	-	-	-	-	-	-	-
	Markets		-	-	-	-	-	-	-	-	-	-	-	-	-
	Civic Land and Buildings		-	2 555	4 821	-	-	-	5 286	4 712	5 499	5 499	5 499	5 499	5 499
	Other Buildings		18 678	2 438	1 161	-	-	-	-	-	-	-	-	-	-
	Other Land		-	-	-	-	-	-	-	-	-	-	-	-	-
	Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-	-	-	-	-
	Other		-	-	4 885	-	-	-	25 526	35 908	61 082	61 082	61 082	61 082	61 082
	Agricultural assets														
	List sub-class														
	Biological assets														
	List sub-class														
	Intangibles														
	Computers - software & programming		-	27 501	-	-	-	-	-	-	-	-	-	-	-
	Other (list sub-class)		-	27 501	-	-	-	-	-	-	-	-	-	-	-
	Total Capital Expenditure on new assets	1	593 485	844 194	427 751	524 010	524 010	524 010	703 786	716 353	802 031	802 031	802 031	802 031	802 031
	Specialised vehicles														
	Refuse		-	-	-	-	-	-	-	-	-	-	-	-	-
	Fire		-	-	-	-	-	-	-	-	-	-	-	-	-
	Conservancy		-	-	-	-	-	-	-	-	-	-	-	-	-
	Ambulances		-	-	-	-	-	-	-	-	-	-	-	-	-

Table 61: MBRR Table SA34b – Capital expenditure on the renewal of existing assets by asset class

R thousand	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 renewal of existing assets by Asset Class/Sub-class											
	Infrastructure											
	Infrastructure - Road transport		-	490 455	-	686 056	791 000	791 000	791 000	720 091	890 024	882 172
	Roads, Pavements & Bridges		-	212 002	-	245 000	320 649	320 649	320 649	161 099	168 000	233 000
	Storm water		-	212 002	-	245 000	320 649	320 649	320 649	161 099	168 000	233 000
	Infrastructure - Electricity		-	79 994	-	92 000	98 000	98 000	98 000	100 000	110 000	120 000
	Generation		-	-	-	-	-	-	-	-	-	-
	Transmission & Refitication		-	79 994	-	92 000	98 000	98 000	98 000	100 000	110 000	120 000
	Street Lighting		-	-	-	-	-	-	-	-	-	-
	Infrastructure - Water		-	90 752	-	91 000	110 000	110 000	110 000	87 500	95 000	140 000
	Dams & Reservoirs		-	-	-	-	-	-	-	-	-	-
	Water purification		-	90 752	-	91 000	110 000	110 000	110 000	87 500	95 000	140 000
	Refitication		-	-	-	-	-	-	-	-	-	-
	Infrastructure - Sanitobon		-	-	-	-	-	-	-	-	-	-
	Reticulation		-	-	-	-	-	-	-	-	-	-
	Sewerage purification		-	107 707	-	258 056	262 352	262 352	262 352	87 500	95 000	140 000
	Infrastructure - Other		-	107 707	-	258 056	262 352	262 352	262 352	371 482	507 024	389 172
	Waste Management		-	-	-	-	-	-	-	371 482	507 024	389 172
	Transportation		-	-	-	-	-	-	-	-	-	-
	Gas		-	-	-	-	-	-	-	-	-	-
	Other		-	-	-	-	-	-	-	-	-	-
	Community											
	Parks & gardens		-	4 768	-	30 700	27 759	27 759	27 759	16 903	17 246	21 895
	Sportsfields & stadia		-	4 495	-	22 700	19 009	19 009	19 009	4 405	3 927	6 481
	Swimming pools		-	-	-	-	-	-	-	5 143	5 142	6 582
	Community halls		-	-	-	-	-	-	-	-	-	-
	Libraries		-	-	-	-	-	-	-	-	-	-
	Recreational facilities		-	293	-	8 000	8 750	8 750	8 750	7 355	8 177	8 832
	Fire, safety & emergency		-	-	-	-	-	-	-	-	-	-
	Security and policing		-	-	-	-	-	-	-	-	-	-
	Buses		-	-	-	-	-	-	-	-	-	-
	Clinics		-	-	-	-	-	-	-	-	-	-
	Museums & Art Galleries		-	-	-	-	-	-	-	-	-	-
	Cemeteries		-	-	-	-	-	-	-	-	-	-
	Social rental housing		-	-	-	-	-	-	-	-	-	-
	Other		-	-	-	-	-	-	-	-	-	-
	Heritage assets											
	Buildings		-	-	-	-	-	-	-	-	-	-
	Other		-	-	-	-	-	-	-	-	-	-

MBRR Table SA34b – Capital expenditure on the renewal of existing assets by asset class (continued)

R thousand	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 renewal of existing assets by Asset Class/Sub-class											
	<u>Investment properties</u>											
	Housing development											
	Other											
	Other assets				7 056	28 671	42 519	42 519	58 355	63 200	31 900	
	General vehicles	10										
	Specialised vehicles											
	Plant & equipment								700	800	900	
	Computers - hardware/equipment											
	Furniture and other office equipment											
	Abattoirs											
	Markets											
	Civic Land and Buildings				7 056	24 221	41 519	41 519	56 655	61 400	30 000	
	Other Buildings											
	Other Land											
	Surplus Assets - (Investment or Inventory)											
	Other					4 450	1 000	1 000	1 000	1 000	1 000	
	<u>Agricultural assets</u>											
	List sub-class											
	<u>Biological assets</u>											
	List sub-class											
	<u>Intangibles</u>											
	Computers - software & programming											
	Other (list sub-class)											
	Total Capital Expenditure on renewal of existing	1			502 299	745 427	861 279	861 279	795 348	960 469	935 968	
	<u>Specialised vehicles</u>											
	Refuse											
	Fire											
	Conservancy											
	Ambulances											
	Renewal of Existing Assets as % of total capex		0.0%	0.0%	54.0%	58.8%	62.2%	62.2%	53.1%	57.3%	53.9%	
	Renewal of Existing Assets as % of deprecn "		0.0%	0.0%	68.8%	104.7%	116.2%	116.2%	106.3%	120.9%	111.2%	

