

ANNUAL BUDGET OF
NGWATHE LOCAL
MUNICIPALITY



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

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Abbreviations and Acronyms

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

Part 1 – Annual Budget

1.1 Mayor’s Report

To be inserted

1.2 Council Resolutions

On the 29 April 2016 Ngwathe Special Council resolved on both the Budget Adjustment 2015/16 MTREF and Draft Budget 2016/17 MTREF.

1.3 Executive Summary

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

The Municipality’s business and service delivery priorities were reviewed as part of this year’s planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore items.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives.

National Treasury’s MFMA Circular No. 79 and 82, previous circulars, the NDP and the FSGDS were used to guide the compilation of the 2016/17 MTREF.

The main challenges experienced during the compilation of the 2016/17 MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from Rand Water and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies; and
- Affordability of capital projects –
- The following budget principles and guidelines directly informed the compilation of the 2016/17 MTREF:

- The 2015/16 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2016/17 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

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

Table 1 Consolidated Overview of the 2016/17 MTREF

	Adjustment budget	Budget year	Budget year	Budget year
R Thousands	2015/16	2016/17	2017/18	2018/19
Total operating revenue	R 541 665	R 612960		
Total operating expenditure	R 679 309	R 738 411		
Surplus/ Deficit) for the year	R (137 644)	R (125 451)		
Total capital Income	R 93 637	R64 920		
Total capital expenditure	R 93 637	R 64 920		
Deficit after capital expenditure	R (44 007)	R (60531)		

4. The following summary of tariffs applied for increase on 2016/17 budget,

- | | |
|-----------------------|------|
| 1. Water Supply | 8.4% |
| 2. Electricity | 9.4% |
| 3. Sewerage | 6.6% |
| 4. Refuse | 6.6% |
| 5. Rates and Taxes | 6.6% |
| 6. Cemeteries | 6.6% |
| 7. Halls | 6.6% |
| 8. All Other Sundries | 6.6% |

Total revenue is inclusive of accounts receivables collection amounting to R 85mil, this amount equals to 20% of the total of accounts receivables for only services charges after taking into account the bad debts to be written off.

Total operating expenditure for the 2016/17 financial year has been appropriated at R738 million and translates into a budgeted deficit of R125 million (excluding non-cash items, the municipality is budgeting for a deficit of R176 million). When compared to the 2015/16 Adjustments Budget, operational expenditure has increased by 4 per cent in the 2016/17 budget; the increase is due to the following:

1. Bulk purchase on electricity and water
2. Finance costs on electricity bill
3. Relative increase in all expenditure of 6.6%

The capital budget is R64 920 million for 2016/17. It must be highlighted that the internally funded capital projects can only be undertaken as and when funds become available.

A substantial portion of the capital budget will be funded from National grants over MTREF capital expenditure in the 2016/17 financial year.

1.4 Operating Revenue Framework

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

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipal area and continued economic development;
- Sustainable revenue management, which aims to ensure a 75 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates By-law, Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policy of the Municipality.

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

Table 1 Summary of revenue classified by main revenue source:**Table 2 Percentage growth in revenue by main revenue source:**

Description	Ref	2013/14	2014/15		2015/16							
R thousand	1	Audited Outcome	Audited Outcome	%	Full Year Forecast	%	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
Revenue By Source												
Property rates	2	42,923	61,423,390	43%	62,633,149	2%	66,390,123	6%	70,506,311	6%	75,019,084	6%
Property rates - penalties & collection charges		-	-	0%	-	0%	-	0%		0%	-	0%
Service charges - electricity revenue	2	117,461	121,738,793	4%	151,077,100	24%	175,543,720	16%	186,427,431	6%	205,250,085	10%
Service charges - water revenue	2	24,347	65,193,754	168%	42,542,717	-35%	33,629,609	-21%	38,229,605	14%	54,528,071	43%
Service charges - sanitation revenue	2	25,996	33,958,824	31%	41,342,668	22%	32,691,565	-21%	32,578,920	0%	47,020,134	44%
Service charges - refuse revenue	2	29,084	32,230,041	11%	37,186,062	15%	29,479,385	-21%	41,266,995	40%	43,701,748	6%
Service charges - other		-	-	0%	-	0%	-	0%	-	0%	-	0%
Rental of facilities and equipment		1,340	1,434,162	7%	2,502,005	74%	3,500,000	40%	3,500,000	0%	3,560,000	2%
Interest earned - external investments		2,027	756,030	-63%	1,858,483	146%	2,000,000	8%	2,100,000	5%	2,100,000	0%
Interest earned - outstanding debtors		26,419	34,275,651	30%	26,645,000	-22%	10,000,000	-62%	3,186,000	-68%	3,373,974	6%
Dividends received	4	16,334	265%	7,406	-55%	8,000	8%	8,496	6%	-	-100%	
Fines		828	905,529	9%	3,851,400	325%	1,200,000	-69%	1,274,400	6%	1,349,590	6%
Licences and permits		-	-	0%	529	0%	500	-5%	531	6%	562	6%
Agency services		-	-	0%	-	0%	-	0%	-	0%	-	0%
Transfers recognised - operational		152,873	120,868,000	-21%	162,761,000	35%	161,827,000	-1%	164,934,000	2%	177,539,000	8%
Other revenue	2	1,314	2,070,780	58%	9,257,054	347%	8,365,192	-10%	5,556,081	-34%	5,879,686	6%
Gains on disposal of PPE		-	-	0%	-	0%	-	0%	-	0%	-	0%
Total Revenue (excluding capital transfers and contributions)		424,616	474,871,288	12%	541,664,574	14%	524,635,094	-3%	549,568,769	5%	619,321,934	13%

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than half the total revenue mix. In the 2015/16 financial year, revenue from rates and services charges totalled R334 million. In 2016/17 it increases to R337 million; 2017/18 to R369 million and 2018/19 is R425 respectively. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity and the anticipated increase on collection rate. The above table includes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.

The overall revenue budget as compared to the one of 2015/16 with 2016/17 has decreased by -3 per cent. This is as the result of revenue losses, Indigents and rebate that were previously not accounted for. For 2017/18 total revenue has increased by 5% and 2017/18 has increased by 13%.

'Other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, Interest income and Rental Income. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related and the tariff increase is 6.6%

Operating grants and transfers totals is R161 million in the 2016/17 financial year, R164 million for 2017/18 and R177 million by 2018/19.

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

Table 3 Operating 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
EXPENDITURE:	#####									
Operating expenditure of Transfers and Grants										
National Government:		157 276	159 631	163 765	162 761	162 761	162 761	161 827	164 934	177 539
Local Government Equitable Share		153 983	156 191	160 231	159 059	159 059	159 059	157 639	161 424	173 705
EPWP Incentive		993	1 000	1 000	1 097	1 097	1 097	1 078	-	-
Municipal Systems Improvement		800	890	934	930	930	930	1 300	1 365	1 434
Finance Management		1 500	1 550	1 600	1 675	1 675	1 675	1 810	2 145	2 400
Total operating Grants		157 276	159 631	163 765	162 761	162 761	162 761	161 827	164 934	177 539

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

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

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

1.4.1 Property Rates

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

National Treasury's MFMA Circular No. 79 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0.25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R30 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further 10 per cent reduction on the market value of a property will be granted in terms of the Municipality's own Property Rates Policy;
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 100 per cent (calculated on a sliding scale) in line with the policy 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 to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
 - occupy the property as his/her normal residence;
 - be at least 60 years of age or in receipt of a disability pension from the Department of Welfare and Population Development;
 - be in receipt of a total monthly income from all sources as annually determined by the municipality (including income of spouses of owner);
 - not be the owner of more than one property; and
 - provided that where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement.
- Property owners must apply on a prescribed application form for a rebate as determined by the municipality. Applications must be accompanied by-
 - a certified copy of the identity document or any other proof of the owners age which is acceptable to the municipality;
 - sufficient proof of income of the owner and his/her spouse;
 - an affidavit from the owner;
 - if the owner is a disabled person proof of a disability pension payable by the state must be supplied; and
 - if the owner has retired at an earlier stage for medical reasons proof thereof must be submitted.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able 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 rate-able properties for purposes of levying rates and the proposed rates for the 2016/17 financial year based on a 6.6 per cent increase from 1 July 2015 is contained below:

Table 4 Comparison of proposed rates to levied for the 2016/17 financial year.

Category	Current (July 20 15)	Proposed tariff (from 1 July 20166)
	c	C
Residential	0.0111	0.0119
State owned	0.0278	0.0296
Business &	0.0209	0.0222
Agricultura	0.0111	0.0119
Vacant land	0.0111	0.0119
School	0.0278	0.0296
Public service infrastructure	0.0111	0.0119
Gholf Island Estate	0.0119	0.0164
Private Owned Town	0.00855	0.0091

1.4.2 Sale of Water and Impact of Tariff Increases

With the current water and electricity supply challenges facing the municipality and the country at large, since demand growth outstrips the supply. National Treasury has in the past encouraged 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.

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

Although the municipality has increased the water tariffs by 5.8 per cent in 2015/16, actual growth in the anticipated revenue from the sale of water is 12 per cent; this is due to increased number in houses with water connection and the municipality's decision to stop the 6 kl subsidy given to non-indigents.

A tariff increase of 8.4 per cent from 1 July 2016 for water is proposed. This is based on input cost assumptions of the increase in the cost of bulk water (Rand Water), the cost of other inputs increasing at a higher percentage. In addition 6 kℓ water per 30-day period will only be granted free of charge to indigent residents.

Table 5 A summary of the proposed water tariffs for households (residential) and non-residential are as follows:

ANNEXURE "B"											
PART 1 : SUPPLY OF WATER											
Schedule (b) Water											
Tariffs excluding VAT											
Tariff Codes Services	Parys/Heibron/Vredefort/Koppies/Edenville					2013/2014	2014/2015	2015/2016	2016/2017	VAT%	TOTAL
	2010/11	2011/12	2012/2013	2013/2014	2014/2015						
Residential/Church - Conv	BW001	Basic	29.94	32.00	33.92	35.82	37.89	40.09	43.46	6.08	49.54
0 - 6	Indigents Only	Free Cons	-	-	-	-	-	-	-	-	-
0 - 20	WA001	0 - 6	-	-	-	-	-	-	-	-	-
21 - 30	WA001	0 - 20	4.28	6.46	6.85	7.23	7.65	8.09	8.77	1.23	10.00
31 - >	WA001	21 - 30	4.55	5.01	6.95	7.34	7.76	8.21	8.90	1.25	10.15
		31 - >	4.89	5.38	7.05	7.44	7.87	8.33	9.03	1.26	10.29
Business (per Business)	BW002	Basic	96.15	102.78	108.94	115.04	121.70	128.76	139.57	19.54	159.11
	WA002	Cons	3.48	6.46	6.85	7.23	7.65	8.09	8.77	1.23	10.00
Without meters	BW002	Basic	96.15	102.78	108.94	115.04	121.70	128.76	139.57	19.54	159.11
			-	-	-	-	-	-	-	-	-
Bulk/Government/Schools	BW004	Basic	96.14	102.78	108.93	115.03	121.69	128.75	139.57	19.54	159.11
	WA004	Cons	4.27	6.46	6.85	7.23	7.65	8.09	8.77	1.23	10.00
			-	-	-	-	-	-	-	-	-
Industrial	BW009	Basic	62.67	66.99	71.01	74.98	79.32	83.92	90.97	12.74	103.71
	WA009	Cons	3.48	6.46	6.85	7.23	7.65	8.09	8.77	1.23	10.00
			-	-	-	-	-	-	-	-	-
Small Business(Business from Home)	BW010	Basic	47.70	50.99	54.05	57.07	60.38	63.88	69.24	9.69	78.94
	WA015	Cons	3.56	6.46	6.85	7.23	7.65	-	-	-	-
			-	-	-	-	-	-	-	-	-
Municipal	WA005	Cons	5.30	6.46	6.85	7.23	7.65	8.09	8.77	1.23	10.00
			-	-	-	-	-	-	-	-	-
Sewerage	WA013	Cons	1.23	3.82	4.05	4.28	4.52	4.79	5.19	0.73	5.91
			-	-	-	-	-	-	-	-	-
Unpurified	WA014	Cons	1.72	3.82	4.05	4.28	4.52	4.79	5.19	0.73	5.91
			-	-	-	-	-	-	-	-	-
Sports Organisations	WA007	Cons	3.25	6.46	6.85	7.23	7.65	8.09	8.77	1.23	10.00
			-	-	-	-	-	-	-	-	-
Vacant stands	BW000	Basic	63.60	67.99	72.06	76.10	80.50	85.17	92.33	12.93	105.25

1.4.3 Sale of Electricity and Impact of Tariff Increases

A proposed 9.4 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2016.

Registered indigents will again be granted 50 kWh per 30-day period free of charge. The municipality has resolved to stop with immediate effect the grant of free 5kWh of electricity to non-indigents.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. Most of the municipality's reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the Municipality's electricity network has therefore become a strategic priority, especially the substations and transmission lines.

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).

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. The municipality needs to explore other means of financing the required upgrades.

The municipality has embarked on programme where it is replacing and fixing all bridged and broken meters, this will result in an increase in the anticipated revenue that is above the proposed tariff increase.

Table 6 A summary of the proposed electricity tariffs for households (residential) and non-residential are as follows:

PART 1 : SUPPLY OF ELECTRICITY											
Schedule (a) Electricity Tariffs excluding VAT			Parys/Heibron/Vrededorf/Koppies/Edenville								
Tariff Codes			2010/11	2011/12	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	VAT%	TOTAL
Residential - Pre Paid - Non Indigent	EL001	Cons	0.8900	1.07	1.1895	1.28	1.28	1.4362	1.57	0.22	1.79
Residential - Conventional - Non Indigent	EL001	Cons	0.8900	1.07	1.1895	1.2800	1.28	1.4362	1.57	0.22	1.79
Residential - Pre Paid - Indigent	EL001	Cons	0.7000	0.80	0.82	0.8774	0.92	1.0322	1.13	0.16	1.29
Residential - Conventional - Indigent	EL011	Cons	0.7000	0.80	0.82	0.8774	0.92	1.0322	1.13	0.16	1.29
Business Business (Pre-paid incl)	BE002 EL002	Basic Cons	345.00 0.7500	390.00 0.95	435.00 1.06	465.00 1.1400	485.00 1.19	561.13 1.3324	613.88 1.46	85.94 0.20	699.82 1.66
Government	BE014 EL014	Basic Cons	350.00 0.8000	441.45 0.95	500.00 1.10	535.00 1.1800	570.00 1.14	639.5400 1.2846	699.66 1.41	97.95 0.20	797.61 1.60
Churches	BE015 EL015	Basic Cons	160.00 0.8900	180.00 1.07	200.00 1.1895	212.00 1.2800	223.66 1.32	251.00 1.4788	274.59 1.62	38.44 0.23	313.04 1.84
Small Holdings	BE003 EL003	Basic Cons	205.00 0.8000	250.00 0.90	276.00 1.00	290.00 1.1000	300.00 1.20	336.60 1.3408	368.24 1.47	51.55 0.21	419.79 1.67
Small Business	BE016 EL016	Basic Cons	55.00 0.8900	66.21 1.07	71.00 1.1895	76.00 1.2800	80.00 1.37	90.00 1.5422	98.46 1.69	13.78 0.24	112.24 1.92
Bulk Consumers	BE004 EL004 EL004	Basic Cons Dem	470.00 0.5000 95.00	480.00 0.60 115.00	500.00 0.70 120.00	535.00 0.7500 130.00	570.00 0.77 139.60	639.54 0.9600 139.6000	699.66 1.05 152.72	97.95 0.15 21.38	797.61 1.20 174.10
Municipal	BE005 EL005	Basic Cons	345.00 0.7500	390.00 0.90	435.00 1.00	465.00 1.1000	485.00 1.19	544.17 1.3335	595.32 1.46	83.35 0.20	678.67 1.66

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 6.6 per cent for sanitation from 1 July 2016 is proposed. This is based on the input cost assumptions related to water.