Table 62: MBRR Table SA34c – Repairs and maintenance expenditure by asset class

R thousand	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	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	+1 2017/18	Budget Year +2 2018/19			
	Repairs and maintenance expenditure by Asset Class/Sub-class														
	Infrastructure		220 824	235 228	275 684	316 019	316 019	316 019	316 019	316 019	316 019	316 019	316 019	316 019	316 019
	Infrastructure - Road transport		62 067	62 764	86 549	108 529	108 529	108 529	108 529	108 529	108 529	108 529	108 529	108 529	108 529
	Roads, Pavements & Bridges		55 427	56 120	79 304	99 988	99 988	99 988	99 988	99 988	99 988	99 988	99 988	99 988	99 988
	Storm water		6 640	6 644	7 245	8 541	8 541	8 541	8 541	8 541	8 541	8 541	8 541	8 541	8 541
	Infrastructure - Electricity		100 347	103 884	109 151	112 550	112 550	112 550	112 550	112 550	112 550	112 550	112 550	112 550	112 550
	Generation		-	-	-	-	-	-	-	-	-	-	-	-	-
	Transmission & Reticulation		97 551	100 033	105 011	108 099	108 099	108 099	108 099	108 099	108 099	108 099	108 099	108 099	108 099
	Street Lighting		2 796	3 850	4 140	4 451	4 451	4 451	4 451	4 451	4 451	4 451	4 451	4 451	4 451
	Infrastructure - Water		26 976	30 866	37 061	42 435	42 435	42 435	42 435	42 435	42 435	42 435	42 435	42 435	42 435
	Dams & Reservoirs		1 021	932	1 194	1 283	1 283	1 283	1 283	1 283	1 283	1 283	1 283	1 283	1 283
	Water purification		-	-	-	-	-	-	-	-	-	-	-	-	-
	Reticulation		25 955	29 933	35 868	41 152	41 152	41 152	41 152	41 152	41 152	41 152	41 152	41 152	41 152
	Infrastructure - Sanitation		19 486	23 221	25 287	29 620	29 620	29 620	29 620	29 620	29 620	29 620	29 620	29 620	29 620
	Reticulation		19 486	23 221	25 287	29 620	29 620	29 620	29 620	29 620	29 620	29 620	29 620	29 620	29 620
	Sewerage purification		-	-	-	-	-	-	-	-	-	-	-	-	-
	Infrastructure - Other		11 948	15 494	17 636	22 885	22 885	22 885	22 885	22 885	22 885	22 885	22 885	22 885	22 885
	Waste Management		11 948	15 494	17 636	22 885	22 885	22 885	22 885	22 885	22 885	22 885	22 885	22 885	22 885
	Transportation		-	-	-	-	-	-	-	-	-	-	-	-	-
	Gas		-	-	-	-	-	-	-	-	-	-	-	-	-
	Other		-	-	-	-	-	-	-	-	-	-	-	-	-
	Community		19 435	22 165	16 663	17 874	17 874	17 874	17 874	17 874	17 874	17 874	17 874	17 874	17 874
	Parks & gardens		-	-	-	-	-	-	-	-	-	-	-	-	-
	Sportsfields & stadia		407	11 248	516	553	553	553	553	553	553	553	553	553	553
	Swimming pools		328	298	385	413	413	413	413	413	413	413	413	413	413
	Community halls		398	405	562	585	585	585	585	585	585	585	585	585	585
	Libraries		155	126	265	253	253	253	253	253	253	253	253	253	253
	Recreational facilities		11 065	2 285	3 069	3 331	3 331	3 331	3 331	3 331	3 331	3 331	3 331	3 331	3 331
	Fire, safety & emergency		991	1 394	2 180	2 288	2 288	2 288	2 288	2 288	2 288	2 288	2 288	2 288	2 288
	Security and policing		1 518	1 995	1 960	2 005	2 005	2 005	2 005	2 005	2 005	2 005	2 005	2 005	2 005
	Buses		474	394	2 491	2 658	2 658	2 658	2 658	2 658	2 658	2 658	2 658	2 658	2 658
	Clinics		24	21	14	101	101	101	101	101	101	101	101	101	101
	Museums & Art Galleries		32	14	67	71	71	71	71	71	71	71	71	71	71
	Cemeteries		233	158	339	402	402	402	402	402	402	402	402	402	402
	Social rental housing		-	-	-	-	-	-	-	-	-	-	-	-	-
	Other		3 810	3 828	4 815	5 215	5 215	5 215	5 215	5 215	5 215	5 215	5 215	5 215	5 215
	Heritage assets		-	-	-	-	-	-	-	-	-	-	-	-	-
	Buildings		-	-	-	-	-	-	-	-	-	-	-	-	-
	Other		-	-	-	-	-	-	-	-	-	-	-	-	-
	TOTAL		21 408	21 408	21 408	21 408	21 408	21 408	21 408	21 408	21 408	21 408	21 408	21 408	21 408

MBRR Table SA34c – Repairs and maintenance expenditure by asset class (continued)

R thousand	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	Audited Outcome	Audited Outcome	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																					
	Investment properties																					
	Housing development																					
	Other																					
	Other assets																					
	General vehicles		23 443	27 293	35 401	38 117	38 117	38 117	38 117	38 117	38 117	40 480	42 869	45 655								
	Specialised vehicles	10	764	940	1 667	1 821	1 821	1 821	1 821	1 821	1 821	1 934	2 048	2 181								
	Plant & equipment																					
	Computers - hardware/equipment		816	604	991	1 065	1 065	1 065	1 065	1 065	1 065	1 131	1 198	1 276								
	Furniture and other office equipment		3	0	15	16	16	16	16	16	17	18	19									
	Abattoirs																					
	Markets		738	721	868	1 009	1 009	1 009	1 009	1 009	1 009	1 072	1 135	1 209								
	Civic Land and Buildings																					
	Other Buildings		8 091	8 852	9 818	10 554	10 554	10 554	10 554	10 554	10 554	11 209	11 870	12 642								
	Other Land																					
	Surplus Assets - (Investment or Inventory)																					
	Other		13 031	16 176	22 042	23 651	23 651	23 651	23 651	23 651	23 651	25 117	26 599	28 328								
	Agricultural assets																					
	List sub-class																					
	Biological assets																					
	List sub-class																					
	Intangibles																					
	Computers - software & programming																					
	Other (list sub-class)																					
	Total Repairs and Maintenance Expenditure	1	263 702	285 686	327 749	372 010	372 010	372 010	372 010	372 010	372 010	395 074	418 384	445 579								

Table 63: MBRR Table SA35 – Future financial implications of the capital budget

R thousand	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
	Capital expenditure	1							
	Vote 1 - Directorate - Executive Support Services		3 500	500	500				
	Vote 2 - Directorate - Municipal Manager		27 348	37 586	61 582				
	Vote 3 - Directorate - Chief Operations Officer		202 441	190 530	198 127				
	Vote 4 - Directorate - Chief Financial Officer		10 600	10 600	10 600				
	Vote 5 - Directorate - Corporate Services		22 700	32 000	19 000				
	Vote 6 - Directorate - Engineering Services		881 591	1 048 524	999 172				
	Vote 7 - Directorate - Development Planning		239 444	269 971	329 893				
	Vote 8 - Directorate - Health & Public Safety		30 032	19 817	11 619				
	Vote 9 - Directorate - Community Services		92 478	71 294	107 506				
	Vote 10 - Directorate - Miscellaneous		-	-	-				
	Total Capital Expenditure		1 510 134	1 680 823	1 737 999				
	Future operational costs by vote	2							
	Vote 1 - Directorate - Executive Support Services								
	Vote 2 - Directorate - Municipal Manager								
	Vote 3 - Directorate - Chief Operations Officer								
	Vote 4 - Directorate - Chief Financial Officer								
	Vote 5 - Directorate - Corporate Services								
	Vote 6 - Directorate - Engineering Services								
	Vote 7 - Directorate - Development Planning								
	Vote 8 - Directorate - Health & Public Safety								
	Vote 9 - Directorate - Community Services								
	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								
	List other revenues sources if applicable								
	List entity summary if applicable								
	Total future revenue								
	Net Financial Implications		1 510 134	1 680 823	1 737 999				

Table 64: MBRR Table SA36 - Detailed capital budget per municipal vote

Municipal Vote/Capital project	Ref	Program/Project description	Project number	Goal code	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2018/17 Medium Term Revenue & Expenditure Framework				Project information	
									Audited Outcome 2014/15	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Ward location	New or renewal	
Parent municipality:																
List of capital projects grouped by Municipal Vote																
Vote 1 - Executive Support Services																
		Various Projects	Various		Community	Stadiums	27 905581 -33 007034	-	-	-	-	-	-	-	Various	Renewal
		Building Upgrade	Various		Community	Infrastructure	27 904431 -33 014694	-	-	-	-	-	-	-	Various	Renewal
		Office Furniture & Equipment	Various		Buildings	Buildings/Conductors Offices	27 90379 27 8789 -33 0136, 27	-	-	-	-	-	-	-	Various	Renewal
		Other	Various		Other Assets	Office Equipment	27 903766 -33 013943	3 553	3 239	3 500	500	500	500	500	Various	New
		Vehicles	Various		Other Assets	Other Assets	27 903766 -33 013944	-	439	-	-	-	-	-	Various	New
			Various		Vehicles	Vehicles	27 903766 -33 013944	-	1 200	-	-	-	-	-	Various	New
Vote 2 - Municipal Managers Office																
		Office Furniture & Equipment	Various		Other Assets	Office Equipment	27 903766 -33 013944	-	700	-	-	-	-	-	Various	New
		Computer Equipment	Various		Other Assets	Computers	27 903766 -33 013944	-	-	-	-	-	-	-	Various	New
		Other	Various		Other Assets	Other Assets	27 903766 -33 013944	-	5 452	-	27 548	37 595	61 582	61 582	Various	New
Vote 3 - Chief Operations Office																
		Housing	Various		Housing	Housing	22 87 87462 -33 0069927 844	-	144 850	195 850	201 941	190 030	197 627	197 627	Various	New
		Office Furniture & Equipment	Various		Other Assets	Office Equipment	27 90387 -33 0139	-	133	511	500	500	500	500	Various	New
		DVFL	Various		Other Assets	Other Assets	27 90387 -33 0140	-	-	-	-	-	-	-	Various	New
Vote 4 - Directorate of Finance																
		Building Upgrade	Various		Buildings	Buildings/TW & Mail Offices	18711 27 90546 -33 01827 3	-	-	-	-	-	-	-	Various	New
		Computer Equipment	Various		Other Assets	Computers / CCTV Cameras	18711 27 90546 -33 01827 3	-	221	-	-	-	-	-	Various	New
		Office Furniture & Equipment	Various		Other Assets	Office Equipment	18711 27 90546 -33 01827 3	19 882	343	752	600	600	600	600	Various	New
		Asset Replacements	Various		Other Assets	Other Assets	18711 27 90546 -33 01827 3	-	2 716	10 000	10 000	10 000	10 000	10 000	Various	New
Vote 5 - Directorate of Corporate Services																
		Computer Equipment	Various		Other Assets	Computers	018527 90486 -33 015127 804	33 670	4 211	29 938	15 700	30 000	18 500	18 500	Various	New
		Office Furniture & Equipment	Various		Other Assets	Office Equipment	018527 90486 -33 015127 804	-	652	713	500	500	500	500	Various	New
		Other	Various		Other Assets	Other Assets	018527 90486 -33 015127 804	-	-	-	4 500	1 500	-	-	Various	New
		Building Upgrade	Various		Other Assets	Office Equipment	018527 90486 -33 015127 804	-	-	-	-	-	-	-	Various	Renewal
		Asset Replacements	Various		Other Assets	General Vehicles	018527 90486 -33 015127 804	-	-	-	-	-	-	-	Various	Renewal
Vote 6 - Directorate of Engineering Services																
		Roads	Various		Infrastructure	Roads	32 9244827 875829 -33 0074	349 727	322 624	340 649	251 069	263 000	278 000	278 000	Various	New & Renewal
		Sewerage	Various		Infrastructure	Sewerage	32 9244827 900472 -33 0174	107 707	262 352	311 992	311 992	507 526	390 172	390 172	Various	New & Renewal
		Electricity	Various		Infrastructure	Electricity reticulation	85 -33 0033227 875995 -33 0	105 883	119 307	184 500	143 000	163 000	171 000	171 000	Various	New & Renewal
		Street Lighting	Various		Infrastructure	Street Lighting	85 -33 0033227 875995 -33 0	-	6 270	-	-	-	-	-	Various	New & Renewal
		Vehicles	Various		Other Assets	Vehicles	85 -33 0033227 875995 -33 0	-	-	-	-	-	-	-	Various	New
		Water	Various		Infrastructure	Water reticulation	85 -32 84439327 426884 -32 8	64 058	90 752	110 000	87 500	95 000	140 000	140 000	Various	New & Renewal
		Computer Equipment	Various		Other Assets	Computers	85 -32 84439327 426884 -32 8	-	358	-	-	-	-	-	Various	New
		Office Furniture & Equipment	Various		Other Assets	Office Equipment	85 -32 84439327 426884 -32 8	-	-	-	-	-	-	-	Various	New
		Building Upgrade	Various		Buildings	Buildings	85 -32 84439327 426884 -32 8	-	-	-	-	-	-	-	Various	New & Renewal
		BCCM/Fleet	Various		Vehicles	Vehicles	85 -32 84439327 426884 -32 8	4 863	24 809	48 000	18 000	20 000	20 000	20 000	Various	New