Table 7 The following table of sanitation compares the current and proposed tariffs:

ANNEXURE "C"											
PART 1 : SUPPLY OF SANITATION											
Schedule 6(d) Sewerage Tariffs excluding VAT			Parys/Heibron/Vrededorf/Koppies/Edenville								
Tariff Codes	Services		2010/11	2011/12	2012/2013	2013/2014	2014/2015	2015/2016	2016/17	VAT%	TOTAL
Residential:	SE001	Waterborne (per household)	62.11	67.70	71.76	75.78	80.16	84.81	90.41	12.66	103.07
	SEBS	Bucket System	31.47	34.30	36.36	38.39	40.62	42.97	45.81	6.41	49.38
	SEST	Suction Tank	61.23	66.74	70.74	74.70	79.03	83.61	89.13	12.48	96.09
Schools/Government	SE006	Per point	82.86	114.14	120.98	127.75	135.15	142.99	152.42	21.34	173.76
Businesses/Hostels	SE002	Per Business/Unit/Empty Business	159.28	219.41	232.56	245.58	259.80	274.87	293.01	41.02	334.03
	SEH011	Clover				62,339.75	65,949.22	69,774.28	74,379.38	10,413.11	80,187.39
	SEH012	Simba				1,558.73	1,648.98	1,744.62	1,859.77	260.37	2,004.99
Khaya Ebubhesi	Sundry	Khaya Ebubhesi Per Dumping As Per Council Resolution	246.24	339.19	359.51	379.64	401.62	424.91	452.96	63.41	516.37
Small Business (Business From Home)	SEH016	Waterborne per shop	62.11	65.56	69.69	73.76	78.31	83.36	88.91	16.00	130.25
Sport Organisations	SE007	Per Point	69.78	96.12	101.87	107.58	113.81	120.41	128.36	17.97	146.33
Departmental (Municipal)	SE005	Per Point	61.23	84.35	89.40	94.40	99.87	105.66	112.64	15.77	128.41
Vacant Stands	SE000		65.00	89.54	94.90	100.22	106.02	112.17	119.57	16.74	136.31
Abattoir	SE003		1,741.89	2,399.45	2,543.18	2,685.60	2,841.09	3,005.88	3,204.26	448.60	3,652.86
Churches and Welfare Organisations	SE013	Fixed basic charge	61.23	84.35	89.40	94.40	99.87	105.66	112.64	15.77	128.41
Bulk	SE004	Per point	55.69	76.72	81.31	85.86	90.84	96.10	102.45	14.34	116.79
Holiday Resorts/Hotels/Guest Houses	SE006	Per Point	61.53	84.75	89.83	94.86	100.35	106.17	113.18	15.85	129.02
Old Aged Homes:	SE003	Clinic/Rooms Per Point	38.27	52.72	55.88	59.01	62.42	66.04	70.40	9.86	80.26
	SE010	Flats/Houses Per Unit	62.12	85.56	90.63	95.77	101.31	107.19	114.26	16.00	130.26

1.4.5 Waste Removal and Impact of Tariff Increases

It is widely accepted that the rendering of the waste removal service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, hiring of plant, increases in general expenditure such as petrol and diesel and the cost of remuneration. Considering the above, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation will be incorporated into the next planning cycle.

A 6.6 per cent increase in the waste removal tariff is proposed from 1 July 2016. Higher increases will not be viable in 2016/17. Any increase higher than 6.6 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

Table 8 The following table compares current and proposed amounts payable from 1 July 2016:

ANNEXURE "D"											
PART 1 : SUPPLY OF REFUSE											
Refuse Tariffs excluding VAT		Tariff Codes Services	Parys/Hebron/Vredefort/Koppies/Edenville			2013/14	2014/15	2015/2016	2016/2017	VAT%	TOTAL
			2010/11	2011/12	2012/13						
Residential		RF001	56.12	64.26	68.11	71.92	76.09	80.50	85.81	12.01	97.83
Holiday Resorts	/Cottage	RF016	22.08	25.17	26.67	28.17	29.80	31.53	33.61	4.71	38.31
Office considered as 1 Cottage	/Caravan Stand	RF017	11.10	12.66	13.42	14.17	14.99	15.86	16.90	2.37	19.27
Churches and Welfare		RF018	56.12	63.97	67.80	71.60	75.75	80.14	85.43	11.96	97.39
Small Business(Business From Home)		RF020	56.12	63.97	67.80	71.60	75.75	80.14	85.43	11.96	97.39
Municipal		RF005	43.12	49.15	52.10	55.01	58.20	61.57	65.64	9.19	74.83
Sports Clubs		RE007	18.56	21.16	22.43	23.69	25.06	26.51	28.26	3.96	32.22
Industrial	Large	RE009	255.14	290.66	308.29	325.55	344.40	364.38	388.42	54.38	442.80
Businesses Restau- rants, café's,	1	RF002	81.40	92.73	98.35	103.86	146.49	154.99	165.22	23.13	188.35
	2		122.36	139.49	147.84	156.12	220.21	232.98	248.36	34.77	283.13
	3-99999999		183.26	208.91	221.43	233.83	329.83	348.96	371.99	52.08	424.07
Government properties	1-999999		183.26	212.58	225.31	237.93	335.61	355.07	378.51	52.99	431.50
Hotels, Supermarkets	0-2	RF015	368.99	420.65	445.85	470.81	664.09	702.61	748.98	104.86	853.84
Hospitals, Country Club, Guest Houses	3-99999999		55.53	63.30	67.09	70.85	99.93	105.73	112.71	15.78	128.48
Old Aged Homes	1	RF019	26.15	29.82	31.60	33.37	35.30	37.35	39.82	5.57	45.39
Hostels	2-99999999		5.34	6.09	6.45	6.81	7.21	7.63	8.13	1.14	9.27
Bulk Government	1	RF004	350.76	399.86	423.81	447.55	631.28	667.89	711.98	99.68	811.65
	2-99999999		52.78	60.17	63.77	67.34	94.99	100.50	107.14	15.00	122.14
Schools	1	RF008	26.15	29.82	31.60	447.55	631.28	667.89	711.98	99.68	811.65
	2-99999999		5.34	6.09	6.45	67.34	94.99	100.50	107.14	15.00	122.14

1.4.6 Overall impact of tariff increases on households.

The following table shows the overall expected impact of the tariff increases is influenced as per the guidelines of National Treasury. The impact on the household is huge as compared with the revenue growth which does not reflect growth in the community. The rate of unemployment within the municipality is not in line with the tariff increases on the households. The majority of the Ngwathe households in terms of the income threshold are just above the indigent threshold, which means that as and when the services are increasing it will burden the households in terms of affordability.

However the municipality has put in place the indigent policy and rates taxes rebates as a relief.

Table 9 MBRR Table SA14 – Household bills

FS203 Ngwathe - Supporting Table SA14 Household bills

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17 % incr.	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Rand/cent											
Monthly Account for Household - 'Middle Income Range'											
Rates and services charges:											
Property rates		385.11	406.68	531.56	557.78	557.78	557.78	6.6%	594.59	633.84	675.67
Electricity: Basic levy		-	-	-	-	-	-	6.6%	-	-	-
Electricity: Consumption		1,141.44	1,232.76	1,363.15	1,436.20	1,436.20	1,436.20	9.4%	1,570.98	1,632.03	1,739.75
Water: Basic levy		33.89	35.79	43.20	40.09	40.09	40.09	8.4%	43.46	45.56	48.56
Water: Consumption		166.80	176.14	184.60	243.90	243.90	243.90	8.4%	260.00	277.16	295.45
Sanitation		71.69	75.71	80.09	84.74	84.74	84.74	6.6%	90.41	96.37	102.74
Refuse removal		68.05	71.86	76.09	80.43	80.43	80.43	6.6%	85.74	91.48	97.51
Other		-	-	-	-	-	-	6.6%	-	-	-
sub-total		1,866.99	1,998.94	2,278.69	2,443.14	2,443.14	2,443.14	8.3%	2,645.18	2,776.44	2,959.68
VAT on Services		207.46	222.92	244.60	263.97	263.97	263.97				
Total large household bill:		2,074.45	2,221.86	2,523.29	2,707.11	2,707.11	2,707.11	(2.3%)	2,645.18	2,776.44	2,959.68
% increase/-decrease			7.1%	13.6%	7.3%	-	-	(2.3%)	5.0%	6.6%	6.6%
Monthly Account for Household - 'Affordable Range'											
Rates and services charges:											
Property rates		385.11	406.68	374.06	391.28	391.28	391.28	6.6%	417.10	444.63	473.98
Electricity: Basic levy		-	-	-	-	-	-	6.6%	-	-	-
Electricity: Consumption		446.60	477.86	678.15	718.10	718.10	718.10	9.4%	785.60	816.02	869.87
Water: Basic levy		33.89	35.79	43.20	40.09	40.09	40.09	8.4%	43.46	45.56	48.56
Water: Consumption		166.80	176.14	145.90	202.85	202.85	202.85	8.4%	219.89	230.51	245.72
Sanitation		71.69	75.71	80.09	84.74	84.74	84.74	6.6%	90.41	96.37	102.74
Refuse removal		68.05	71.86	76.09	80.43	80.43	80.43	6.6%	85.74	91.48	97.51
Other		-	-	-	-	-	-	6.6%	-	-	-
sub-total		1,172.15	1,244.04	1,397.49	1,517.49	1,517.49	1,517.49	8.2%	1,642.20	1,724.57	1,838.39
VAT on Services											
Total small household bill:		1,172.15	1,244.04	1,397.49	1,517.49	1,517.49	1,517.49	8.2%	1,642.20	1,724.57	1,838.39
% increase/-decrease			6.1%	12.3%	8.6%	-	-	8.2%	5.0%	6.6%	6.6%
Monthly Account for Household - 'Indigent' Household receiving free basic services											
Rates and services charges:											
Property rates		202.41	213.75	-	-	-	-				
Electricity: Basic levy		-	-	-	-	-	-				
Electricity: Consumption		387.44	418.44	276.00	309.00	309.00	309.00	9.4%	338.05	351.13	374.31
Water: Basic levy		33.89	35.79	37.89	40.09	40.09	40.09	8.4%	43.46	45.56	48.56
Water: Consumption		95.78	101.14	107.10	113.26	113.26	113.26	8.4%	122.77	128.70	137.20
Sanitation		71.69	75.71	80.16	84.74	84.74	84.74	6.6%	90.41	96.37	102.74
Refuse removal		68.05	71.86	76.09	80.43	80.43	80.43	6.6%	85.74	91.48	97.51
Other		-	-	-	-	-	-	6.6%	-	-	-
sub-total		859.26	916.69	577.24	627.52	627.52	627.52	8.4%	680.43	713.25	760.32
VAT on Services		91.96	98.41	80.81	87.87	87.87	87.87	6.6%	175.81	351.68	374.89
Total small household bill:		951.22	1,015.10	658.05	715.39	715.39	715.39	19.7%	856.23	1,064.92	1,135.21
% increase/-decrease			6.7%	(35.2%)	8.7%	-	-	19.7%	24.4%	6.6%	6.6%

References

1. Use as basis property value of R700 000, 1 000 kWh electricity and 30kl water
2. Use as basis property value of R500 000 and R700 000, 500 kWh electricity and 25kl water
3. Use as basis property value of R 300 000, 350kWh electricity and 20kl water (50 kWh electricity and 6 kl water free)
4. Note this is for a SINGLE household.

1.5 Operating Expenditure Framework

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

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

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

Table 10 Summary of Operating Expenditure by standard classification item.

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	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	48,723	42,923	61,423	56,633	62,633	62,633	62,633	152,215	70,506	75,019
Service charges	256,157	196,888	253,121	283,149	272,149	272,149	272,149	271,344	298,503	350,500
Investment revenue	21,443	2,027	756	1,858	1,858	1,858	1,858	2,000	2,100	2,100
Transfers recognised - operational	156,259	152,873	120,868	162,761	162,761	162,761	162,761	161,827	164,934	177,539
Other own revenue	5,115	29,905	38,702	26,410	42,263	42,263	42,263	25,574	13,526	14,164
Total Revenue (excluding capital transfers and contributions)	487,698	424,616	474,871	530,811	541,665	541,665	541,665	612,960	549,569	619,322
Employee costs	177,184	173,160	179,108	156,859	155,184	155,184	155,184	159,559	189,052	200,206
Remuneration of councillors	9,047	10,176	10,711	11,073	12,781	12,781	12,781	11,500	14,579	15,439
Depreciation & asset impairment	97,195	320,977	72,048	95,000	78,000	78,000	78,000	90,000	95,000	10,500
Finance charges	3,274	37,923	58,711	1,000	1,000	1,000	1,000	72,000	60,000	58,000
Materials and bulk purchases	134,830	156,494	171,680	258,114	259,614	259,614	259,614	216,667	303,867	335,865
Transfers and grants	-	10,592	80,358	44,879	44,879	44,879	44,879	-	-	-
Other expenditure	185,699	167,061	267,573	101,107	127,850	127,850	127,850	188,684	136,316	143,661
Total Expenditure	607,229	876,384	840,189	668,032	679,309	679,309	679,309	738,411	798,814	763,672

The budgeted allocation for employee related costs for the 2016/17 financial year totals R159.million, which equals 22 per cent of the total operating expenditure. The budget for employee related costs are based on the proposed organogram. An annual increase of CPIX plus 1 % and in the next 2 years outer years of the MTREF.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public

Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget. Remuneration of Councillors for 2016/17 is R11 million. This is as the result of reduction of councillors from 39 to 37 according to the new demarcation board.

The provision of debt impairment for the 2016/17 financial year equates to R86 million and decreases to R47 million by 2017/18 due to the fact that most of prescribed debts would be already written off. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R90 million for the 2016/17 financial year and equates to 10 per cent of the total operating expenditure. The audited depreciation on 2014/15 financial year is R72 million the relative increased is based on additions.

Finance charges consist primarily of the repayment of interest portion on long-term borrowing (cost of capital) and the interest on overdue Eskom debt. Finance charges make up 8 per cent (R72 million) of operating expenditure for 2016/17.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Rand Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses. The 2015/16 budget for bulk purchases was R248 million which is more by R44 million as compared with budget of 2016/17 for bulk purchases amounting to R204 million. The audited and current invoices have been taken into consideration for the budget of 2016/17.

Other materials comprises of the purchase of fuel, diesel, chemicals, and other general expenses for 2016/17.

Contracted services have been identified as a cost saving area for the Municipality. As part of the compilation of the 2016/17 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced.

Other expenditure comprises of various line items relating to the daily operations of the municipality.

Main operational expenditure categories for the 2016/17 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2016/17 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 11 Operational repairs and maintenance:

FS203 Ngwathe - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium term Revenue & Expenditure Estimates		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
Repairs and Maintenance by Expenditure Item	####										
Employee related costs											
Other materials											
Contracted Services											
Other Expenditure		18 582	27 069	26 854	14 300	15 419	15 419	15 419	25 500	16 142	17 096
Total Repairs and Maintenance Expenditure	####	18 582	27 069	26 854	14 300	15 419	15 419	15 419	25 500	16 142	17 096

During the compilation of the 2015/16 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. Improvements and developments are recognised as assets therefore R&M is budgeted for R25 million. Treasury has appointed a service provider to upgrade Mimosa Gardens and the NLM has budgeted R5 million for 2016/17 to do renovations. In relation to the total operating expenditure, repairs and maintenance comprises of 27 per cent for the 2016/17 financial year.

1.6 Capital expenditure

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

Table 12 2016/17 Medium-term capital budget per vote:

FS203 Ngwathe - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding											
Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	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											
Capital Expenditure - Standard											
Governance and administration		1,342	6,593	2,500	-	-	-	-	-	-	-
Executive and council		1,342	2,672	1,500	-	-	-	-	-	-	-
Budget and treasury office			3,920	1,000	-	-	-	-	-	-	-
Corporate services					-	-	-	-	-	-	-
Community and public safety		-	4,670	12,398	24,365	24,365	24,365	24,365	1,939	9,208	21,705
Community and social services				-	10,528	10,528	10,528	10,528	53	8,929	20,505
Sport and recreation			4,670	8,488	13,837	13,837	13,837	13,837	1,886	279	1,200
Public safety				3,910	-	-	-	-	-	-	-
Housing				-	-	-	-	-	-	-	-
Health				-	-	-	-	-	-	-	-
Economic and environmental services		-	2,849	5,511	6,811	6,811	6,811	6,811	4,346	2,966	3,686
Planning and development					-	-	-	-	-	-	-
Road transport			2,849	5,511	6,811	6,811	6,811	6,811	4,346	2,966	3,686
Environmental protection					-	-	-	-	-	-	-
Trading services		-	46,954	45,269	10,429	56,729	56,729	56,729	56,526	78,139	105,631
Electricity				13,960	3,000	5,600	5,600	5,600	15,282	4,026	9,028
Water			13,170	17,440	3,430	43,430	43,430	43,430	39,140	36,017	42,950
Waste water management			33,785	13,218	3,999	7,699	7,699	7,699	816	25,000	37,600
Waste management				650	-	-	-	-	1,288	13,096	16,053
Other				1,994	2,032	2,032	2,032	2,032	2,109	2,109	2,224
Total Capital Expenditure - Standard	3	1,342	61,066	67,672	43,637	89,937	89,937	89,937	64,920	92,422	133,245

For 2016/17 capital budget is R64 million has been appropriated for the development of infrastructure. *Water Management* receives the highest allocation of R39 million in 2016/17 which equates to 65 per cent of the total capital budget; followed by *Electricity infrastructure* amounting to R15 million which equate to 30% per cent of the capital budget.