MBRR Table SA36 - Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2016/17 Medium Term Revenue & Expenditure Framework			Project Information	
									Audited Outcome 2014/15	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Ward location	New or renewal
Parent municipality:															
List all capital projects grouped by Municipal Vote															
Vote 7 - Directorate of Development Plans															
Land		Transportation Infrastructure	Various		Infrastructure	Land	27 951105 -32 944939	-	11 000	-	-	-	-	Various	New & Renewal
Office Furniture & Equipment		Office Furniture & Equipment	Various		Other Assets	Office Equipment	27 960158 -32 00576027 64	16 035	25 256	139 719	161 667	247 393	500	Various	New & Renewal
Markets		Markets	Various		Other Assets	Buildings	27 90478 -32 0187	-	218	500	500	-	-	Various	New
LED		LED	Various		Other Assets	LED	27 90478 -32 0187	-	-	-	-	-	-	Various	New & Renewal
Other		Other	Various		Other Assets	City Hall and Payments Hall	940827 435 -32 851827 7392	-	1 341	34 500	35 500	47 500	-	Various	New & Renewal
Other		Other	Various		Other Assets	Other Assets	27 82977 -32 9033	-	10 821	10 000	16 500	-	-	Various	New & Renewal
Other		Other	Various		Other Assets	Buildings	27 82977 -32 9033	-	10 821	10 000	16 500	-	-	Various	New & Renewal
Computer Equipment		Computer Equipment	Various		Other Assets	Computers	27 82977 -32 9033	-	4 400	54 655	49 700	34 500	-	Various	New & Renewal
Vote 8 - Directorate of Health & Public Safety															
Land & Buildings		Land & Buildings	Various		Other Assets	Land & Buildings/ Fire Stations	27 899837 -32 9748927 740	-	384	-	-	-	-	Various	New & Renewal
Land & Buildings		Land & Buildings	Various		Other Assets	Land & Buildings/ Traffic Building	21827 739743 -32 9377727 88	-	-	10 468	7 612	6 899	-	Various	New & Renewal
Clinics		Clinics	Various		Community	Clinics	21927 739743 -32 9377727 88	-	-	-	-	-	-	Various	New & Renewal
Vehicles		Vehicles	Various		Other Assets	Vehicles	27 899837 -32 9748927 740	-	-	-	-	-	-	Various	New & Renewal
Office Furniture & Equipment		Office Furniture & Equipment	Various		Other Assets	Office Equipment	27 899837 -32 9748927 740	-	-	500	500	500	-	Various	New & Renewal
Plant & Equipment		Plant & Equipment	Various		Other Assets	Plant & Equipment	27 899837 -32 9748927 740	5 937	7 800	700	800	900	-	Various	New & Renewal
Disaster Management		Disaster Management	Various		Other Assets	Plant & Equipment	27 899837 -32 9748927 740	-	-	390	905	1 320	-	Various	New & Renewal
Other		Other	Various		Other Assets	Other Assets	27 899837 -32 9748927 740	-	3 367	5 956	5 000	2 000	-	Various	New & Renewal
Specialised Vehicles		Specialised Vehicles	Various		Other Assets	Vehicles (Fire Engines)	27 899837 -32 9748927 740	-	6 008	12 000	5 000	-	-	Various	New
Vote 9 - Directorate of Community Services															
Recreation		Recreation	Various		Community	Waste Management	261 -32 008927 89759 -32 015	173 657	30 851	59 338	37 412	63 152	-	Various	New
Amenities		Amenities	Various		Community	Amenities	9759 -32 015127 89762 -32 0	-	-	1 750	1 750	1 750	-	Various	New
Sportsfields		Sportsfields	Various		Community	Sportsfields	9759 -32 015127 89762 -32 0	-	4 495	2 282	2 856	1 416	-	Various	Renewal
Halls		Halls	Various		Community	Community halls	9759 -32 015127 89762 -32 0	-	8 118	9 727	8 625	9 006	-	Various	Renewal
Recreational Facilities		Recreational Facilities	Various		Community	Recreational Facilities	9759 -32 015127 89762 -32 0	-	14 809	-	-	-	-	Various	New & Renewal
Plant & equipment		Plant & equipment	Various		Other Assets	Plant & equipment	9759 -32 015127 89762 -32 0	56 128	-	-	-	-	-	Various	New
Office Furniture & Equipment		Office Furniture & Equipment	Various		Other Assets	Office Equipment	9759 -32 015127 89762 -32 0	-	-	1 250	1 250	1 250	-	Various	New
Computer Equipment		Computer Equipment	Various		Other Assets	Computers	9759 -32 015127 89762 -32 0	-	8 000	-	-	-	-	Various	New
Plant & equipment		Plant & equipment	Various		Other Assets	Cemeteries	9759 -32 015127 89762 -32 0	-	9 738	-	2 643	4 142	9 562	Various	New & Renewal
Sportsfields		Sportsfields	Various		Community	Swimming Pool	9759 -32 015127 89762 -32 0	-	162	2 500	7 786	6 712	12 147	Various	New & Renewal
Parks		Parks	Various		Community	Parks	9759 -32 015127 89762 -32 0	-	-	-	-	-	-	Various	New
Asset Replacements		Asset Replacements	Various		Other Assets	Plant & equipment	9759 -32 015127 89762 -32 0	-	3 576	770	770	770	-	Various	New
Zoo		Zoo	Various		Other Assets	Plant & equipment	9759 -32 015127 89762 -32 0	-	293	1 562	3 927	4 582	-	Various	New
Aquarium		Aquarium	Various		Community	Plant & equipment	9759 -32 015127 89762 -32 0	-	-	3 402	1 850	1 850	-	Various	New
Beaches		Beaches	Various		Community	Plant & equipment	9759 -32 015127 89762 -32 0	-	-	2 000	2 000	2 000	-	Various	New & Renewal
Resorts		Resorts	Various		Community	Building	9759 -32 015127 89762 -32 0	844 194	930 050	1 510 134	1 680 823	1 737 999	-	Various	New & Renewal

Table 65: MBRR Table SA37 – Projects delayed from the previous financial year

Municipal Vote/Capital project R thousand	Ref.	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to complete Year	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
								Original Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Parent municipality: List all capital projects grouped by Municipal Vote	12											
Vote 3 - Chief Operation's Officer		Reeston Phase 3 Stage 2 - P1 & P3 Midansane Zone 18 CC Phase 2 - P1 & P3 Manyano & Thembellithe Phase 2 - P1 & P3 Second Creek (Turn Key) - P1 & P3 Block Yard TRA - P1 & P3	- - - - -	Housing Housing Housing Housing Housing	Housing Housing Housing Housing Housing	27.7799 -32.955061 27.7799 -32.955061 27.7799 -32.955061 27.7799 -32.955061 27.7799 -32.955061	- 5 000 2 000 4 000 1 000	- 5 000 2 000 4 000 1 000	- 5 000 2 000 4 000 1 000	- 5 000 2 000 4 000 1 000	- 5 000 2 000 4 000 1 000	- 5 000 2 000 4 000 1 000
Vote 6 - Directorate of Engineering Services		DVRI Pilot Project (Meleni, Haven Hills, Competition Cluster 3) Fynbos Informal 1, Fynbos Informal 2, Ndan West Bank Restitution Bufferstrip Sanitation Eastern Beach Sewers E.L Sewer Diversion Centre Reeston Phase 3 Bulk Service Sewer Waste Water Treatment Capacity Zwellish	- Various Various Various Various Various Various	Roads Waste Water Waste Water Waste Water Waste Water Waste Water	Roads Waste Water Waste Water Waste Water Waste Water Waste Water	27.914219 -32.017366 27.441562 -32.932372 27.441562 -32.932372 27.441562 -32.932372 27.441562 -32.932372 27.441562 -32.932372 27.441562 -32.932372	2 000 2 900 450 10 000 22 500 11 800	2 000 2 900 450 10 000 22 500 11 800	2 000 2 900 450 10 000 22 500 11 800	2 000 2 900 450 10 000 22 500 11 800	2 000 2 900 450 10 000 22 500 11 800	2 000 2 900 450 10 000 22 500 11 800
Vote 9 - Directorate of Community Services		Development of Community Parks(Inland, Midlands Development and Upgrading of Cemeteries(Inland, Midla Development and Upgrading of Community Redefinition of Midansane NU 2 Swimming Pools & Upgrn Upgrading of Esplanade Upgrading of Aquarium	- Various Various - - - -	Community and social services Environmental Protection Community and social services Community and social services Community and social services Community and social services	Parks Cemeteries Halls Swimming Pool Amenities Amenities	27.73973 -32.9379 27.73973 -32.9379 27.73973 -32.9379 27.73973 -32.9379 27.73973 -32.9379 27.73973 -32.9379	1 900 2 500 800 2 998 1 600 750	1 900 2 500 800 2 998 1 600 750	1 900 2 500 800 2 998 1 600 750	1 900 2 500 800 2 998 1 600 750	1 900 2 500 800 2 998 1 600 750	1 900 2 500 800 2 998 1 600 750

2.14 LEGISLATION COMPLIANCE STATUS

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

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the City's website.

2. Internship programme

The City is participating in the Municipal Financial Management Internship programme and has been continuously training interns. There are currently six interns that are undertaking the programme, all have been enrolled to the Municipal Finance and Supply Chain Management Programme that is prescribes as a minimum competency for middle management. An additional intake of four interns will be recruited soon for commencement in the new financial year

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 draft SDBIP document has been prepared as part of the 2016/17 IDP review and MTREF budget preparation in compliance with MFMA, Section 53(1)(c).

6. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements. The Annual report for 2014/15 financial year was prepared in line with MFMA Circular 63 guideline and tabled at Council on 27 January 2016.

7. National Treasury Competency Programme

BCMM senior management have already undergone training as required in the National Treasury Competency Programme and has now ventured into cascading this programme down to junior managerial levels of staff.

8. Policies

Policies are available on the BCMM website at www.buffalocitymetro.gov.za

9. Councillors Remuneration

Remuneration of Councillors is determined by the Minister of Cooperative 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 City's budget.

Table 66: MBRR Table SA1 – Supporting detail to budgeted financial performance

R	thousand	Description	Ref	Current Year 2016/16				2016/17 Medium Term Revenue & Expenditure Framework				
				2012/13	2013/14	2014/15	2015/16	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17
		REVENUE ITEMS										
		Property rates										
		Total Property Rates		602 867	699 173	817 717	937 143	987 143	987 143	1 099 110	1 179 900	1 264 412
		less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		22 767	26 216	23 198	34 301	34 301	34 301	38 246	42 644	47 549
		Net Property Rates		580 100	672 957	794 519	902 842	952 842	952 842	1 060 873	1 137 256	1 216 863
		Service charges - electricity revenue										
		Total Service charges - electricity revenue		1 266 680	1 383 884	1 485 814	1 658 671	1 758 671	1 758 671	1 893 034	2 037 691	2 193 339
		less Revenue Foregone (in excess of 80 kWh per indigent household per month)										
		less Cost of Free Basis Services (50 kWh per indigent household per month)										
		Net Service charges - electricity revenue		1 266 680	1 383 884	1 485 814	1 658 671	1 758 671	1 758 671	1 893 034	2 037 691	2 193 339
		Service charges - water revenue										
		Total Service charges - water revenue		271 026	325 380	394 282	411 381	411 381	411 381	444 291	479 346	517 310
		less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)										
		less Cost of Free Basis Services (6 kilolitres per indigent household per month)										
		Net Service charges - water revenue		271 026	325 380	394 282	411 381	411 381	411 381	444 291	479 346	517 310
		Service charges - sanitation revenue										
		Total Service charges - sanitation revenue		223 023	248 673	278 632	314 571	314 571	314 571	339 107	364 540	390 787
		less Revenue Foregone (in excess of free sanitation service to indigent households)										
		less Cost of Free Basis Services (free sanitation service to indigent households)										
		Net Service charges - sanitation revenue		223 023	248 673	278 632	314 571	314 571	314 571	339 107	364 540	390 787
		Service charges - refuse revenue										
		Total refuse removal revenue		198 898	228 895	261 807	286 063	286 063	286 063	308 375	331 504	355 372
		less landfill revenue										
		Net Service charges - refuse revenue		198 898	228 895	261 807	286 063	286 063	286 063	308 375	331 504	355 372
		Other Revenue by source										
		Fire Levy		188 868	228 895	261 807	286 063	286 063	286 063	308 375	331 504	355 372
		Electricity vending station commission		317 781	343 412	391 639	370 461	370 461	370 461	23 247	24 921	26 666
		Fire levy charges		15 672	17 176	18 084	21 605	21 605	21 605	69 667	73 011	76 764
		Plan approval fees		46 270	52 485	59 358	63 817	63 817	63 817	10 585	11 347	12 142
		Reconnection fees		5 165	5 174	5 174	9 837	9 837	9 837	14 855	15 922	17 037
		Electricity service connection fees		3 446	14 261	14 822	13 804	13 804	13 804	10 000	10 760	11 535
		Vehicle registration		30 656	28 669	22 846	10 000	10 000	10 000	42 352	48 852	52 272
		Other revenue		92 324	90 599	69 837	131 054	131 054	131 054	141 014	151 167	161 749
		Internal transfers - Recoveries										
		Total 'Other' Revenue		519 815	588 889	663 104	662 931	662 931	662 931	314 688	337 356	360 971
		EXPENDITURE ITEMS										
		Employee related costs										
		Basic Salaries and Wages		610 444	657 585	709 697	868 423	861 540	861 540	941 792	1 021 277	1 093 622
		Pension and UIF Contributions		119 158	127 627	135 383	158 005	156 055	156 055	178 547	187 961	200 458
		Medical Aid Contributions		42 218	46 872	52 913	56 985	56 985	56 985	63 546	69 363	75 276
		Overtime		62 059	80 707	107 200	60 348	60 348	60 348	72 871	74 820	79 908
		Performance Bonus										
		Motor Vehicle Allowance		17 417	18 631	20 473	29 538	30 342	30 342	32 815	35 047	37 430
		Cellphone Allowance					4 056	4 056	4 056	4 340	4 635	4 950
		Housing Allowances		3 509	3 219	3 508	12 205	12 205	12 205	13 844	13 944	14 944
		Other benefits and allowances		93 623	163 021	117 667	141 675	172 412	172 412	182 309	192 560	205 654
		Payments in lieu of leave		20 868	22 094	29 230	7 307	15 291	15 291	16 361	17 470	18 692
		Long service awards		13 225	14 840	16 270	17 069	17 509	17 509	19 112	20 012	21 373
		Post-retirement benefit obligations					5 831	5 831	5 831	6 235	6 664	7 117
		Less: Employee's costs capitalized to PPE		882 560	1 134 898	1 192 331	1 387 619	1 425 572	1 425 572	1 553 877	1 668 797	1 780 894
		Total Employee related costs		882 560	1 134 898	1 192 331	1 387 619	1 425 572	1 425 572	1 553 877	1 668 797	1 780 894