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

1.7 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/17 budget and MTREF as tabled at Council. Each table is accompanied by *explanatory notes*

Table 13 MBRR Table A1 - Budget :

FS203 Ngwathe - Table A1 Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousands										
Financial Performance										
Property rates	48,723	42,923	61,423	56,633	62,633	62,633	62,633	152,215	70,506	75,019
Service charges	256,157	196,888	253,121	283,149	272,149	272,149	272,149	271,344	298,503	350,500
Investment revenue	21,443	2,027	756	1,858	1,858	1,858	1,858	2,000	2,100	2,100
Transfers recognised - operational	156,259	152,873	120,868	162,761	162,761	162,761	162,761	161,827	164,934	177,539
Other own revenue	5,115	29,905	38,702	26,410	42,263	42,263	42,263	25,574	13,526	14,164
Total Revenue (excluding capital transfers and contributions)	487,698	424,616	474,871	530,811	541,665	541,665	541,665	612,960	549,569	619,322
Employee costs	177,184	173,160	179,108	156,859	155,184	155,184	155,184	159,559	189,052	200,206
Remuneration of councillors	9,047	10,176	10,711	11,073	12,781	12,781	12,781	11,500	14,579	15,439
Depreciation & asset impairment	97,195	320,977	72,048	95,000	78,000	78,000	78,000	90,000	95,000	10,500
Finance charges	3,274	37,923	58,711	1,000	1,000	1,000	1,000	72,000	60,000	58,000
Materials and bulk purchases	134,830	156,494	171,680	258,114	259,614	259,614	259,614	216,667	303,867	335,865
Transfers and grants	-	10,592	80,358	44,879	44,879	44,879	44,879	-	-	-
Other expenditure	185,699	167,061	267,573	101,107	127,850	127,850	127,850	188,684	136,316	143,661
Total Expenditure	607,229	876,384	840,189	668,032	679,309	679,309	679,309	738,411	798,814	763,672
Surplus/(Deficit)	(119,531)	(451,767)	(365,318)	(137,220)	(137,644)	(137,644)	(137,644)	(125,451)	(249,245)	(144,350)
Transfers recognised - capital	45,939	85,751	71,452	43,637	93,637	93,637	93,637	64,920	92,396	133,217
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(73,592)	(366,017)	(293,865)	(93,583)	(44,007)	(44,007)	(44,007)	(60,531)	(156,849)	(11,133)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(73,592)	(366,017)	(293,865)	(93,583)	(44,007)	(44,007)	(44,007)	(60,531)	(156,849)	(11,133)
Capital expenditure & funds sources										
Capital expenditure	1,342	61,066	67,672	43,637	99,937	99,937	99,937	64,920	92,422	133,245
Transfers recognised - capital	-	56,802	47,252	43,637	93,637	93,637	93,637	64,920	92,422	133,245
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	1,342	4,264	20,420	-	6,300	6,300	6,300	-	-	-
Total sources of capital funds	1,342	61,066	67,672	43,637	99,937	99,937	99,937	64,920	92,422	133,245
Financial position										
Total current assets	366,290	62,769	77,930	900,523	900,523	900,523	900,523	921,996	951,257	992,534
Total non current assets	1,288,569	961,552	964,896	1,229,091	1,229,091	1,229,091	1,229,091	1,260,814	1,306,039	1,399,674
Total current liabilities	337,452	449,754	747,627	242,292	660,536	242,292	242,292	2,200	2,200	2,200
Total non current liabilities	82,502	72,921	71,256	40,052	40,052	40,052	40,052	-	-	-
Community wealth/Equity	1,234,906	501,647	223,943	1,847,270	1,429,027	1,847,270	1,847,270	2,180,610	2,255,096	2,390,008
Cash flows										
Net cash from (used) operating	20,191	24,624	67,704	(37,015)	151,458	151,458	151,458	90,237	(131,689)	(104,089)
Net cash from (used) investing	103,517	(59,559)	(67,919)	(50,647)	(50,647)	(50,647)	(50,647)	(64,920)	(92,422)	(133,245)
Net cash from (used) financing	(106,955)	(4,879)	(3,539)	(2,200)	(2,200)	(2,200)	(2,200)	(2,880)	(1,800)	-
Cash/cash equivalents at the year end	46,653	6,839	3,085	(54,077)	103,611	103,611	103,611	27,437	(198,474)	(435,808)
Cash backing/surplus reconciliation										
Cash and investments available	47,893	8,257	4,586	211,533	(206,711)	211,533	211,533	205,255	206,839	219,249
Application of cash and investments	65,464	338,433	504,641	(257,417)	(283,401)	(283,401)	(283,401)	(561,389)	(527,971)	(505,301)
Balance - surplus (shortfall)	(17,571)	(330,176)	(500,054)	468,950	76,690	494,934	494,934	766,644	734,810	724,550
Asset management										
Asset register summary (WDV)	152,718	145,799	155,901	152,718	152,718	152,718	152,718	152,718	152,718	152,718
Depreciation & asset impairment	97,195	320,977	72,048	95,000	78,000	78,000	90,000	90,000	95,000	10,500
Renewal of Existing Assets	-	-	19,007	18,125	-	-	-	-	-	-
Repairs and Maintenance	20,977	-	14,400	14,300	15,238	15,238	25,500	25,500	16,142	17,096
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	40,553	32,470
Revenue cost of free services provided	28,965	31,931	39,255	-	-	-	-	-	44,376	47,127
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts tabled at 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 is financed from the current operating revenue.
4. 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.

Table 14 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification):

FS203 Ngwathe - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue - Standard										
Municipal governance and administration		268,548	221,163	219,960	237,804	257,745	257,745	337,005	237,663	254,430
Executive and council		-	-	-	-	-	-	-	-	-
Mayor and Council		-	-	-	-	-	-	-	-	-
Municipal Manager		-	-	-	-	-	-	-	-	-
Budget and treasury office		267,176	221,163	219,655	237,798	257,739	257,739	337,000	237,658	254,424
Corporate services		1,371	-	305	5	5	5	5	5	6
Human Resources		1,371	-	305	5	5	5	5	5	6
Information Technology		-	-	-	-	-	-	-	-	-
Property Services		-	-	-	-	-	-	-	-	-
Other Admin		-	-	-	-	-	-	-	-	-
Community and public safety		3,632	1,250	3,627	4,081	4,604	4,604	4,919	4,727	4,860
Community and social services		677	931	1,252	884	1,386	1,386	1,439	1,245	1,319
Libraries and Archives		-	-	1	1	3	3	-	-	-
Museums & Art Galleries etc		-	-	-	-	-	-	-	-	-
Community halls and Facilities		-	-	452	383	383	383	373	396	419
Cemeteries & Crematoriums		677	931	800	500	1,000	1,000	1,066	850	900
Child Care		-	-	-	-	-	-	-	-	-
Aged Care		-	-	-	-	-	-	-	-	-
Other Community		-	-	-	-	-	-	-	-	-
Other Social		-	-	-	-	-	-	-	-	-
Sport and recreation		2,020	36	1,520	2,096	2,117	2,117	3,128	3,105	3,142
Public safety		935	283	855	1,102	1,102	1,102	352	377	399
Police		935	283	850	1,096	1,096	1,096	350	372	394
Fire		-	-	5	5	5	5	2	5	6
Civil Defence		-	-	-	-	-	-	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Ambulance		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Economic and environmental services		158	193	1,602	872	872	872	652	485	514
Planning and development		158	176	1,598	868	868	868	648	481	509
Economic Development/Planning		-	-	-	-	-	-	-	-	-
Town Planning/Building		158	176	1,598	868	868	868	648	481	509
Licensing & Regulation		-	-	-	-	-	-	-	-	-
Road transport		-	17	4	4	4	4	4	4	4
Roads		-	17	4	2	2	2	2	2	2
Public Buses		-	-	-	-	-	-	-	-	-
Parking Garages		-	-	-	-	-	-	-	-	-
Vehicle Licensing and Testing		-	-	-	-	-	-	-	-	-
Other		-	-	-	2	2	2	2	2	2
Environmental protection		-	-	-	-	-	-	-	-	-
Pollution Control		-	-	-	-	-	-	-	-	-
Biodiversity & Landscape		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Trading services		261,284	316,416	259,357	288,035	277,042	277,042	270,364	309,147	327,379
Electricity		137,751	126,844	146,707	166,715	155,718	155,718	175,544	171,845	181,976
Electricity Distribution		137,751	126,844	146,707	166,715	155,718	155,718	175,544	171,845	181,976
Electricity Generation		-	-	-	-	-	-	-	-	-
Water		67,638	134,486	40,411	42,754	42,758	42,758	33,730	51,596	54,641
Water Distribution		67,638	134,486	40,411	42,754	42,758	42,758	33,730	51,596	54,641
Water Storage		-	-	-	-	-	-	-	-	-
Waste water management		30,205	26,002	37,092	41,380	41,380	41,380	31,611	44,438	47,060
Sewerage		30,205	26,002	37,092	41,380	41,380	41,380	31,611	44,438	47,060
Storm Water Management		-	-	-	-	-	-	-	-	-
Public Toilets		-	-	-	-	-	-	-	-	-
Waste management		25,692	29,084	35,148	37,186	37,186	37,186	29,479	41,267	43,702
Solid Waste		25,692	29,084	35,148	37,186	37,186	37,186	29,479	41,267	43,702
Other		15	-	-	20	20	20	21	22	23
Air Transport		15	-	-	20	20	20	21	22	23
Abattoirs		-	-	-	-	-	-	-	-	-
Tourism		-	-	-	-	-	-	-	-	-
Forestry		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Total Revenue - Standard	###	533,636	539,021	484,546	530,812	540,283	540,283	612,960	552,044	587,205
Expenditure - Standard										
Municipal governance and administration		302,263	154,179	190,271	187,698	200,477	200,477	280,653	240,654	248,575
Executive and council		31,382	45,897	43,658	41,255	46,016	46,016	48,036	54,654	57,879
Mayor and Council		20,480	45,897	27,186	25,734	28,813	28,813	29,662	34,117	36,129
Municipal Manager		10,902	-	16,472	15,521	17,203	17,203	18,374	20,537	21,749
Budget and treasury office		233,590	83,712	123,996	129,823	135,579	135,579	209,237	162,219	165,312
Corporate services		37,291	24,570	22,618	16,620	18,882	18,882	23,380	23,781	25,384
Human Resources		37,291	24,570	22,611	16,620	18,882	18,882	23,380	23,781	25,384
Information Technology		-	-	7	-	-	-	-	-	-
Property Services		-	-	-	-	-	-	-	-	-
Other Admin		-	-	-	-	-	-	-	-	-
Community and public safety		50,466	58,435	49,772	47,897	49,458	49,458	53,239	55,563	58,842

Expenditure - Standard									
Municipal governance and administration	302,263	154,179	190,271	187,698	200,477	200,477	219,454	232,122	245,934
Executive and council	31,382	45,897	43,658	41,255	46,016	46,016	51,463	54,654	57,879
<i>Mayor and Council</i>	20,480	45,897	27,186	25,734	28,813	28,813	32,125	34,117	36,129
<i>Municipal Manager</i>	10,902		16,472	15,521	17,203	17,203	19,338	20,537	21,749
Budget and treasury office	233,590	83,712	123,996	129,823	135,579	135,579	145,198	153,263	162,422
Corporate services	37,291	24,570	22,618	16,620	18,882	18,882	22,792	24,205	25,633
<i>Human Resources</i>	37,291	24,570	22,611	16,620	18,882	18,882	22,792	24,205	25,633
<i>Information Technology</i>	-		7	-	-	-			
<i>Property Services</i>									
<i>Other Admin</i>									
Community and public safety	50,466	58,435	49,772	47,897	49,458	49,458	52,320	55,563	58,842
Community and social services	29,984	35,305	23,192	21,554	20,675	20,675	21,330	22,653	23,989
<i>Libraries and Archives</i>	3,636		3,896	4,425	1,455	1,455			
<i>Museums & Art Galleries etc</i>	-		0	0	(0)	(0)			
<i>Community halls and Facilities</i>	1,968		4,033	4,212	4,222	4,222	3,729	3,960	4,194
<i>Cemeteries & Crematoriums</i>	1,113		2,628	1,957	2,252	2,252	2,356	2,502	2,649
<i>Child Care</i>	-		-	-	-	-			
<i>Aged Care</i>	-		-	-	-	-			
<i>Other Community</i>	23,267	35,305	12,636	10,960	12,745	12,745	15,246	16,191	17,146
<i>Other Social</i>	-		-	-	-	-			
Sport and recreation	10,615	11,592	12,600	12,448	13,412	13,412	14,436	15,331	16,236
Public safety	9,007	10,420	12,759	12,478	13,956	13,956	15,030	15,962	16,904
<i>Police</i>	3,330	10,420	6,097	5,280	5,712	5,712	6,159	6,541	6,927
<i>Fire</i>	5,677		6,663	7,199	8,244	8,244	8,871	9,421	9,977
<i>Civil Defence</i>									
<i>Street Lighting</i>									
<i>Other</i>									
Housing	860	1,118	1,221	1,417	1,416	1,416	1,523	1,618	1,713
Health	-	-	-	-	-	-	-	-	-
<i>Clinics</i>									
<i>Ambulance</i>									
<i>Other</i>									
Economic and environmental services	37,772	129,518	123,513	120,575	123,307	123,307	188,427	173,611	87,395
Planning and development	589	2,355	2,175	1,660	1,704	1,704	1,834	1,947	2,062
<i>Economic Development/Planning</i>	589	2,355	705	5	(0)	(0)	-	-	-
<i>Town Planning/Building</i>	-		1,470	1,655	1,704	1,704	1,834	1,947	2,062
<i>Licensing & Regulation</i>									
Road transport	37,182	127,163	121,338	118,914	121,602	121,602	186,593	171,664	85,333
<i>Roads</i>	37,182	127,163	103,330	103,239	103,919	103,919	166,755	150,595	63,021
<i>Public Buses</i>									
<i>Parking Garages</i>									
<i>Vehicle Licensing and Testing</i>									
<i>Other</i>			18,008	15,676	17,684	17,684	19,838	21,068	22,311
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Pollution Control</i>									
<i>Biodiversity & Landscape</i>									
<i>Other</i>									
Trading services	216,728	248,136	223,905	311,862	318,903	318,903	247,100	336,186	370,091
Electricity	126,181	155,479	164,888	244,859	246,070	246,070	175,267	270,000	300,000
<i>Electricity Distribution</i>	126,181	155,479	164,888	244,859	246,070	246,070	175,267	270,000	300,000
<i>Electricity Generation</i>									
Water	58,102	67,321	26,198	31,353	33,574	33,574	31,275	23,114	24,478
<i>Water Distribution</i>	58,102	67,321	19,701	23,052	25,064	25,064	29,400	21,123	22,369
<i>Water Storage</i>			6,498	8,301	8,510	8,510	1,875	1,991	2,109
Waste water management	13,547	11,423	19,455	20,497	23,375	23,375	24,265	25,769	27,289
<i>Sewerage</i>	13,547	11,423	19,455	20,497	23,375	23,375	24,265	25,769	27,289
<i>Storm Water Management</i>									
<i>Public Toilets</i>									
Waste management	18,897	13,913	13,363	15,153	15,885	15,885	16,293	17,303	18,324
<i>Solid Waste</i>	18,897	13,913	13,363	15,153	15,885	15,885	16,293	17,303	18,324
Other	-	-	-	-	254	254	3	3	4
<i>Air Transport</i>					254	254	3	3	4
<i>Abattoirs</i>									
<i>Tourism</i>									
<i>Forestry</i>									
<i>Markets</i>									
Total Expenditure - Standard	### 607,229	590,268	587,461	668,031	692,399	692,399	707,303	797,486	762,266
Surplus/(Deficit) for the year	(73,592)	(51,246)	(102,915)	(137,219)	(152,116)	(152,116)	(182,668)	(247,917)	(142,943)

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

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Water and Waste water functions and Waste management function but not the Electricity function. This is mainly due to losses experienced on the electricity function; the municipality has action plans in place to address losses in the electricity function.
3. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

Table 15 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote):