MBRR Table SA1 – Supporting detail to budgeted financial performance (continued)

Ref	Description	2016/17 Medium Term Revenue & Expenditure Framework									
		2012/13	2013/14	2014/15	Current Year 2015/16			2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
	Contributions recognised - capital										
	<i>List contributions by contract</i>										
	Total Contributions recognised - capital										
	Depreciation & asset impairment										
	<i>Depreciation of Property, Plant & Equipment</i>										
	<i>Goodwill Impairment</i>										
	<i>Depreciation resulting from revaluation of PPE</i>										
	Total Depreciation & asset impairment										
	Bulk purchases										
	<i>Electric Bulk Purchases</i>										
	<i>Water Bulk Purchases</i>										
	Total bulk purchases										
	Transfers and grants										
	<i>Cash transfers and grants</i>										
	<i>Non-cash transfers and grants</i>										
	Total transfers and grants										
	Contracted services										
	<i>Services provided by contract</i>										
	<i>Contractor Fees</i>										
	<i>Co-Operatives Contracts</i>										
	<i>Grass mowing</i>										
	<i>Lendit Contractor</i>										
	<i>One man contracts</i>										
	<i>Refuse Removal Contracts</i>										
	<i>Transfer Contract</i>										
	Allocations to organs of state:										
	<i>Electricity</i>										
	<i>Water</i>										
	<i>Sanitation</i>										
	<i>Other</i>										
	Total contracted services										
	Other Expenditure By Type										
	<i>Collection costs</i>										
	<i>Contributions to 'other' provisions</i>										
	<i>Consultant fees</i>										
	<i>Audit fees</i>										
	<i>General expenses</i>										
	<i>Repairs and Maintenance</i>										
	<i>Chemicals and disinfectants</i>										
	<i>Departmental electricity costs</i>										
	<i>Essential user costs</i>										
	<i>Green fuel oil and petrol</i>										
	<i>Travel fees</i>										
	<i>Leases - SALGA</i>										
	<i>Leases - Skills development</i>										
	<i>Floor relet</i>										
	<i>Departmental refuse removal costs</i>										
	<i>Rental - Offices (Trust Bank)</i>										
	<i>Departmental sanitary costs</i>										
	<i>Telephones</i>										
	<i>Travel and subsistence allowances</i>										
	<i>Departmental water costs</i>										
	<i>Housing Projects</i>										
	<i>Operating Projects</i>										
	<i>RDP housing</i>										
	<i>Lendit rebat</i>										
	<i>Internal charges</i>										
	Total Other Expenditure										
	Repairs and Maintenance by Expenditure Item										
	<i>Employee related costs</i>										
	<i>Other materials</i>										
	<i>Contracted Services</i>										
	<i>Other Expenditure</i>										
	Total Repairs and Maintenance Expenditure										

Table 67: MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Ref	Vote 1 - Directorate - Executive Support Services	Vote 2 - Directorate - Municipal Manager	Vote 3 - Directorate - Chief Operations Officer	Vote 4 - Directorate - Chief Financial Officer	Vote 5 - Directorate - Corporate Services	Vote 6 - Directorate - Engineering Services	Vote 7 - Directorate - Development Planning	Vote 8 - Directorate - Health & Public Safety	Vote 9 - Directorate - Community Services	Vote 10 - Directorate - Miscellaneous	Total
R thousand	1											
Revenue By Source												
Property rates		-	-	-	1 060 873	-	-	-	-	-	-	1 060 873
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	1 893 034	-	-	-	-	1 893 034
Service charges - water revenue		-	-	-	-	-	444 291	-	-	-	-	444 291
Service charges - sanitation revenue		-	-	-	-	-	339 107	-	-	-	-	339 107
Service charges - refuse revenue		-	-	-	-	-	-	-	-	308 375	-	308 375
Service charges - other		-	-	-	947	-	16 697	-	-	3 936	-	21 580
Rental of facilities and equipment		-	-	105	-	-	-	12 953	-	6 988	-	20 045
Interest earned - external investments		-	-	-	143 775	-	-	-	-	-	-	143 775
Interest earned - outstanding debtors		-	-	-	34 650	-	-	-	-	-	-	34 650
Dividends received		-	-	-	-	-	-	-	-	-	-	-
Fines		-	-	-	-	-	-	-	8 189	197	-	8 385
Licences and permits		-	-	-	-	-	-	-	13 814	144	-	13 958
Agency services		-	-	-	-	-	-	-	-	-	-	-
Other revenue		-	-	-	196 077	1	14 878	31 477	65 675	6 590	-	314 698
Transfers recognised - operational		-	41 692	563 612	403 362	13 036	193 988	-	17 941	80 629	-	1 314 259
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contribut		-	41 692	563 717	1 839 683	13 036	2 901 994	44 430	105 619	406 859	-	5 917 030
Expenditure By Type												
Employee related costs		59 955	29 830	31 069	210 978	136 467	382 161	109 313	246 208	347 894	-	1 553 877
Remuneration of councillors		59 976	-	-	-	-	-	-	-	-	-	58 976
Debt impairment		-	-	-	73 623	-	192 376	-	7 246	31 799	-	305 045
Depreciation & asset impairment		2 444	1 951	10 849	2 436	23 284	582 383	96 874	8 871	19 247	-	748 339
Finance charges		-	-	-	-	-	50 039	2 435	2 395	2 235	-	57 105
Bulk purchases		-	-	-	-	-	1 521 587	-	-	-	-	1 521 587
Other materials		-	-	-	-	-	-	-	-	-	-	-
Contracted services		-	-	-	-	-	5 613	-	-	16 874	-	22 486
Transfers and grants		18 660	-	-	66 250	-	92 134	6 461	15 037	89 923	-	288 465
Other expenditure		46 600	76 681	454 813	137 771	67 566	380 726	61 222	30 310	102 576	1 721	1 359 985
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		186 634	108 462	496 731	491 059	227 317	3 287 020	276 306	310 067	610 548	1 721	5 915 866
Surplus/(Deficit)		(186 634)	(66 770)	66 985	1 348 624	(214 281)	(305 025)	(231 876)	(204 448)	(203 689)	(1 721)	1 165
Transfers recognised - capital		-	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(186 634)	(66 770)	66 985	1 348 624	(214 281)	(305 025)	(231 876)	(204 448)	(203 689)	(1 721)	1 165