FS203 Ngwathe - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote	###									
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Admin		268,547	221,163	219,960	237,804	259,118	259,118	337,005	237,663	254,430
Vote 3 - Planning and Development		158	176	1,598	868	868	868	648	481	509
Vote 4 - Community and Social services		677	931	1,252	883	1,383	1,383	1,439	1,245	1,319
Vote 5 - Housing		-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		935	283	855	1,102	1,102	1,102	352	377	399
Vote 7 - Sports and Recreation		2,020	36	1,520	2,096	2,121	2,121	3,328	3,105	3,142
Vote 8 - Waste Management		25,692	29,084	35,148	37,186	37,186	37,186	29,479	41,267	43,702
Vote 9 - Waste Water Management		30,205	26,002	37,092	41,380	41,380	41,380	31,431	44,438	47,060
Vote 10 - Road Transport		-	17	4	2	2	2	2	2	2
Vote 11 - Water		67,638	134,486	40,411	42,754	42,758	42,758	33,730	51,596	54,641
Vote 12 - Electricity		137,751	126,844	146,707	166,715	155,718	155,718	175,544	171,845	181,976
Vote 13 - Technical Services and PMU		-	-	-	2	2	2	2	2	2
Vote 14 - Airport		15	-	-	20	20	20	-	22	23
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	###	533,638	539,021	484,546	530,811	541,658	541,658	612,960	552,044	587,205
Expenditure by Vote to be appropriated	###									
Vote 1 - Executive and Council		31,382	45,897	43,658	41,255	43,232	43,232	51,072	54,654	57,879
Vote 2 - Finance and Admin		270,881	108,282	146,613	146,443	154,639	154,639	232,616	186,000	190,696
Vote 3 - Planning and Development		589	2,355	2,175	1,660	1,704	1,704	1,793	1,947	2,062
Vote 4 - Community and Social services		29,984	35,305	23,192	21,554	23,124	23,124	21,783	22,653	23,989
Vote 5 - Housing		860	1,118	1,221	1,417	1,416	1,416	1,534	1,618	1,713
Vote 6 - Public Safety		9,007	10,420	12,759	12,478	13,956	13,956	13,119	15,962	16,904
Vote 7 - Sports and Recreation		10,615	11,592	12,600	12,448	13,412	13,412	13,767	15,331	16,236
Vote 8 - Waste Management		18,897	13,913	13,363	15,153	15,785	15,785	15,809	17,303	18,324
Vote 9 - Waste Water Management		13,547	11,423	19,455	20,497	23,375	23,375	22,812	25,769	27,330
Vote 10 - Road Transport		37,182	127,163	103,330	103,239	103,919	103,919	102,097	108,456	24,750
Vote 11 - Water		58,102	67,321	26,198	31,353	33,574	33,574	45,458	41,141	43,568
Vote 12 - Electricity		126,181	155,479	164,888	244,859	246,070	246,070	199,187	287,439	318,468
Vote 13 - Technical Services and PMU		-	-	18,008	15,676	17,684	17,684	17,361	20,537	21,790
Vote 14 - Airport		-	-	-	-	3	3	3	3	4
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	###	607,227	590,268	587,460	668,031	691,892	691,892	738,411	798,814	763,713
Surplus/(Deficit) for the year	###	(73,589)	(51,246)	(102,914)	(137,220)	(150,234)	(150,234)	(125,451)	(246,769)	(176,507)

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

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 16 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure):

FS203 Ngwathe - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source											
Property rates	###	48,723	42,923	61,423	56,633	62,633	62,633	62,633	66,390	70,506	75,019
Property rates - penalties & collection charges		-	-	-	-	-	-	-	85,825	45,000	48,000
Service charges - electricity revenue	###	132,624	117,461	121,739	162,077	151,077	151,077	151,077	175,544	186,427	205,250
Service charges - water revenue	###	67,638	24,347	65,194	42,543	42,543	42,543	42,543	33,630	38,230	54,528
Service charges - sanitation revenue	###	30,205	25,996	33,959	41,343	41,343	41,343	41,343	32,692	32,579	47,020
Service charges - refuse revenue	###	25,692	29,084	32,230	37,186	37,186	37,186	37,186	29,479	41,267	43,702
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		2,291	1,340	1,434	2,477	2,502	2,502	2,502	3,500	3,500	3,560
Interest earned - external investments		21,443	2,027	756	1,858	1,858	1,858	1,858	2,000	2,100	2,100
Interest earned - outstanding debtors		-	26,419	34,276	12,645	26,645	26,645	26,645	10,000	3,186	3,374
Dividends received		-	4	16	7	7	7	7	8	8	-
Fines		1,097	828	906	3,846	3,851	3,851	3,851	1,200	1	1
Licences and permits		-	-	-	1	1	1	1	1	1	1
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		156,259	152,873	120,868	162,761	162,761	162,761	162,761	161,827	164,934	177,539
Other revenue	###	1,728	1,314	2,071	7,434	9,257	9,257	9,257	10,865	5,556	5,880
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		487,698	424,616	474,871	530,811	541,665	541,665	541,665	612,960	593,294	665,972
Expenditure By Type											
Employee related costs	###	177,184	173,160	179,108	156,859	155,184	155,184	155,184	159,559	189,052	200,206
Remuneration of councillors		9,047	10,176	10,711	11,073	12,781	12,781	12,781	11,500	14,579	15,439
Debt impairment	###	59,461	32,738	65,370	42,320	59,320	59,320	59,320	86,512	47,910	50,737
Depreciation & asset impairment	###	97,195	320,977	72,048	95,000	78,000	78,000	78,000	90,000	95,000	10,500
Finance charges		3,274	37,923	58,711	1,000	1,000	1,000	1,000	72,000	60,000	58,000
Bulk purchases	###	128,866	149,277	162,495	248,614	248,614	248,614	248,614	204,667	291,123	322,369
Other materials	###	5,964	7,217	9,185	9,500	11,000	11,000	11,000	12,000	12,744	13,496
Contracted services		8,507	4,480	2,520	16,260	17,300	17,300	17,300	26,045	22,878	23,390
Transfers and grants		-	10,592	80,358	44,879	44,879	44,879	44,879	-	-	-
Other expenditure	4, 5	117,732	129,842	199,683	42,527	51,230	51,230	51,230	76,127	65,528	69,534
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Expenditure		607,229	876,384	840,189	668,032	679,309	679,309	679,309	738,411	798,814	763,672
Surplus/(Deficit)		(119,531)	(451,767)	(365,318)	(137,220)	(137,644)	(137,644)	(137,644)	(125,451)	(205,519)	(97,700)
Transfers recognised - capital		45,939	85,751	71,452	43,637	93,637	93,637	93,637	64,920	92,396	133,217
Contributions recognised - capital	###	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(73,592)	(366,017)	(293,865)	(93,583)	(44,007)	(44,007)	(44,007)	(60,531)	(113,123)	35,517
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(73,592)	(366,017)	(293,865)	(93,583)	(44,007)	(44,007)	(44,007)	(60,531)	(113,123)	35,517
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(73,592)	(366,017)	(293,865)	(93,583)	(44,007)	(44,007)	(44,007)	(60,531)	(113,123)	35,517
Share of surplus/ (deficit) of associate	###	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		(73,592)	(366,017)	(293,865)	(93,583)	(44,007)	(44,007)	(44,007)	(60,531)	(113,123)	35,517

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

1. Total revenue is R612 million in 2016/17 and decreases to R593 million by 2017/18. Revenue to be generated from property rates is R66.4 million in the 2016/17 financial year and increases to R70.1 million by 2017/18. It remains relatively constant over the medium-term and tariff increases have been factored in at 6 per cent for each of the respective financial years of the MTREF.
2. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R337 million for the 2016/17 financial year and increasing to R288 million by 2017/18. For the 2016/17 financial year services charges amount to 48 per cent of the total revenue base. This growth can mainly be attributed to the increase in the bulk prices of electricity and water and increase on collection rate.
3. Transfers recognised – operating includes the local government equitable share and other operating grants from national government as gazetted.
4. Bulk purchases have significantly increased over the 2011/12 to 2016/17 period escalating from R114.1 million to R204 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from Rand Water.
5. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 17 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source:

FS203 Ngwathe - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	###										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	###										
Vote 1 - Executive and Council		-	2,672	-	-	-	-	-	-	-	-
Vote 2 - Finance and Admin		-	3,920	-	-	-	-	-	-	-	-
Vote 3 - Planning and Development		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 7 - Sports and Recreation		-	-	-	-	-	-	-	-	-	-
Vote 8 - Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 9 - Waste Water Management		-	-	-	-	-	-	-	-	-	-
Vote 10 - Road Transport		-	-	-	-	-	-	-	-	-	-
Vote 11 - Water		-	-	-	-	-	-	-	-	-	-
Vote 12 - Electricity		-	-	-	-	-	-	-	-	-	-
Vote 13 - Technical Services and PMU		-	-	-	-	-	-	-	-	-	-
Vote 14 - Airport		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	###	-	6,593	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	###										
Vote 1 - Executive and Council		1,342	-	1,500	-	-	-	-	-	-	-
Vote 2 - Finance and Admin		-	-	1,000	-	-	-	-	-	-	-
Vote 3 - Planning and Development		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social services		-	-	-	10,528	9,013	9,013	9,013	-	8,929	20,505
Vote 5 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		-	-	3,910	-	-	-	-	-	-	-
Vote 7 - Sports and Recreation		-	-	8,488	13,837	8,790	8,790	8,790	1,886	279	1,200
Vote 8 - Waste Management		-	-	650	-	-	-	-	1,312	13,096	16,053
Vote 9 - Waste Water Management		-	-	13,218	3,999	10,804	10,804	10,804	816	25,000	37,600
Vote 10 - Road Transport		-	-	5,511	6,811	13,526	13,526	13,526	4,346	2,966	3,686
Vote 11 - Water		-	-	17,440	3,430	45,166	45,166	45,166	39,140	36,017	42,950
Vote 12 - Electricity		-	-	13,960	3,000	10,600	10,600	10,600	15,282	4,026	9,028
Vote 13 - Technical Services and PMU		-	-	1,994	2,032	2,039	2,039	2,039	2,109	2,109	2,224
Vote 14 - Airport		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		1,342	-	67,672	43,637	99,937	99,937	99,937	64,891	92,422	133,245
Total Capital Expenditure - Vote		1,342	6,593	67,672	43,637	99,937	99,937	99,937	64,891	92,422	133,245
Capital Expenditure - Standard											
Governance and administration		1,342	6,593	2,500	-	-	-	-	-	-	-
Executive and council		1,342	2,672	1,500	-	-	-	-	-	-	-
Budget and treasury office		-	3,920	1,000	-	-	-	-	-	-	-
Corporate services		-	-	-	-	-	-	-	-	-	-
Community and public safety		-	4,670	12,398	24,365	24,365	24,365	24,365	1,939	9,208	21,705
Community and social services		-	-	-	10,528	10,528	10,528	10,528	53	8,929	20,505
Sport and recreation		-	4,670	8,488	13,837	13,837	13,837	13,837	1,886	279	1,200
Public safety		-	-	3,910	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	2,849	5,511	6,811	6,811	6,811	6,811	4,346	2,966	3,686
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		-	2,849	5,511	6,811	6,811	6,811	6,811	4,346	2,966	3,686
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	46,954	45,269	10,429	56,729	56,729	56,729	56,526	78,139	105,631
Electricity		-	-	13,960	3,000	5,600	5,600	5,600	15,282	4,026	9,028
Water		-	13,170	17,440	3,430	43,430	43,430	43,430	39,140	36,017	42,950
Waste water management		-	33,785	13,218	3,999	7,699	7,699	7,699	816	25,000	37,600
Waste management		-	-	650	-	-	-	-	1,288	13,096	16,053
Other		-	-	1,994	2,032	2,032	2,032	2,032	2,109	2,109	2,224
Total Capital Expenditure - Standard	###	1,342	61,066	67,672	43,637	89,937	89,937	89,937	64,920	92,422	133,245
Funded by:											
National Government		-	56,802	47,252	43,637	83,637	83,637	83,637	64,920	92,422	133,245
Provincial Government		-	-	-	-	10,000	10,000	10,000	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	###	-	56,802	47,252	43,637	93,637	93,637	93,637	64,920	92,422	133,245
Public contributions & donations	###										
Borrowing	###										
Internally generated funds	###	1,342	4,264	20,420	-	6,300	6,300	6,300	-	-	-
Total Capital Funding	###	1,342	61,066	67,672	43,637	99,937	99,937	99,937	64,920	92,422	133,245

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

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at R99, 7million for the 2015/16 financial year and R64, 9 million in the 2016/17 financial year.
4. The capital programme is funded from capital grants and transfers and capital funded internally will be done as the funds are available.

Table 18 MBRR Table A6 - Budgeted Financial Position

FS203 Ngwathe - Table A6 Budgeted Financial Position

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
ASSETS											
Current assets											
Cash		46,747	7,883	2,364	7,990	7,990	7,990	7,990			
Call investment deposits	###	431	93	721	202,301	202,301	202,301	202,301	205,255	206,839	219,249
Consumer debtors	###	140,451	29,670	39,174	690,232	690,232	690,232	690,232	675,854	744,418	773,284
Other debtors		171,751	15,274	20,116	-	-	-	-			
Current portion of long-term receivables		6,407	9,296	14,999	-	-	-	-			
Inventory	###	504	554	557	-	-	-	-			
Total current assets		366,290	62,769	77,930	900,523	900,523	900,523	900,523	881,109	951,257	992,534
Non current assets											
Long-term receivables					-	-	-	-			
Investments		809	1,418	1,501	1,242	1,242	1,242	1,242	800		
Investment property		152,718	144,478	154,580	152,718	152,718	152,718	152,718	152,718	152,718	152,718
Investment in Associate					-	-	-	-			
Property, plant and equipment	###	1,135,042	814,335	807,493	1,075,131	1,075,131	1,075,131	1,075,131	1,631,053	1,153,321	1,246,956
Agricultural											
Biological											
Intangible			1,321	1,321							
Other non-current assets											
Total non current assets		1,288,569	961,552	964,896	1,229,091	1,229,091	1,229,091	1,229,091	1,784,571	1,306,039	1,399,674
TOTAL ASSETS		1,654,859	1,024,322	1,042,826	2,129,614	2,129,614	2,129,614	2,129,614	2,665,680	2,257,296	2,392,208
LIABILITIES											
Current liabilities											
Bank overdraft	###	95	1,137	-	-	418,244					
Borrowing	###	-	3,539	2,745	2,200	2,200	2,200	2,200	2,200	2,200	2,200
Consumer deposits		4,077	4,952	5,513	-						
Trade and other payables	###	295,724	382,046	545,247	240,092	240,092	240,092	240,092	580,000	-	-
Provisions		37,556	58,080	194,123							
Total current liabilities		337,452	449,754	747,627	242,292	660,536	242,292	242,292	582,200	2,200	2,200
Non current liabilities											
Borrowing		15,920	7,501	4,757	1,777	1,777	1,777	1,777	1,200	-	-
Provisions		66,582	65,420	66,500	38,275	38,275	38,275	38,275	-	-	-
Total non current liabilities		82,502	72,921	71,256	40,052	40,052	40,052	40,052	1,200	-	-
TOTAL LIABILITIES		419,953	522,675	818,883	282,344	700,587	282,344	282,344	583,400	2,200	2,200
NET ASSETS	###	1,234,906	501,647	223,943	1,847,270	1,429,027	1,847,270	1,847,270	2,082,280	2,255,096	2,390,008
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		1,234,906	501,647	223,943	1,847,270	1,429,027	1,847,270	1,847,270	2,180,610	2,255,096	2,390,008
Reserves	###	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	###	1,234,906	501,647	223,943	1,847,270	1,429,027	1,847,270	1,847,270	2,180,610	2,255,096	2,390,008

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 19 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 19 MBRR Table A7 - Budgeted Cash Flow Statement:

FS203 Ngwathe - Table A7 Budgeted Cash Flows

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		32,063	31,428	39,820	45,307	45,307	45,307	45,307	59,460	50,218	53,181
Service charges		191,563	230,299	202,101	206,811	191,846	191,846	191,846	277,054	216,191	228,946
Other revenue		5,007	-	-	11,823	48,804	48,804	48,804	15,264	4,894	5,183
Government - operating	###	157,198	122,879	115,230	162,761	190,606	190,606	190,606	161,827	171,860	182,000
Government - capital	###	45,939	85,751	71,529	43,637	93,637	93,637	93,637	64,920	92,422	133,245
Interest		21,443	28,446	35,032	4,371	4,721	4,721	4,721	5,000	24,548	25,996
Dividends		-	-	-	7	7	7	7	8	8	9
Payments											
Suppliers and employees		(429,748)	(436,693)	(341,381)	(469,971)	(422,471)	(422,471)	(422,471)	(463,296)	(650,416)	(688,791)
Finance charges		(3,274)	(37,487)	(54,626)	(1,000)	(1,000)	(1,000)	(1,000)	(30,000)	(903)	(956)
Transfers and Grants	###	-	-	-	(40,761)	-	-	-	-	(40,512)	(42,903)
NET CASH FROM/(USED) OPERATING ACTIVITIES		20,191	24,624	67,704	(37,015)	151,458	151,458	151,458	90,237	(131,689)	(104,089)
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		(65)	(883)	(1,113)	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	25,000	25,000	25,000	25,000	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	(178)	(83)	-	-	-	-	-	-	-
Payments											
Capital assets		103,582	(58,497)	(66,723)	(75,647)	(75,647)	(75,647)	(75,647)	(64,920)	(92,422)	(133,245)
NET CASH FROM/(USED) INVESTING ACTIVITIES		103,517	(58,559)	(67,919)	(50,647)	(50,647)	(50,647)	(50,647)	(64,920)	(92,422)	(133,245)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(106,955)	(4,879)	(3,539)	(2,200)	(2,200)	(2,200)	(2,200)	(2,880)	(1,800)	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(106,955)	(4,879)	(3,539)	(2,200)	(2,200)	(2,200)	(2,200)	(2,880)	(1,800)	-
NET INCREASE/ (DECREASE) IN CASH HELD		16,753	(39,814)	(3,754)	(89,862)	98,611	98,611	98,611	22,437	(225,911)	(237,334)
Cash/cash equivalents at the year begin:	###	29,900	46,653	6,839	35,785	5,000	5,000	5,000	5,000	27,437	(198,474)
Cash/cash equivalents at the year end:	###	46,653	6,839	3,085	(54,077)	103,611	103,611	103,611	27,437	(198,474)	(435,808)

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 Municipality decrease significantly over the 2015/16 MTREF.
4. The collection amounting to R85mil is included in the cash inflow which equals to 20% of the total Debt

Table 20 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation:

FS203 Ngwathe - 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	###	46,653	6,839	3,085	(54,077)	103,611	98,611	98,611	(14,565)	(81,522)	(147,650)
Other current investments > 90 days		431	-	0	264,369	(311,563)	111,681	111,681	219,820	288,361	366,899
Non current assets - Investments	###	809	1,418	1,501	1,242	1,242	1,242	1,242	-	-	-
Cash and investments available:		47,893	8,257	4,586	211,533	(206,711)	211,533	211,533	205,255	206,839	219,249
Application of cash and investments											
Unspent conditional transfers		35,632	5,638	76	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	###										
Other working capital requirements	###	29,832	332,795	504,564	(257,417)	(283,401)	(283,401)	(283,401)	(615,381)	(640,219)	(612,729)
Other provisions											
Long term investments committed	###	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	###										
Total Application of cash and investments:		65,464	338,433	504,641	(257,417)	(283,401)	(283,401)	(283,401)	(615,381)	(640,219)	(612,729)
Surplus(shortfall)		(17,571)	(330,176)	(500,054)	468,950	76,690	494,934	494,934	820,636	847,058	831,978

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".

Table 21 MBRR Table A9 - Asset Management

FS203 Ngwathe - Table A9 Asset Management

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	1,342	-	48,666	57,522	-	-	56,000	53,000	-
Infrastructure - Road transport		-	-	-	1,066	-	-	-	-	-
Infrastructure - Electricity		-	-	13,960	10,922	-	-	21,000	18,000	-
Infrastructure - Water		-	-	9,815	1,650	-	-	30,000	30,000	-
Infrastructure - Sanitation		-	-	7,618	-	-	-	5,000	5,000	-
Infrastructure - Other		-	-	650	7,900	-	-	-	-	-
Infrastructure		-	-	32,043	21,537	-	-	56,000	53,000	-
Community		-	-	10,213	30,725	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	1,342	-	6,410	5,260	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	19,007	18,125	-	-	49,000	55,000	-
Infrastructure - Road transport		-	-	5,511	-	-	-	5,000	11,000	-
Infrastructure - Electricity		-	-	-	-	-	-	11,000	11,000	-
Infrastructure - Water		-	-	7,626	13,325	-	-	11,000	11,000	-
Infrastructure - Sanitation		-	-	5,600	4,800	-	-	11,000	11,000	-
Infrastructure - Other		-	-	-	-	-	-	6,000	6,000	-
Infrastructure		-	-	18,737	18,125	-	-	44,000	50,000	-
Community		-	-	270	-	-	-	5,000	5,000	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	-	-	5,511	1,066	-	-	5,000	11,000	-
Infrastructure - Road transport		-	-	13,960	10,922	-	-	32,000	29,000	-
Infrastructure - Electricity		-	-	17,440	14,975	-	-	41,000	41,000	-
Infrastructure - Water		-	-	13,218	4,800	-	-	16,000	16,000	-
Infrastructure - Sanitation		-	-	650	7,900	-	-	6,000	6,000	-
Infrastructure - Other		-	-	50,780	39,662	-	-	100,000	103,000	-
Infrastructure		-	-	10,483	30,725	-	-	5,000	5,000	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		1,342	-	6,410	5,260	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	1,342	-	67,672	75,647	-	-	105,000	108,000	-
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport										
Infrastructure - Electricity										
Infrastructure - Water										
Infrastructure - Sanitation										
Infrastructure - Other										
Infrastructure										
Community										
Heritage assets										
Investment properties		152,718	144,478	154,580	152,718	152,718	152,718	152,718	152,718	152,718
Other assets										
Agricultural Assets										
Biological assets										
Intangibles			1,321	1,321						
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	152,718	145,799	155,901	152,718	152,718	152,718	152,718	152,718	152,718
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		97,195	320,977	72,048	95,000	95,000	95,000	120,000	127,440	134,959
Repairs and Maintenance by Asset Class	3	20,977	-	14,400	14,300	15,238	15,238	17,500	18,585	19,682
Infrastructure - Road transport		1,859	-	1,550	500	550	550	750	797	843
Infrastructure - Electricity		3,574	-	2,100	600	700	700	1,500	1,593	1,687
Infrastructure - Water		1,731	-	1,000	1,000	1,200	1,200	2,000	2,124	2,249
Infrastructure - Sanitation		2,596	-	600	600	700	700	750	797	843
Infrastructure - Other		3,079	-	250	650	900	900	1,300	1,381	1,462
Infrastructure		12,838	-	5,500	3,350	4,050	4,050	6,300	6,691	7,085
Community		1,690	-	1,570	500	328	328	1,250	1,328	1,406
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	6,449	-	7,330	10,450	10,860	10,860	9,950	10,567	11,190
TOTAL EXPENDITURE OTHER ITEMS		118,172	320,977	86,448	109,300	110,238	110,238	137,500	146,025	154,647
Renewal of Existing Assets as % of total capex		0.0%	0.0%	28.1%	24.0%	0.0%	0.0%	46.7%	50.9%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	26.4%	19.1%	0.0%	0.0%	40.8%	43.2%	0.0%
R&M as a % of PPE		1.8%	0.0%	1.8%	1.3%	1.4%	1.4%	1.5%	1.5%	1.5%
Renewal and R&M as a % of PPE		14.0%	0.0%	21.0%	21.0%	10.0%	10.0%	44.0%	48.0%	13.0%

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.

Table 22 MBRR Table A10 - Basic Service Delivery Measurement

FS203 Ngwathe - Table A10 Basic service delivery measurement

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Household service targets	###									
Water:										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	###	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	###	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	###	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	###	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	###	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	###	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	###	-	-	-	-	-	-	-	-	-
Refuse:										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	###	-	-	-	-	-	-	-	-	-
Households receiving Free Basic Service	###									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)	###									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided		-	-	-	-	-	-	-	-	-
Highest level of free service provided per household										
Property rates (R value threshold)		-	42,000	25,000	30,000	30,000	30,000	30,000		
Water (kilolitres per household per month)		6	6	6	6	6	6	6		
Sanitation (kilolitres per household per month)		6	6	6	6	6	6	6		
Sanitation (Rand per household per month)		-	-	-	-	-	-	-		
Electricity (kwh per household per month)		55	50	50	50	50	50	50		
Refuse (average litres per week)		-	-	-	-	-	-	-		
Revenue cost of subsidised services provided (R'000)	###									
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		28,965	31,931	39,255	-	-	-	44,376	44,376	47,127
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates										
Housing - top structure subsidies	###									
Other										
Total revenue cost of subsidised services provided		28,965	31,931	39,255	-	-	-	44,376	44,376	47,127

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The budget provides for about 15 000 households to be registered as indigent in 2015/16, and therefore entitled to receiving Free Basic Services. The number is set to remain constant and hopefully decline by the end of the 2017/18 financial year with the implementation of the Indigent exit strategy.
3. It is anticipated that these Free Basic Services will cost the municipality R49. million in 2016/17, increasing to R53. million in 2017/18. This is covered by the municipality's equitable share allocation from national government.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

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

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

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

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

2.1.1 Budget Process Overview

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

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The IDP Process Plan was table in Council on the 29th of October 2015 and the Budget Time Schedule. The review of the IDP was noted by Council on the 14th April 2016.

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

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, an

During the compilation of the 2016/17 MTREF, each department/function (at strategic planning session) had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year performance against the 2015/16 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detailed operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation, 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:

- Municipal growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt)
- Performance trends
- The 2015/16 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 70, 72 and 74 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The draft 2016/17 MTREF was tabled before Council on 29 April 2016 for community consultation was published on the municipality's website, and hard copies were made available at Municipal offices and notice boards.

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

For the draft 2016/17 MTREF budget and IDP, the planned public participation schedule is as follows:



Mayor: Cllr MJ Mochela

Speaker: Cllr RP Ndayi

PUBLIC PARTICIPATION NOTICE: IDP & BUDGET

The Mayor of Ngwathe Local municipality, Cllr Joey Mochela is in terms of the provisions of the Local Government: Municipal Finance Management Act read together with the Local Government: Municipal systems Act 32 of 2000 is extending the invitation to the members of the Community.

Public participation Process will be commencing according to the following schedule and all the key stakeholders of the public are encouraged to attend the meetings in their respective wards.

Date	Town	Ward	Venue	Ward Councillor	Time
04/05/2016 Wednesday	HEILBRON	03	Phiritona Hall	Cllr P Ndayi	16h30
		05	Piano Sports Ground	Cllr M Radebe	16h30
	PARYS	09	Ntshwephepa School	Cllr S Mbele	16h30
		14	Aha –Setjhaba Primary School	Cllr V De Beer	16h30
05/05/2016 Thursday	KOPPIES	02	Kwakwatsi Hall	Cllr M Masooa	16h30
	HEILBRON	04	Ke Arabetswe School	Cllr M Mofokeng	16h30
		07	Billy Open Space	Cllr S Mvulane	16h30
	PARYS	06	Boitlamo Secondary School	Cllr N Ndlovu	16h30
		08		Cllr TL Vandisi	
12	Lembede Sports Ground	Cllr D Modiko	16h30		
10/05/2016 Tuesday	HEILBRON	01	Ha Tjope Open Space	Cllr S Mthimkulu	16h30
				Cllr C De Jager	
	PARYS	11	Malindi Open Space	Cllr E Sothoane	16h30
	VREDEFORT	15	Kings Motel	Cllr M Mehlo	16h30
	KOPPIES	17	Re batlaThuto Hall	Cllr P Choni	16h30
11/05/2016	PARYS	09	Barnard Molokoane Sec. School	Cllr S Mbele	16h30

Wednesday		10	Winnie Open Space	Cllr M Mofokeng	16h30
	VREDEFORT	16	Mapetla Open Space	Cllr K Khumalo	16h30
	EDENVILLE	19	NG Kerk	Cllr M Ramabitsa	16h30
	VREDEFORT	20	Montoeli Hall	Cllr Ranthako	16h30
12/05/2016	PARYS	12	Mosepedi Hall	Cllr D Modiko	16h30
Thursday		14	Schonkeville Hall	Cllr V De Beer	16h30
		13	Parys Town Hall	Cllr S Vermaak	16h30
		18		Cllr S De Jager	

The draft documents will be available from the 06th of May 2016 in all Municipal offices, libraries as well as the municipal [website: ngwathe.fs.gov.za](http://ngwathe.fs.gov.za), inputs or comments may be submitted at the above areas or alternatively e- mailed to the below mentioned addresses.

People who cannot read or write are advised to visit the Municipal Offices for assistance with transcribing

Enquiries can be directed to:

Office of the CFO: N Samyala
Tel: 056 816 2700
Email: samyala@ngwathe.co.za

Puseletso Ndhlovu
IDP/PMS OFFICE
Email: puseletsom@ngwathe.co.za
Tel: 056 816 2700

L. Lepele
ACTING BUDGET ASSISTANT MANAGER
mpindo@ngwathe.co.za
Tel: 056 816 2700

Trusting you find the above in order.

PS TSEKEDI

Acting Municipal Manager

2.2 Overview of alignment of annual budget with IDP

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

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

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

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

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

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

- Green Paper on National Strategic Planning of 2009;
- Provincial Growth and Development Strategy (FSGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- National Development Priorities;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its

IDP. The following table highlights the IDP's six strategic objectives for the 2015/16 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 25 IDP Strategic Objectives

2016/17 MTREF	
1.	Improve service delivery and infrastructure development
2.	Improvement of public participation and good governance
3.	Improve institutional development and transformation
4.	Financial Viability
5.	Local economic development
6.	Spatial Planning

The 2015/16 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 23 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

FS203 Ngwathe - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand												
Improve service delivery and infrastructure development	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance			266,458	225,748	303,502	278,634	278,634	278,634	252,708	261,450	279,749
Improvement of public participation and good governance	Promote a culture of participatory and good governance.			-	5,355	-	-	-	-			
Improve institutional development and transformation	Improve organisational cohesion and effectiveness			2,983	3,168	3,036	4,105	4,105	4,105	4,376	4,647	4,921
Financial Viability	To improve overall financial management in municipalities by developing and implementing appropriate financial management policies, procedures and systems.			264,037	197,380	220,803	270,941	270,941	270,941	265,360	281,146	332,188
Local economic development	Create an environment that promotes development of the local economy and facilitate job creation.			158	54	1,528	2,055	2,055	2,055	2,191	2,327	2,464
Allocations to other priorities			###									
Total Revenue (excluding capital transfers and contributions)			###	533,636	431,704	528,868	555,735	555,735	555,735	524,635	549,569	619,322

Table 24 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure:

FS203 Ngwathe - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand													
Improve service delivery and infrastructure development	Eradicate backlogs in order to improve access to services and ensure proper operations			331,968	241,192	344,414	394,015	394,015	394,015	427,246	500,906	447,298	
Improvement of public participation and good governance	Promote a culture of participatory and good governance.			51,833	38,256	45,280	48,084	48,084	48,084	51,258	54,282	57,647	
Improve institutional development and transformation	Improve organisational cohesion and effectiveness			91,423	60,347	70,857	27,946	27,946	27,946	29,790	31,548	33,504	
Financial Viability	To improve overall financial management in municipalities by developing and			119,275	95,512	122,628	183,495	183,495	183,495	195,606	207,146	219,989	
Local economic development	Create an environment that promotes development of the local economy and facilitate			9,255	2,605	4,282	3,192	3,192	3,192	3,403	3,603	3,827	
Allocations to other priorities													
Total Expenditure				###	603,754	437,912	587,461	656,732	656,732	656,732	707,303	797,486	762,266

Table 25 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

FS203 Ngwathe - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Improve service delivery and infrastructure development	Eradicate backlogs in order to improve access to services and ensure proper operations	A			89,289	44,021	38,596	38,596	38,596	41,143	43,571	46,272
Improvement of public participation and good governance	Promote a culture of participatory and good governance.	B		-	-	3,000	5,000	5,000	5,000	5,330	5,644	5,994
Improve institutional development and transformation	Improve organisational cohesion and effectiveness	C		-	-	17,670	30,725	30,725	30,725	2,753	34,685	36,836
Financial Viability	To improve overall financial management in municipalities by developing and	D		-	-	2,000	260	260	260	277	294	312
Local economic development	Create an environment that promotes development of the local economy and facilitate	E		-	-	-	1,066	1,066	1,066	1,136	1,203	1,278
		F								14,280	7,025	42,553
		G										
		H										
		I										
		J										
		K										
		L										
		M										
		N										
		O										
		P										
Allocations to other priorities			###									
Total Capital Expenditure			###	-	89,289	67,672	75,647	75,647	75,647	64,920	92,422	133,245

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

The social package assists residents that have difficulty in paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality.

For the 2015/16 financial year approximately 9 500 registered indigents have been provided for in the budget, the municipality envisages that the number of indigents will remain constant over the MTREF and hopefully decrease in line with the municipality's indigent exit strategy which is directly influenced by the local economic development strategy in place. In terms of the Municipality's 2016/17 indigent policy an indigent is determined in terms of the total monthly household income of R3 100. These are mainly to ensure that two (2) pensioners are covered and receive 100% rebate. Registered households are entitled to 6kl free water, 50 kWh of electricity, sanitation and free waste removal at least once a week, as well as full discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 23 MBRR A10 (Basic Service Delivery Measurement).

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc.) are not taken into account in the table noted above.

2.3 Overview of budget related-policies

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

2.3.1 Review of credit control and debt collection procedures/policies

The Credit control and Debt Collection Policy as approved by Council in May 2015 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate.

The lack of credible procedure manuals has necessitated management to develop such procedure manuals.

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

The 2016/17 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 70 per cent on current billings, whilst the municipality undertakes an in depth

data cleansing exercise. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels.

2.3.2 Budget Policy

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

2.3.3 Supply Chain Management Policy

An amended policy that is fully aligned to the MFMA and SCM regulations will be considered by Council in May 2016.

2.3.4 Budget and Virement Policy

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

2.3.5 Cash Management and Investment Policy

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

2.3.6 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery.

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

- Property Rates Policy;
- Banking and investment Policy;
- Bad Debts Policy;
- Subsistence and travelling Policy;
- Funding and Reserves Policy;
- Borrowing Policy; and
- Basic Social Services Package (Indigent Policy).