Table 68: MBRR Table SA3 – Supporting detail to Statement of Financial Position

R thousand	Ref	Description	2012/13		2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework						
			Audited Outcomes	2012/13	Audited Outcomes	2013/14	Audited Outcomes	2014/15	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcomes	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19			
ASSETS																		
Call investments deposits		1 998 468		1 906 309		2 135 924		2 303 434		2 380 443		2 380 443		2 402 491		2 481 880		2 091 420
Call deposits < 90 days		1 161 336		1 160 860		1 604 522		1 512 000		1 512 000		1 512 000		1 551 327		1 590 731		1 631 135
Other current investments > 90 days		(365 116)		(688 126)		(899 745)		(840 954)		(840 954)		(840 954)		(853 230)		(874 002)		(897 124)
Total Call Investment deposits	2	1 898 488		1 988 389		2 135 924		2 303 434		2 380 443		2 380 443		2 482 481		2 481 880		2 091 420
Consumer debtors		598 220		588 743		894 777		871 943		871 943		871 943		898 087		713 828		734 011
Consumer debtors		1 181 336		1 180 860		1 604 522		1 512 000		1 512 000		1 512 000		1 551 327		1 590 731		1 631 135
Less: Provision for debt impairment		(365 116)		(688 126)		(899 745)		(840 954)		(840 954)		(840 954)		(853 230)		(874 002)		(897 124)
Total Consumer debtors	2	598 220		588 743		894 777		871 943		871 943		871 943		898 087		713 828		734 011
Debt Impairment Provision		528 896		375 947		468 450		741 174		741 174		741 174		454 399		608 953		782 470
Balance at the beginning of the year		106 794		168 508		267 218		245 009		245 009		245 008		305 045		328 008		352 362
Contributions to the provision		(70 574)		(86 003)		(124 039)		(145 229)		(145 229)		(145 229)		(152 491)		(152 491)		(152 491)
Bad debts written off		565 116		456 450		598 828		840 954		840 954		840 954		608 953		782 470		962 361
Balance at end of year																		
Property, plant and equipment (PPE)																		
PPE at cost/valuation net of finance leases		21 702 322		25 938 428		26 766 816		24 839 611		24 839 611		24 839 611		26 349 745		26 030 568		20 768 568
Less: accumulated depreciation		11 583 836		14 109 852		14 770 845		13 042 319		13 042 319		13 042 319		14 477 238		15 273 484		17 035 450
Less: Accumulated depreciation		10 108 484		11 828 578		11 986 967		11 187 291		11 187 291		11 187 291		11 872 616		12 758 103		12 753 116
Total Property, plant and equipment (PPE)	2																	
LIABILITIES																		
Current liabilities - Borrowing																		
Short term loans (other than bank overdraft)		51 657		54 833		48 097		48 097		48 097		48 097		48 097		51 776		59 477
Current portion of long-term liabilities		51 657		54 833		48 097		48 097		48 097		48 097		48 097		51 776		59 477
Total Current liabilities - Borrowing																		
Trade and other payables		572 895		641 525		535 178		661 500		661 500		661 500		588 687		685 000		730 000
Trade and other creditors		460 598		213 718		205 715		112 800		112 800		112 800		78 300		83 000		67 150
Unspent conditional tenders		20		138														
VAT																		
Total Trade and other payables	2	1 033 311		895 380		740 884		774 300		774 300		774 300		866 987		778 000		817 150
Non current liabilities - Borrowing																		
Borrowing	4	597 207		542 574		496 477		496 477		496 477		496 477		519 082		657 537		774 927
Finance leases (including PPP asset element)		3 023		3 425		787		3 941		3 941		3 941		3 941		3 941		3 425
Total Non current liabilities - Borrowing		600 830		545 999		497 264		500 418		500 418		500 418		523 023		661 478		778 352
Provisions - non-current																		
Retirement benefits		327 634		399 295		487 757		499 260		499 260		499 260		555 680		576 220		597 540
Liab other major provision items		49 089		57 756		10 433		99 830		99 830		99 830		109 800		120 760		132 658
Reserve lands and rehabilitation		100		100														
Other																		
Total Provisions - non-current		377 703		457 151		498 191		599 090		599 090		599 090		665 480		697 000		730 398
CHANGES IN NET ASSETS																		
Accumulated Surplus/(Deficit)		7 913 290		9 005 040		9 363 489		8 238 708		8 238 708		8 238 708		10 159 402		11 304 106		11 408 481
CRAP adjustments		7 308		7 308														
Revised balance		7 920 598		9 005 040		9 363 489		8 238 708		8 238 708		8 238 708		10 159 402		11 304 106		11 408 481
Surplus/(Deficit)		532 342		810 205		732 141		851 275		790 993		790 993		849 434		863 732		971 658
Appropriations to Reserves																		
Transfers from Reserves																		
Depreciation effects		573		38 024														
Other adjustments		11 047																
Accumulated Surplus/(Deficit)	1	8 464 561		9 853 360		10 115 810		10 020 974		10 037 302		10 037 302		11 326 368		12 169 507		12 360 338
Reserves																		
Housing Development Fund																		
Capital replacement																		
Self insurance																		
Other reserves																		
Revaluation	2	2 415 540		4 185 855		4 238 663		2 810 783		2 810 783		2 810 783		3 551 322		3 008 000		3 253 845
Total Reserves	2	2 415 540		4 185 855		4 238 663		2 810 783		2 810 783		2 810 783		3 551 322		3 008 000		3 253 845
TOTAL COMMUNITY WEALTH/EQUITY	2	10 680 101		14 039 214		14 352 273		12 831 357		12 848 089		12 848 089		15 077 680		15 288 407		15 834 183
Total capital expenditure includes expenditure on nationally significant priorities:																		
Provision of basic services																		

Table 69: MBRR Table SA9 – Social, Economic and Demographic Statistics and Assumptions