Following the review of the current year budget related policies, the following amendments are proposed;

1. Credit Control and Debt Collection Policy

N O.	Policy Page No	Proposed Amendments on the Policy
1.		<p>Added –</p> <ul style="list-style-type: none"> ○ The Council may allow a period of payment in excess from 24 months to 12 months for the payment of arrears to be within the current financial year , and arrears exceeding the current financial year should not exceeding a period from 60 months to 24 months ○ Any illegal connection of water or electricity which, in the opinion of the Council, is dangerous or constitutes a contravention of any applicable law, including the common law; a consumer will be instituted with a fine notice and electricity will be disconnected immediately, cable will be removed and criminal charges will be opened against the consumer. ○ Any connection date between the 1st and 15th of the month will be levied for a full month whilst any connection date after the 15th of the month will only be levied from the 1st of the following month ○ The municipality will not consider an application for the provision of municipal services by a tenant of a residential property, or any other person who is not the owner of the property, as the municipality will be consolidating all the tenants' accounts to owner's account and it exclude: <ul style="list-style-type: none"> - Business - Government - Special indigents cases - Body Corporate ○ If any calculation, reading or metering error is discovered in respect of any account rendered to a customer:- <ul style="list-style-type: none"> - any such correction in favour of Council may apply in respect of an account from a date no more than three calendar years back from the date on which the error on the account was discovered ○ Amounts tendered for the purchase of prepayment electricity and water will not be refunded after the prepayment meter voucher has been produced. ○ On request of the customer, copies of the previous prepayment meter vouchers will be produced. Lost vouchers will not be replaced under any circumstances. ○ Credits remaining in the prepayment meter will not be refunded when a premises is vacated by a customer or in case of purchasing against a wrong account. ○ The Municipality may appoint vendors for the sale of prepaid electricity and water but does not guarantee the continued operation of any vendor. ○ The Municipality may apply all the debt collection functions available on the prepayment system to collect all arrear debt on the account of the customer. ○ Deposits/credits that are not claimed for a period exceeding three years
11		

12		will be written off and may not be claimed after the write-off							
13		<ul style="list-style-type: none"> ○ Customers can, for reasons of non-accessibility to their properties by meter readers, provide the Municipality with monthly meter readings for billing purposes, provided that an audit reading can be obtained by the Municipality once every six months and provided that a final reading can be obtained should the customer vacate the property 							
14		<ul style="list-style-type: none"> ○ Any illegal connection of water or electricity which, in the opinion of the Council, is dangerous or constitutes a contravention of any applicable law, including the common law; a consumer will be instituted with a fine notice and electricity will be disconnected immediately, cable will be removed and criminal charges will be opened against the consumer. 							
15		<ul style="list-style-type: none"> ○ any disbursements, penalties or reconnection charges, together with any outstanding amounts owed in respect of rates or municipal services, must be paid in full before a reconnection can be made 							
16		<ul style="list-style-type: none"> ○ Any customer already handed over to a debt collector or attorney is not allowed to make any arrangement with the Municipality for the payment of such an account and must be referred to the relevant debt collector or attorney attending to the account handed over. 							
16		<ul style="list-style-type: none"> ○ Arrangement will made as follows: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Household Income Per Annum</th> <th style="text-align: left;">% before arrangement</th> </tr> </thead> <tbody> <tr> <td>R33 841 – R58 000</td> <td>10% on the Total Arrears</td> </tr> <tr> <td>R58 001 – R93 000</td> <td>15% on the Total Arrears</td> </tr> <tr> <td>R93 001 – Up wards</td> <td>25% on the Total Arrears</td> </tr> </tbody> </table>	Household Income Per Annum	% before arrangement	R33 841 – R58 000	10% on the Total Arrears	R58 001 – R93 000	15% on the Total Arrears	R93 001 – Up wards
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R58 001 – R93 000	15% on the Total Arrears								
R93 001 – Up wards	25% on the Total Arrears								
		<ul style="list-style-type: none"> ○ A written agreement for the outstanding balance of the current financial year must be entered into for a period of 12 months which is within the current financial year or less. The previous financial years debt must be settle within 36 months from the date of the contract. ○ If the first contract is dishonoured then, pay 25% on the total debt and arrange to pay off arrears within 24 months. ○ If the second contract is dishonoured then, pay 50% on the total debt and arrange to pay off arrears within 24 months. 							

		<p>Councillors and Staff arrears Where officials are residing and owing the high amount of arrears the following will be used as the sliding scale to pay off the arrear account even if officials refuse to sign the stop order:</p> <table border="1" data-bbox="479 310 1445 940"> <thead> <tr> <th>Arrear Amount</th> <th>No of Months to Settle the Arrear Debt</th> </tr> </thead> <tbody> <tr> <td>R0 – R500</td> <td>1 month</td> </tr> <tr> <td>R501 - R1 000</td> <td>2 Months</td> </tr> <tr> <td>R1 001 – R2 000</td> <td>4 Months</td> </tr> <tr> <td>R2 001 – R4 000</td> <td>9 Months</td> </tr> <tr> <td>R4 001 – R6 000</td> <td>12 Months</td> </tr> <tr> <td>R6 001 – R8 000</td> <td>18 Months</td> </tr> <tr> <td>R8 001 and above</td> <td>24 Months</td> </tr> </tbody> </table> <p>○ where Councilors are staying and owing the high amount of arrears the following will be used as the sliding scale to pay off the arrear account even if Councilors refuse to sign the stop order:</p> <table border="1" data-bbox="479 1150 1445 1669"> <thead> <tr> <th>Arrear Amount</th> <th>No of Months to Settle the Arrear Debt</th> </tr> </thead> <tbody> <tr> <td>R0 – R600</td> <td>1 month</td> </tr> <tr> <td>R601 - R1 500</td> <td>2 Months</td> </tr> <tr> <td>R1 501 – R2 500</td> <td>3 Months</td> </tr> <tr> <td>R2 501 – R7 000</td> <td>9 Months</td> </tr> <tr> <td>R7 001 – R9 000</td> <td>12 Months</td> </tr> <tr> <td>R9 001 and above</td> <td>18 Months</td> </tr> </tbody> </table>	Arrear Amount	No of Months to Settle the Arrear Debt	R0 – R500	1 month	R501 - R1 000	2 Months	R1 001 – R2 000	4 Months	R2 001 – R4 000	9 Months	R4 001 – R6 000	12 Months	R6 001 – R8 000	18 Months	R8 001 and above	24 Months	Arrear Amount	No of Months to Settle the Arrear Debt	R0 – R600	1 month	R601 - R1 500	2 Months	R1 501 – R2 500	3 Months	R2 501 – R7 000	9 Months	R7 001 – R9 000	12 Months	R9 001 and above	18 Months
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R9 001 and above	18 Months																															

2. Indigent Policy

NO.	Policy Page No	Amendments on the Policy
1.		<ul style="list-style-type: none"> ○ ONLY ONE CATEGORY A : R0 – R3 100(Full Rebate on account)
2.		<ul style="list-style-type: none"> ○ The applicant whose total monthly household exceed the threshold but the circumstances are such that the applicant is not able to pay for services (eg. When the applicant uses most of the monthly income towards payment of medication) may apply. Their applications will be treated as special case on merit and will be considered by the Accounting Officer and Chief Financial Officer
3.		<ul style="list-style-type: none"> ○ Unused free electricity token or units will not be carried over to the next month. Any meter tampering will result in the subsidization to be withdrawn immediately
4.		<ul style="list-style-type: none"> ○ In the event of the death of a member of a registered indigent household, the Municipality will exempt the household from the cost of digging and preparation of a grave, provided that the burial takes place in a municipal cemetery. Such application must be accompanied by a certified copy of the Death Certificate, Burial Order and a sworn affidavit regarding the relationship of the applicant.
5.		<ul style="list-style-type: none"> ○ If applications received within any year within three year will not exceed the approved year of expiry of 30 June 2018
6.		<ul style="list-style-type: none"> ○ Names of indigent beneficiaries must be open for public perusal and comment. The applicant must give permission to the Municipality to publish his/her name and address on a list of account holders who receives subsidy in terms of this Policy.
7.		<ul style="list-style-type: none"> ○ Written objections from the public must be referred to the responsible official who will be responsible for investigating the validity of the complaint and referral to the Indigent Committee for appropriate action.

3. Rates and Taxes Policy

NO.	Policy Page No	Amendments on the Policy
1.		<ul style="list-style-type: none"> ○ To read as follows: All residential properties with a market value of less than the amount as annually determined by the municipality are exempted from paying rates. For the 2016/2017 financial year the maximum reduction is determined as R30 000. The impermissible rates of R15 000 contemplated in terms of section 17(1) (h) of the Property Rates Act is included in the amount referred to above as annually determined by the municipality. The remaining R15000 is an important part of the council's indigent policy and is aimed primarily at alleviating poverty. ○

2.		<ul style="list-style-type: none"> ○ For the 2016/2017 financial year the total monthly income and corresponding rebate is increased by CPIX of 6.6% and is determined as follows:- <ul style="list-style-type: none"> a. R0 to R3 100 per month - 100%. b. R3 101 to R3 952 per month - 40%. c. R3 952 to R6 207per month - 15%.
3.		<ul style="list-style-type: none"> ○ Maximum exemption is determined at R30 000,
4.		<ul style="list-style-type: none"> ○ Tariff for Gholf Island has been reviewed to be R0,01641

4. Tariff Policy

NO.	Policy Page No	Amendments on the Policy
1.		<ul style="list-style-type: none"> ○ Where the business is closed and not operation at least 40% of the basic service levied provided that the consumer has applied for that rebate of services. Rates and taxes rebates levies will be dealt in line with the rates policy

2.4 Overview of budget assumptions

2.4.1 External factors

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

2.4.2 General inflation outlook and its impact on the municipal activities

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

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

- The increase in the cost of remuneration. Employee related costs comprise 30 per cent of total operating expenditure of 2016/17 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

2.4.3 Collection rate for revenue services

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

The rate of revenue collection from trading service is currently expressed as a percentage (50 per cent) of annual billings whilst revenue collection from Property rates is expressed as 70 per cent. Cash flow is assumed to be 50 and 70 per cent of billings, plus an increased collection of arrear debt from the revenue enhancement initiatives currently being undertaken by the municipality.

The performance of arrear collections will however only is considered a source of additional cash in-flow once the performance has been carefully monitored.

The municipality has developed the revenue enhancement strategy that is envisaged to improve the current collection rate of 50 per cent to 75 percent. The online prepaid system will also be strongly used to collect for other services and by this way it will increase the revenue base of the municipality.

2.4.4 Growth or decline in tax base of the municipality

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

2.4.5 Salary increases

As per the National Treasury circular no 74, annual salaries and wages were increased by 5.8 per cent, whilst awaiting the new agreement to be completed and signed by both SALGA and trade unions.

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

It is estimated that a spending rate of at least 100 per cent is achieved on employee related costs and at least 90 per cent on all other operating expenditure and 100 per cent on the capital programme for the 2016/17 MTREF of which performance has been factored into the cash flow budget. Business plans has been approved for the implementation of the capital projects to the amount of R64 million.

2.5 Overview of budget funding

2.5.1 Medium-term outlook: operating revenue

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

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

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

The revenue strategy is a function of key components such as:

- Revenue management and enhancement;
- Achievement of a 75 per cent annual collection rate for consumer revenue and 80 per cent for property rates;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2016/17 MTREF on the different revenue categories are:

Table 26 Proposed tariff increases over the medium-term:

Revenue category	2015/16 tariff increase	2016/17 proposed tariff increase	2017/18 proposed tariff increase	2016/17 Total Budgeted revenue
	%	%	%	R'000
Property rates	5.8	6.6	6.2	66,390
Sanitation	5.8	6.6	6.2	32,692
Solid Waste	5.8	6.6	6.2	29,479
Water	5.8	8.4	6.2	33,630
Electricity	12.2	9.4	6.2	175,544
Total				337,735

Revenue to be generated from property rates is R62.3 million in the 2015/16 financial year and increases to R66.3 million by 2016/17 which represents 14 per cent of the total operating revenue base of the Municipality.

The Municipality is still in a process of further data verification and validation relating to the valuation roll. It is anticipated that the process will be concluded by the end of 2016/17 financial year.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R271,3 million for the 2016/17 financial year and increasing to R298,5 million by 2017/18. For 2016/17 financial year services charges amount to 48 per cent of the total revenue base. The decline of services is as the result of provision for the losses.

Operational grants and subsidies amount to R162 million, R164 million and R178. million for each of the respective financial years of the MTREF. It needs to be noted that in real terms the grants receipts from national government are reducing rapidly over the MTREF for the two outer years. The percentage of the total operational grants and transfers in relation to the total operating revenue is distorted owing to the high increases in revenue relating to services charges.

In addition to the above, the municipality has contracted the services of a debt collection company in an effort to collect a significant portion of the total debtors account.

2.5.2 Medium-term outlook: capital revenue

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

Table 27 Sources of capital revenue over the MTREF

FS203 Ngwathe - 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
Capital Transfers and Grants										
#REF!		50,441	67,889	47,252	43,637	83,637	83,637	64,920	92,396	133,217
Municipal Infrastructure Grant (MIG)		50,441	47,889	39,881	40,637	40,637	40,637	40,070	42,927	45,277
Department of water affairs		-	-	2,371	-	40,000	40,000	15,000	45,469	78,940
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
INEP		-	-	-	-	-	-	-	-	-
INEG		-	20,000	5,000	3,000	3,000	3,000	9,850	4,000	9,000
Provincial Government										
Other capital transfers/grants [insert description]		-	-	-	-	10,000	10,000	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants		50,441	67,889	47,252	43,637	93,637	93,637	64,920	92,396	133,217

Capital grants and receipts represent R64.9 million for the 2016/17 financial year and steadily increase to R92, 3 million for 2017/18 and R133,2 for 2018/19.

2.5.3 Cash Flow Management

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

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

Table 28 MBRR Table A7 - Budget cash flow statement

FS203 Ngwathe - Table A7 Budgeted Cash Flows

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		32,063	31,428	39,820	45,307	45,307	45,307	45,307	89,939	95,515	101,151
Service charges		191,563	230,299	202,101	206,811	191,846	191,846	191,846	204,574	217,257	230,075
Other revenue		5,007	-	-	11,823	48,804	48,804	48,804	15,264	16,210	17,167
Government - operating	###	157,198	122,879	115,230	162,761	190,606	190,606	190,606	161,827	164,934	177,539
Government - capital	###	45,939	85,751	71,529	43,637	93,637	93,637	93,637	64,920	92,422	133,245
Interest		21,443	28,446	35,032	4,371	4,721	4,721	4,721	5,000	5,310	5,623
Dividends		-	-	-	7	7	7	7	8	8	9
Payments											
Suppliers and employees		(429,748)	(436,693)	(341,381)	(469,971)	(422,471)	(422,471)	(422,471)	(463,296)	(492,020)	(521,050)
Finance charges		(3,274)	(37,487)	(54,626)	(1,000)	(1,000)	(1,000)	(1,000)	(30,000)	(31,860)	(33,740)
Transfers and Grants	###	-	-	-	(40,761)	-	-	-	-	(40,512)	(42,903)
NET CASH FROM/(USED) OPERATING ACTIVITIES		20,191	24,624	67,704	(37,015)	151,458	151,458	151,458	48,236	27,264	67,117
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		(65)	(883)	(1,113)	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors		-	-	-	25,000	25,000	25,000	25,000	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	(178)	(83)	-	-	-	-	-	-	-
Payments											
Capital assets		103,582	(58,497)	(66,723)	(75,647)	(75,647)	(75,647)	(75,647)	(64,920)	(92,422)	(133,245)
NET CASH FROM/(USED) INVESTING ACTIVITIES		103,517	(59,559)	(67,919)	(50,647)	(50,647)	(50,647)	(50,647)	(64,920)	(92,422)	(133,245)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(106,955)	(4,879)	(3,539)	(2,200)	(2,200)	(2,200)	(2,200)	(2,880)	(1,800)	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(106,955)	(4,879)	(3,539)	(2,200)	(2,200)	(2,200)	(2,200)	(2,880)	(1,800)	-
NET INCREASE/ (DECREASE) IN CASH HELD		16,753	(39,814)	(3,754)	(89,862)	98,611	98,611	98,611	(19,565)	(66,958)	(66,128)
Cash/cash equivalents at the year begin:	###	29,900	46,653	6,839	35,785	5,000	-	-	5,000	(14,565)	(81,522)
Cash/cash equivalents at the year end:	###	46,653	6,839	3,085	(54,077)	103,611	98,611	98,611	(14,565)	(81,522)	(147,650)

The above table shows that cash and cash equivalents of the Municipality were positive but were deteriorating, with positive cash deficit of R19, 5 million for 2016/17 moving to negative R164.1 million by the end of the 2017/18 financial year.