Description of economic indicator	Ret	Basis of calculation	2001 Census		2007 Survey		2011 Census		2012/13		2013/14		2014/15		Current Year 2015/16		2018/17 Medium Term Revenue & Expenditure Framework			
			2001 Census	2007 Survey	2011 Census	Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	
Demographics																				
Population			660	702	724	724	724	724	724	724	724	724	724	724	724	724	724	724	724	724
Females aged 5 - 14			69	69	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65
Males aged 5 - 14			68	69	66	66	66	66	66	66	66	66	66	66	66	66	66	66	66	66
Females aged 15 - 34			117	141	136	136	136	136	136	136	136	136	136	136	136	136	136	136	136	136
Males aged 15 - 34			130	128	146	146	146	146	146	146	146	146	146	146	146	146	146	146	146	146
Unemployment			98	156	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112
Monthly household income (no. of households)	1, 12																			
No income			0																	
R1 - R1 600			0																	
R1 601 - R3 200			0																	
R3 201 - R6 400			0																	
R6 401 - R12 800			0																	
R12 801 - R25 600			0																	
R25 601 - R51 200			0																	
R52 201 - R102 400			0																	
R102 401 - R204 800			0																	
R204 801 - R409 600			0																	
R409 601 - R819 200			0																	
> R819 200			0																	
Poverty profiles (no. of households)	13																			
< R2 060 per household per month																				
Insert description	2																			
Household demographics (000)																				
Number of people in municipal area			659 531	701 889	724 209	755	755	755	755	755	755	755	755	755	755	755	755	755	755	755
Number of poor people in municipal area			174 611	166 874	136 833	189	189	189	189	189	189	189	189	189	189	189	189	189	189	189
Number of households in municipal area			155 726	194 085	208 389	224	224	224	224	224	224	224	224	224	224	224	224	224	224	224
Number of poor households in municipal area			N/A	N/A	N/A	54	54	54	54	54	54	54	54	54	54	54	54	54	54	54
Deficit of poor household (R per month)			N/A	N/A	N/A	<R2 400	<R2 400	<R2 400	<R2 400	<R2 400	<R2 400	<R2 400	<R2 400	<R2 400	<R2 400	<R2 400	<R2 400	<R2 400	<R2 400	<R2 400
Housing statistics	3																			
Formal			112294	156 679	162 310	162 310	162 310	162 310	162 310	162 310	162 310	162 310	162 310	162 310	162 310	162 310	162 310	162 310	162 310	162 310
Informal			43022	45 601	49 656	49 656	49 656	49 656	49 656	49 656	49 656	49 656	49 656	49 656	49 656	49 656	49 656	49 656	49 656	49 656
Total number of households			178 656	202 280	212 166	212 166	212 166	212 166	212 166	212 166	212 166	212 166	212 166	212 166	212 166	212 166	212 166	212 166	212 166	212 166
Dwellings provided by municipality																				
Dwellings provided by provincial																				
Dwellings provided by private sector																				
Total new housing dwellings																				
Economic	6																			
Inflation/outlook (CPIx)																				
Interest rate - borrowing																				
Interest rate - investment																				
Remuneration increases																				
Consumption growth (exactly)																				
Consumption growth (year)																				
Collection rates	7																			
Property tax/service charges																				
Rental of facilities & equipment																				
Interest - external investments																				
Interest - debtors																				
Revenue from agency services																				

Table 70: MBRR Table SA32 – List of External Mechanism

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
Maitronic Media Management	Yrs	3	Printing of Statements	31 March 2018	3 807
Amabla Water	Yrs	30	Bulk Water Supply	04 December 2030	6 321 843
Otis	Yrs	20	Maintenance of lift - Central Library	01 March 2021	-
Itec	Yrs	3	Leasing of Photocopier Machine	2016	2 082
Truegroup	Yrs	3	Rental of Office Space for EPMO	01 October 2016	183 142
Nashua (Fire Dept)	Mths	60	Lease of photocopier MP2352SP W411KB00868	01 May 2017	109
Xerox Via Aloe Business solutions	Yrs	3	Leasing of Photocopier Machine	2016	3 181
Nashua	Yrs	5	Leasing of Photocopier Machine	2016	1 598
E CDC	Yrs	5	Leasing of operating building	31 August 2015	923
Slip knot investments Trust Centre Building	Yrs	5	Leasing of operating building	31 August 2016	34 469
EC Services	Yrs	3	Disconnection and reconnection of electrical supply	31 January 2016	25 852
Morgan Creek Properties 158 Pty Ltd	Yrs	3	Rental - office accommodation	31 July 2015	7 672
Burmeister and Company	Yrs	50	Lease of Land and building	30 June 2041	25 927
PF Properties (adjacent to aquarium)	Yrs	50	Lease of Land and building	30 November 2043	2 101
FERRUCCI BROTHERS CC	Yrs	50	Lease of Land and building	30 November 2043	33 118
DAKS INTERNATIONAL	Yrs	5	Lease of Land and building	31 December 2016	1 600
Denrays Kwispark	Yrs	10	Lease of Land and building	31 January 2016	23
FNB East London	Yrs	10	Lease of Land and building	28 February 2016	19
Major Square	Yrs	10	Lease of Land and building	30 September 2016	21
Jesus Christ Ministry Movement	Yrs	5	Lease of Land and building	31 January 2016	14
Winter Rose Rugby F.C.	Yrs	25	Lease of Land and building	31 October 2022	58
Gonubie Sports Club	Yrs	25	Lease of Land and building	30 September 2024	105
Hamilton Club	Yrs	24	Lease of Land and building	31 December 2020	1
ABBOTSFORD SPORTS CLUB	Yrs	5	Lease of Land and building	30 March 2016	14
Cambridge Junior School	Yrs	9	Lease of Land and building	31 December 2020	14
Typos Bowling Club	Yrs	25	Lease of Land and building	31 March 2022	51
E.L Surf Life saving Club	Yrs	5	Lease of Land and building	01 March 2016	14
Border Cricket Board	Yrs	21	Lease of Land and building	31 December 2020	52
Buffalo Club	Yrs	24	Lease of Land and building	31 December 2020	1
Sirling High School	Yrs	30	Lease of Land and building	31 January 2025	53
Masibambane Home Based Care	Yrs	10	Lease of Land and building	30 September 2022	49
Parkside Day Care and Pre Primary	Yrs	5	Lease of Land and building	30 June 2017	15
Paynigh Property Investment	Yrs	10	Lease of Land and building	28 February 2017	28
Nolukhanyo Daycare Centre	Yrs	5	Lease of Land and building	31 May 2017	15
MTN	Yrs	10	Lease of Land and building	30 October 2017	24
Cambridge Sports Club	Yrs	24	Lease of Land and building	31 December 2020	169
KINVEST (Pty) Ltd	Yrs	10	Lease of Land and building	31 October 2020	38
EASTERN CAPE SOFTBALL FEDERATION	Yrs	5	Lease of Land and building	31 August 2018	22
ABSA Bank	Yrs	5	Banking services	12 March 2017	15 584
De Hys Laundrette	Yrs	3 years	Service of linen, pillows slips, duvets, curtains	015(extended till 31 Mar	R 92 625.60

2.15 CITY MANAGER'S QUALITY CERTIFICATE

I NCEBA NCUNYANA, Acting City Manager of Buffalo City Metropolitan 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 NCEBA NCUNYANA

Acting City Manager of Buffalo City Metropolitan Municipality (BUF)

Signature 

Date 18/03/2016

ANNEXURES:

- C: 2016/17 MTREF Capital Projects
- D: 2016/17 MTREF Operating Projects
- E: 2016/17 Tariffs
- F: Tariff Policy
- G: Budget Virement Policy
- H: Budget Policy
- I: MFMA Circular 78 and 79
- J: mSCOA Project Plan and Progress to Date
- K: Service Level Standards
- L: A Schedules
- M: 2016/17 Built Environment Performance Plan (BEPP)