2.6 Councillor and employee benefits

Table 29 MBRR SA22 - Summary of councillor and staff benefits

FS203 Ngwathe - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		6 375	6 821	7 284	7 707	9 441	9 441	7 906	10 762	11 397
Pension and UIF Contributions		487	521	556	589	589	589	633	673	712
Medical Aid Contributions		72	77	82	87	87	87	93	99	105
Motor Vehicle Allowance		1 678	1 796	1 918	2 029	2 029	2 029	2 183	2 318	2 455
Cellphone Allowance		526	563	601	636	636	636	685	727	770
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	15	-	25	0	0	-	-	-
Sub Total - Councillors		9 138	9 793	10 442	11 073	12 781	12 781	11 500	14 579	15 439
% increase	###		7.2%	6.6%	6.0%	15.4%	-	(10.0%)	26.8%	5.9%
Senior Managers of the Municipality										
Basic Salaries and Wages		6 194	6 618	7 067	7 402	7 402	7 402	7 964	8 458	8 957
Pension and UIF Contributions		321	343	366	826	826	826	889	944	999
Medical Aid Contributions		204	218	233	368	368	368	396	421	446
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	567	567	567	610	648	686
Motor Vehicle Allowance	###	1 816	1 940	2 072	1 747	1 747	1 747	1 879	1 996	2 114
Cellphone Allowance	###	148	158	-	-	-	-	-	-	-
Housing Allowances	###	-	-	-	36	36	36	39	41	44
Other benefits and allowances	###	436	466	498	23	23	23	25	27	28
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	###	-	-	-	271	271	271	292	310	329
Sub Total - Senior Managers of Municipality		9 118	9 743	10 236	11 240	11 240	11 240	12 095	12 845	13 602
% increase	###		6.8%	5.1%	9.8%	-	-	7.6%	6.2%	5.9%
Other Municipal Staff										
Basic Salaries and Wages		73 298	78 159	84 330	99 081	93 572	93 572	99 449	105 615	111 846
Pension and UIF Contributions		11 914	12 962	14 030	16 299	15 987	15 987	17 010	18 064	19 130
Medical Aid Contributions		3 984	4 286	4 356	7 660	7 469	7 469	7 966	8 460	8 959
Overtime		7 093	6 409	6 726	7 116	3 558	3 558	3 015	17 825	18 877
Performance Bonus		-	6 825	7 814	7 898	7 673	7 673	8 135	8 639	9 149
Motor Vehicle Allowance	###	2 583	2 069	2 209	2 783	2 744	2 744	2 877	3 056	3 236
Cellphone Allowance	###	-	-	-	-	-	-	-	-	-
Housing Allowances	###	268	285	304	285	334	334	354	376	398
Other benefits and allowances	###	17 952	8 055	8 623	10 895	11 234	11 234	11 935	12 675	13 423
Payments in lieu of leave		-	1 556	2 580	2 841	663	663	657	698	739
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	###	-	786	937	720	709	709	753	799	847
Sub Total - Other Municipal Staff		117 091	121 391	134 908	155 579	143 944	143 944	152 151	176 208	186 604
% increase	###		3.7%	11.1%	15.3%	(7.5%)	-	5.7%	15.8%	5.9%
Total Parent Municipality		135 348	140 927	155 586	177 892	167 966	167 966	175 746	203 632	215 646

Table 30 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

FS203 Ngwathe - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum	No.		1.				2.
Councillors							
Speaker	###	437 605					437 605
Chief Whip	###	-					-
Executive Mayor		488 838					488 838
Deputy Executive Mayor		0					0
Executive Committee		1 412 972					1 412 972
Total for all other councillors		9 504 212	753 664	2 867 720			13 125 595
Total Councillors	###	-	11 843 626	753 664	2 867 720		15 465 010
Senior Managers of the Municipality							
Municipal Manager (MM)	###	793 873	120 335	367 846			1 282 054
Chief Finance Officer		773 715	129 879	-			903 594
Director Technical services		646 066	9 933	194 041			850 040
Director Corporate services		763 088	140 505	-			903 594
Director Community services		548 760	69 989	295 851			914 600
							-
<i>List of each official with packages >= senior manager</i>							
Human Resource Manager		432 653	140 505	131 895	76 259		781 312
Senior Finance Manager		432 653	129 215	175 549	76 259		813 676
Supply Chain Manager		837 226	73 596	-	76 259		987 081
Strategic Executive Support Manager		563 755	179 918	152 174	76 259		972 105
Risk and Compliance Manager		432 653	129 588	129 223	76 259		767 723
Legal and Admin Manager		604 422	130 849	162 804	76 259		974 335
Public Safety and Recreation Manager		567 901	160 465	167 709	76 259		972 334
Technical Manager		567 284	162 429	166 327	76 259		972 299
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
Total Senior Managers of the Municipality	8,10	-	7 964 048	1 577 206	1 943 420	610 072	12 094 746
A Heading for Each Entity							
List each member of board by designation	6,7						-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
Total for municipal entities	8,10	-	-	-	-	-	-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	###	-	19 807 674	2 330 870	4 811 140	610 072	27 559 756

Table 31 MBRR SA24 – Summary of personnel numbers

FS203 Ngwathe - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	Ref 1,2	2014/15			Current Year 2015/16			Budget Year 2016/17		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		39	-	39	39	-	39	39	39	39
Board Members of municipal entities	####	-	-	-	-	-	-	-	-	-
Municipal employees	####									
Municipal Manager and Senior Managers	####	5	-	5	5	-	3	5	-	4
Other Managers	####	18	12	-	18	12	-	-	-	-
Professionals		496	216	2	496	216	2	498	214	2
Finance		2	2	1	2	2	1	2	1	1
Spatial/town planning		1	1	1	1	1	1	1	-	1
Information Technology		-	-	-	-	-	-	1	-	-
Roads		-	-	-	-	-	-	1	-	-
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Other		493	213	-	493	213	-	493	213	-
Technicians		13	236	5	13	236	5	13	238	5
Finance		-	-	5	-	-	5	-	-	5
Spatial/town planning		-	-	-	-	-	-	-	-	-
Information Technology		5	3	-	5	3	-	5	5	-
Roads		1	1	-	1	1	-	1	1	-
Electricity		4	1	-	4	1	-	4	1	-
Water		2	2	-	2	2	-	2	2	-
Sanitation		1	1	-	1	1	-	1	1	-
Refuse		-	-	-	-	-	-	-	-	-
Other		-	228	-	-	228	-	-	228	-
Clerks (Clerical and administrative)		115	114	-	115	114	-	115	114	-
Service and sales workers		25	19	-	25	19	-	25	19	-
Skilled agricultural and fishery workers		-	-	-	-	-	-	-	-	-
Craft and related trades		22	22	-	22	22	-	22	22	-
Plant and Machine Operators		81	81	-	81	81	-	69	69	-
Elementary Occupations		362	362	-	362	362	-	362	362	-
TOTAL PERSONNEL NUMBERS	####	1 176	1 062	51	1 176	1 062	49	1 148	1 077	50
% increase							(3.9%)	(2.4%)	1.4%	2.0%
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									

2.7 Monthly targets for revenue, expenditure and cash flow

Table 32 MBRR SA25 - Budgeted monthly revenue and expenditure

FS203 Ngwathe - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
Revenue By Source																	
Property rates		5 533	5 533	5 533	5 533	5 533	5 533	5 533	5 533	5 533	5 533	5 533	5 533	66 390	70 506	75 019	
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - electricity revenue		14 629	14 629	14 629	14 629	14 629	14 629	14 629	14 629	14 629	14 629	14 629	14 629	175 544	186 427	205 250	
Service charges - water revenue		2 802	2 802	2 802	2 802	2 802	2 802	2 802	2 802	2 802	2 802	2 802	2 802	33 630	38 230	54 528	
Service charges - sanitation revenue		2 724	2 724	2 724	2 724	2 724	2 724	2 724	2 724	2 724	2 724	2 724	2 724	32 692	32 579	47 020	
Service charges - refuse revenue		2 457	2 457	2 457	2 457	2 457	2 457	2 457	2 457	2 457	2 457	2 457	2 457	29 479	41 267	43 702	
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rental of facilities and equipment		292	292	292	292	292	292	292	292	292	292	292	292	3 500	3 500	3 560	
Interest earned - external investments		167	167	167	167	167	167	167	167	167	167	167	167	2 000	2 100	2 100	
Interest earned - outstanding debtors		833	833	833	833	833	833	833	833	833	833	833	833	10 000	3 186	3 374	
Dividends received		1	1	1	1	1	1	1	1	1	1	1	1	8	8	-	
Fines		100	100	100	100	100	100	100	100	100	100	100	100	1 200	1 274	1 350	
Licences and permits		0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers recognised - operational		13 486	13 486	13 486	13 486	13 486	13 486	13 486	13 486	13 486	13 486	13 486	13 486	161 827	164 934	177 539	
Other revenue		697	697	697	697	697	697	697	697	697	697	697	697	8 365	5 556	5 880	
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Revenue (excluding capital transfers and contributions)		43 720	43 720	43 720	43 720	43 720	43 720	43 720	43 720	43 720	43 720	43 720	43 720	524 635	549 569	619 322	
Expenditure By Type																	
Employee related costs		13 687	13 687	13 687	13 687	13 687	13 687	13 687	13 687	13 687	13 687	13 687	13 687	164 246	189 052	200 206	
Remuneration of councillors		958	958	958	958	958	958	958	958	958	958	958	958	11 500	14 579	15 439	
Debt impairment		7 209	7 209	7 209	7 209	7 209	7 209	7 209	7 209	7 209	7 209	7 209	7 209	86 512	47 910	50 737	
Depreciation & asset impairment		7 500	7 500	7 500	7 500	7 500	7 500	7 500	7 500	7 500	7 500	7 500	7 500	90 000	95 000	10 500	
Finance charges		6 000	6 000	6 000	6 000	6 000	6 000	6 000	6 000	6 000	6 000	6 000	6 000	72 000	60 000	58 000	
Bulk purchases		17 056	17 056	17 056	17 056	17 056	17 056	17 056	17 056	17 056	17 056	17 056	17 056	204 667	291 123	322 369	
Other materials		1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	12 000	12 744	13 496	
Contracted services		2 062	2 062	2 062	2 062	2 062	2 062	2 062	2 062	2 062	2 062	2 062	2 062	24 745	22 878	23 390	
Transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other expenditure		6 036	6 036	6 036	6 036	6 036	6 036	6 036	6 036	6 036	6 036	6 036	6 036	72 427	65 528	69 534	
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Expenditure		61 508	61 508	61 508	61 508	61 508	61 508	61 508	61 508	61 508	61 508	61 508	61 508	738 097	798 814	763 672	
Surplus/(Deficit)		(17 788)	(17 788)	(17 788)	(17 788)	(17 788)	(17 788)	(17 788)	(17 788)	(17 788)	(17 788)	(17 788)	(17 788)	(213 462)	(249 245)	(144 350)	
Transfers recognised - capital		5 410	5 410	5 410	5 410	5 410	5 410	5 410	5 410	5 410	5 410	5 410	5 410	64 920	92 396	133 217	
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after capital transfers & contributions		(12 378)	(12 378)	(12 378)	(12 378)	(12 378)	(12 378)	(12 378)	(12 378)	(12 378)	(12 378)	(12 378)	(12 378)	(148 542)	(156 849)	(11 133)	
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit)	###	(12 378)	(12 378)	(12 378)	(12 378)	(12 378)	(12 378)	(12 378)	(12 378)	(12 378)	(12 378)	(12 378)	(12 378)	(148 542)	(156 849)	(11 133)	

Table 33 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

FS203 Ngwathe - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote																
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Admin		21 290	21 290	21 290	21 290	21 290	21 290	21 290	21 290	21 290	21 290	21 290	21 290	255 485	264 399	282 872
Vote 3 - Planning and Development		38	38	38	38	38	38	38	38	38	38	38	38	453	481	509
Vote 4 - Community and Social services		98	98	98	98	98	98	98	98	98	98	98	98	1 173	1 245	1 319
Vote 5 - Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		30	30	30	30	30	30	30	30	30	30	30	30	355	377	399
Vote 7 - Sports and Recreation		133	133	133	133	133	133	133	133	133	133	133	133	1 601	1 700	1 800
Vote 8 - Waste Management		3 238	3 238	3 238	3 238	3 238	3 238	3 238	3 238	3 238	3 238	3 238	3 238	38 858	41 267	43 702
Vote 9 - Waste Water Management		3 487	3 487	3 487	3 487	3 487	3 487	3 487	3 487	3 487	3 487	3 487	3 487	41 844	44 438	47 060
Vote 10 - Road Transport		0	0	0	0	0	0	0	0	0	0	0	0	2	2	2
Vote 11 - Water		4 049	4 049	4 049	4 049	4 049	4 049	4 049	4 049	4 049	4 049	4 049	4 049	48 584	51 596	54 641
Vote 12 - Electricity		13 310	13 310	13 310	13 310	13 310	13 310	13 310	13 310	13 310	13 310	13 310	13 310	159 721	169 624	179 632
Vote 13 - Technical Services and PMU		0	0	0	0	0	0	0	0	0	0	0	0	2	2	2
Vote 14 - Airport		2	2	2	2	2	2	2	2	2	2	2	2	21	22	23
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote		45 675	45 675	45 675	45 675	45 675	45 675	45 675	45 675	45 675	45 675	45 675	45 675	548 098	575 153	611 961
Expenditure by Vote to be appropriated																
Vote 1 - Executive and Council		4 289	4 289	4 289	4 289	4 289	4 289	4 289	4 289	4 289	4 289	4 289	4 289	51 463	54 654	57 879
Vote 2 - Finance and Admin		13 999	13 999	13 999	13 999	13 999	13 999	13 999	13 999	13 999	13 999	13 999	13 999	167 990	177 468	188 056
Vote 3 - Planning and Development		153	153	153	153	153	153	153	153	153	153	153	153	1 834	1 947	2 062
Vote 4 - Community and Social services		1 778	1 778	1 778	1 778	1 778	1 778	1 778	1 778	1 778	1 778	1 778	1 778	21 330	22 653	23 989
Vote 5 - Housing		127	127	127	127	127	127	127	127	127	127	127	127	1 523	1 618	1 713
Vote 6 - Public Safety		1 253	1 253	1 253	1 253	1 253	1 253	1 253	1 253	1 253	1 253	1 253	1 253	15 030	15 962	16 904
Vote 7 - Sports and Recreation		1 203	1 203	1 203	1 203	1 203	1 203	1 203	1 203	1 203	1 203	1 203	1 203	14 436	15 331	16 236
Vote 8 - Waste Management		1 358	1 358	1 358	1 358	1 358	1 358	1 358	1 358	1 358	1 358	1 358	1 358	16 293	17 303	18 324
Vote 9 - Waste Water Management		2 022	2 022	2 022	2 022	2 022	2 022	2 022	2 022	2 022	2 022	2 022	2 022	24 265	25 769	27 289
Vote 10 - Road Transport		11 056	11 056	11 056	11 056	11 056	11 056	11 056	11 056	11 056	11 056	11 056	11 056	132 671	140 896	149 209
Vote 11 - Water		3 228	3 228	3 228	3 228	3 228	3 228	3 228	3 228	3 228	3 228	3 228	3 228	38 739	41 141	43 568
Vote 12 - Electricity		26 502	26 502	26 502	26 502	26 502	26 502	26 502	26 502	26 502	26 502	26 502	26 502	318 021	337 738	357 664
Vote 13 - Technical Services and PMU		1 653	1 653	1 653	1 653	1 653	1 653	1 653	1 653	1 653	1 653	1 653	1 653	19 838	21 068	22 311
Vote 14 - Airport		0	0	0	0	0	0	0	0	0	0	0	0	3	3	4
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote		68 620	68 620	68 620	68 620	68 620	68 620	68 620	68 620	68 620	68 620	68 620	68 620	823 437	873 552	925 209
Surplus/(Deficit) before assoc.		(22 945)	(22 945)	(22 945)	(22 945)	(22 945)	(22 945)	(22 945)	(22 945)	(22 945)	(22 945)	(22 945)	(22 945)	(275 339)	(298 399)	(313 247)
Taxation														-	-	-
Attributable to minorities														-	-	-
Share of surplus/ (deficit) of associate														-	-	-
Surplus/(Deficit)	###	(22 945)	(22 945)	(22 945)	(22 945)	(22 945)	(22 945)	(22 945)	(22 945)	(22 945)	(22 945)	(22 945)	(22 945)	(275 339)	(298 399)	(313 247)

Table 34 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

FS203 Ngwathe - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
Revenue - Standard																	
<i>Governance and administration</i>		21 290	21 290	21 290	21 290	21 290	21 290	21 290	21 290	21 290	21 290	21 290	6 332	240 522	237 663	254 430	
Executive and council													-	-	-	-	
Budget and treasury office		21 290	21 290	21 290	21 290	21 290	21 290	21 290	21 290	21 290	21 290	21 290	6 327	240 517	237 658	254 424	
Corporate services													5	5	5	6	
<i>Community and public safety</i>		261	261	261	261	261	261	261	261	261	261	261	2 051	4 919	4 727	4 860	
Community and social services		98	98	98	98	98	98	98	98	98	98	98	364	1 439	1 245	1 319	
Sport and recreation		133	133	133	133	133	133	133	133	133	133	133	1 661	3 128	3 105	3 142	
Public safety		30	30	30	30	30	30	30	30	30	30	30	27	352	377	399	
Housing													-	-	-	-	
Health													-	-	-	-	
<i>Economic and environmental services</i>		38	38	38	38	38	38	38	38	38	38	38	233	652	485	514	
Planning and development		38	38	38	38	38	38	38	38	38	38	38	233	648	481	509	
Road transport		333.33	0	0	0	0	0	0	0	0	0	0	0	4	4	4	
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<i>Trading services</i>		23 210	23 210	23 210	23 210	23 210	23 210	23 210	23 210	23 210	23 210	23 210	23 210	278 522	309 147	327 379	
Electricity		15 216	15 216	15 216	15 216	15 216	15 216	15 216	15 216	15 216	15 216	15 216	15 216	182 586	171 845	181 976	
Water		2 811	2 811	2 811	2 811	2 811	2 811	2 811	2 811	2 811	2 811	2 811	2 811	33 730	51 596	54 641	
Waste water management		2 727	2 727	2 727	2 727	2 727	2 727	2 727	2 727	2 727	2 727	2 727	2 727	32 727	44 438	47 060	
Waste management		2 457	2 457	2 457	2 457	2 457	2 457	2 457	2 457	2 457	2 457	2 457	2 457	29 479	41 267	43 702	
<i>Other</i>		2	2	2	2	2	2	2	2	2	2	2	2	21	22	23	
Total Revenue - Standard		44 801	44 801	44 801	44 801	44 801	44 801	44 801	44 801	44 801	44 801	44 801	31 828	524 635	552 044	587 205	
Expenditure - Standard																	
<i>Governance and administration</i>		18 288	18 288	18 288	18 288	18 288	18 288	18 288	18 288	18 288	18 288	18 288	79 173	280 339	240 654	248 575	
Executive and council		4 289	4 289	4 289	4 289	4 289	4 289	4 289	4 289	4 289	4 289	4 289	547	47 722	54 654	57 879	
Budget and treasury office		12 100	12 100	12 100	12 100	12 100	12 100	12 100	12 100	12 100	12 100	12 100	76 138	209 237	162 219	165 312	
Corporate services		1 899	1 899	1 899	1 899	1 899	1 899	1 899	1 899	1 899	1 899	1 899	2 487	23 380	23 781	25 384	
<i>Community and public safety</i>		4 360	4 360	4 360	4 360	4 360	4 360	4 360	4 360	4 360	4 360	4 360	5 279	53 239	55 563	58 842	
Community and social services		1 778	1 778	1 778	1 778	1 778	1 778	1 778	1 778	1 778	1 778	1 778	5 266	24 819	22 653	23 989	
Sport and recreation		1 203	1 203	1 203	1 203	1 203	1 203	1 203	1 203	1 203	1 203	1 203	534	13 767	15 331	16 236	
Public safety		1 253	1 253	1 253	1 253	1 253	1 253	1 253	1 253	1 253	1 253	1 253	(659)	13 119	15 962	16 904	
Housing		127	127	127	127	127	127	127	127	127	127	127	138	1 534	1 618	1 713	
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<i>Economic and environmental services</i>		12 862	12 862	12 862	12 862	12 862	12 862	12 862	12 862	12 862	12 862	12 862	(20 230)	121 251	130 941	48 602	
Planning and development		153	153	153	153	153	153	153	153	153	153	153	112	1 793	1 947	2 062	
Road transport		12 709	12 709	12 709	12 709	12 709	12 709	12 709	12 709	12 709	12 709	12 709	(20 342)	119 458	128 994	46 540	
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<i>Trading services</i>		33 110	33 110	33 110	33 110	33 110	33 110	33 110	33 110	33 110	33 110	33 110	(80 942)	283 265	371 652	403 172	
Electricity		26 502	26 502	26 502	26 502	26 502	26 502	26 502	26 502	26 502	26 502	26 502	(92 332)	199 187	287 439	318 468	
Water		3 228	3 228	3 228	3 228	3 228	3 228	3 228	3 228	3 228	3 228	3 228	9 947	45 458	41 141	43 568	
Waste water management		2 022	2 022	2 022	2 022	2 022	2 022	2 022	2 022	2 022	2 022	2 022	569	22 812	25 769	22 812	
Waste management		1 358	1 358	1 358	1 358	1 358	1 358	1 358	1 358	1 358	1 358	1 358	873	15 809	17 303	18 324	
<i>Other</i>		0	0	0	0	0	0	0	0	0	0	0	0	3	3	4	
Total Expenditure - Standard		68 620	68 620	68 620	68 620	68 620	68 620	68 620	68 620	68 620	68 620	68 620	(16 720)	738 097	798 814	759 194	
Surplus/(Deficit) before assoc.		(23 819)	(23 819)	(23 819)	(23 819)	(23 819)	(23 819)	(23 819)	(23 819)	(23 819)	(23 819)	(23 819)	48 548	(213 462)	(246 769)	(171 989)	
Share of surplus/ (deficit) of associate													-	-	-	-	
Surplus/(Deficit)	###	(23 819)	(23 819)	(23 819)	(23 819)	(23 819)	(23 819)	(23 819)	(23 819)	(23 819)	(23 819)	(23 819)	48 548	(213 462)	(246 769)	(171 989)	

Table 35 MBRR SA28 - Monthly Budgeted capital expenditure (municipal vote):

FS203 Ngwathe - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand																
Multi-year expenditure to be appropriated	###															
Vote 1 - Executive and Council													-	-	-	-
Vote 2 - Finance and Admin													-	-	-	-
Vote 3 - Planning and Development													-	-	-	-
Vote 4 - Community and Social services													-	-	-	-
Vote 5 - Housing													-	-	-	-
Vote 6 - Public Safety													-	-	-	-
Vote 7 - Sports and Recreation													-	-	-	-
Vote 8 - Waste Management													-	-	-	-
Vote 9 - Waste Water Management													-	-	-	-
Vote 10 - Road Transport													-	-	-	-
Vote 11 - Water													-	-	-	-
Vote 12 - Electricity													-	-	-	-
Vote 13 - Technical Services and PMU													-	-	-	-
Vote 14 - Airport													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
Capital multi-year expenditure sub-total	###	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated																
Vote 1 - Executive and Council													-	-	-	-
Vote 2 - Finance and Admin													-	-	-	-
Vote 3 - Planning and Development													-	-	-	-
Vote 4 - Community and Social services		4	4	4	4	4	4	4	4	4	4	4	4	53	8 929	20 505
Vote 5 - Housing													-	-	-	-
Vote 6 - Public Safety													-	-	-	-
Vote 7 - Sports and Recreation		157	157	157	157	157	157	157	157	157	157	157	157	1 886	279	1 200
Vote 8 - Waste Management		109	109	109	109	109	109	109	109	109	109	109	85	1 288	13 096	16 053
Vote 9 - Waste Water Management		68	68	68	68	68	68	68	68	68	68	68	68	816	25 000	37 600
Vote 10 - Road Transport		362	362	362	362	362	362	362	362	362	362	362	362	4 346	2 966	3 686
Vote 11 - Water		3 262	3 262	3 262	3 262	3 262	3 262	3 262	3 262	3 262	3 262	3 262	3 262	39 140	36 017	42 950
Vote 12 - Electricity		1 274	1 274	1 274	1 274	1 274	1 274	1 274	1 274	1 274	1 274	1 274	1 274	15 282	4 026	9 028
Vote 13 - Technical Services and PMU		176	176	176	176	176	176	176	176	176	176	176	176	2 109	2 109	2 224
Vote 14 - Airport													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
Capital single-year expenditure sub-total	###	5 412	5 412	5 412	5 412	5 412	5 412	5 412	5 412	5 412	5 412	5 388	64 920	92 422	133 245	
Total Capital Expenditure	###	5 412	5 412	5 412	5 412	5 412	5 412	5 412	5 412	5 412	5 412	5 388	64 920	92 422	133 245	

Table 36 MBRR SA29 - Monthly Budgeted capital expenditure (standard classification):

FS203 Ngwathe - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital Expenditure - Standard	###															
Governance and administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Executive and council														-	-	-
Budget and treasury office														-	-	-
Corporate services														-	-	-
Community and public safety		578	578	578	578	578	578	578	578	578	578	578	(4,422)	1,939	9,208	21,705
Community and social services		421	421	421	421	421	421	421	421	421	421	421	(4,579)	53	8,929	20,505
Sport and recreation		157	157	157	157	157	157	157	157	157	157	157		1,886	279	1,200
Public safety														-	-	-
Housing														-	-	-
Health														-	-	-
Economic and environmental services		362	362	362	362	362	362	362	362	362	362	362	362	4,346	2,966	3,686
Planning and development														-	-	-
Road transport		362	362	362	362	362	362	362	362	362	362	362	362	4,346	2,966	3,686
Environmental protection														-	-	-
Trading services		12,230	12,230	12,230	12,230	12,230	12,230	12,230	12,230	12,230	12,230	12,230	(78,003)	56,526	78,139	105,631
Electricity		1,857	1,857	1,857	1,857	1,857	1,857	1,857	1,857	1,857	1,857	1,857	(5,143)	15,282	4,026	9,028
Water		3,262	3,262	3,262	3,262	3,262	3,262	3,262	3,262	3,262	3,262	3,262	3,262	39,140	36,017	42,950
Waste water management		7,002	7,002	7,002	7,002	7,002	7,002	7,002	7,002	7,002	7,002	7,002	(76,207)	816	25,000	37,600
Waste management		109	109	109	109	109	109	109	109	109	109	109	85	1,288	13,096	16,053
Other		176	176	176	176	176	176	176	176	176	176	176	176	2,109	2,109	2,224
Total Capital Expenditure - Standard	###	13,346	13,346	13,346	13,346	13,346	13,346	13,346	13,346	13,346	13,346	13,346	(81,887)	64,920	92,422	133,245
Funded by:																
National Government		12,344	12,344	12,344	12,344	12,344	12,344	12,344	12,344	12,344	12,344	12,344	(70,865)	64,920	92,422	133,245
Provincial Government														-	-	-
District Municipality														-	-	-
Other transfers and grants			17,000										(17,000)	-	-	-
Transfers recognised - capital		12,344	29,344	12,344	12,344	12,344	12,344	12,344	12,344	12,344	12,344	12,344	(87,865)	64,920	92,422	133,245
Public contributions & donations														-	-	-
Borrowing														-	-	-
Internally generated funds														-	-	-
Total Capital Funding		12,344	29,344	12,344	12,344	12,344	12,344	12,344	12,344	12,344	12,344	12,344	(87,865)	64,920	92,422	133,245

Table 37 MBRR SA30 - Budgeted monthly cash flow

FS203 Ngwathe - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework			
	R thousand	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													#####			
Property rates	3 941	3 941	3 941	3 941	3 941	3 941	3 941	3 941	3 941	3 941	3 941	2 770	46 116	50 218	53 181	
Property rates - penalties & collection charges												-				
Service charges - electricity revenue	11 406	11 406	11 406	11 406	11 406	11 406	11 406	11 406	11 406	11 406	11 406	11 409	136 875	133 896	141 796	
Service charges - water revenue	1 921	1 921	1 921	1 921	1 921	1 921	1 921	1 921	1 921	1 921	1 921	1 927	23 058	30 894	32 717	
Service charges - sanitation revenue	1 826	1 826	1 826	1 826	1 826	1 826	1 826	1 826	1 826	1 826	1 826	1 826	21 912	26 640	28 212	
Service charges - refuse revenue	1 644	1 644	1 644	1 644	1 644	1 644	1 644	1 644	1 644	1 644	1 644	1 645	19 729	24 760	26 221	
Service charges - other	250	250	250	250	250	250	250	250	250	250	250	250	3 000			
Rental of facilities and equipment	225	225	225	225	225	225	225	225	225	225	225	225	2 700	1 570	1 663	
Interest earned - external investments	167	167	167	167	167	167	167	167	167	167	167	163	2 000	1 925	2 038	
Interest earned - outstanding debtors	250	250	250	250	250	250	250	250	250	250	250	250	3 000	22 623	23 958	
Dividends received	1	1	1	1	1	1	1	1	1	1	1	1	8	8	9	
Fines	80	80	80	80	80	80	80	80	80	80	80	80	960	382	405	
Licences and permits	83	83	83	83	83	83	83	83	83	83	83	87	1 000	0	0	
Agency services												-				
Transfer receipts - operational	64 731					56 639			40 457				161 827	171 860	182 000	
Other revenue	883	883	883	883	883	883	883	883	883	883	883	891	10 604	2 942	3 115	
Cash Receipts by Source	87 407	22 676	22 676	22 676	79 315	22 676	22 676	22 676	63 133	22 676	22 676	21 524	432 789	467 720	495 315	
Other Cash Flows by Source																
Transfer receipts - capital	64 920												64 920	92 422	133 245	
Contributions recognised - capital & Contributed assets																
Proceeds on disposal of PPE																
Short term loans																
Borrowing long term/refinancing																
Increase (decrease) in consumer deposits																
Decrease (Increase) in non-current debtors																
Decrease (increase) other non-current receivables																
Decrease (increase) in non-current investments																
Total Cash Receipts by Source	152 327	22 676	22 676	22 676	79 315	22 676	22 676	22 676	63 133	22 676	22 676	21 524	497 709	560 142	628 560	
Cash Payments by Type																
Employee related costs	13 687	13 687	13 687	13 687	13 687	13 687	13 687	13 687	13 687	13 687	13 687	13 687	164 246	189 052	200 206	
Remuneration of councillors	958	1 144	1 144	1 144	1 144	1 144	1 144	1 144	1 144	1 144	1 144	(898)	11 500	14 579	15 439	
Finance charges	2 000	4 000	2 000	2 000	2 000	4 000	2 000	2 000	2 000	4 000	2 000	2 000	30 000	903	956	
Bulk purchases - Electricity	16 500	18 500	16 500	16 500	16 500	18 500	16 500	16 500	16 500	18 500	16 500	16 500	204 000	320 299	339 197	
Bulk purchases - Water & Sewer	1 657	2 900	2 900	2 900	2 900	2 900	2 900	2 900	2 900	2 900	2 900	4 143	34 800	21 123	22 369	
Other materials	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	12 000	12 744	13 496	
Contracted services	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	6 250	22 750	24 161	25 586	
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and grants - other														40 512	42 903	
Other expenditure	1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	14 000	68 458	72 497	
Cash Payments by Type	38 470	43 898	39 898	39 898	39 898	43 898	39 898	39 898	39 898	43 898	39 898	43 848	493 296	691 831	732 649	
Other Cash Flows/Payments by Type																
Capital assets	5 410	5 410	5 410	5 410	5 410	5 410	5 410	5 410	5 410	5 410	5 410	5 410	64 920	92 422	133 245	
Repayment of borrowing	60	60	600	60	60	600	60	60	600	60	60	600	2 880	1 800	-	
Other Cash Flow s/Payments																
Total Cash Payments by Type	43 940	49 368	45 908	45 368	45 368	49 908	45 368	45 368	45 908	49 368	45 368	49 858	561 096	786 053	865 894	

2.8 Annual budgets and SDBIPs – internal departments

To be inserted

2.9 Contracts having future budgetary implications

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

2.10 Capital expenditure details

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

Table 38 MBRR SA36 - Detailed capital budget per municipal vote

FS203 Ngwathe - Supporting Table SA36 Detailed capital budget																
Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	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
R thousand	#####				#####	03 January 1900	03 January 1900	#####								
Parent municipality:																
<i>List all capital projects grouped by Municipal Vote</i>																
Waste water Management	Edenburg	Grading of sewer	MIG/FS0623/S/08/10		Yes	Infrastructure - Sanitation	Sewerage purification	30° 43' S; 27° 05' 43.75" E		4 800	816	-	-			
Water	Parys: Refurb	MIG/FS0714/W/09/09			Yes	Infrastructure - Water	Water purification	30° 17' 6" S; 27° 02' 15.83" E		650	-	-	-			
Sports and Recreation	Ngwathe(Edenburg)	MIG/FS0991/CF/13/15			Yes	Community	Sportsfields & stadia	30° 05' S; 27° 03' 32.31" E		-	-	-	600			
Sports and Recreation	Kw kwatsi:Cons	MIG/FS0992/CF/13/15			Yes	Community	Sportsfields & stadia	30° 00' S; 27° 02' 34.00" E		5 262	-	-	600			
Sports and Recreation	Mokwallo:Cons	MIG/FS1030/CF/14/16			Yes	Community	Sportsfields & stadia			3 681	1 886	279	-			
Roads	Heilbron: Paving	MIG/FS1039/R,ST/15/17			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	30° 00' S; 26° 55' 17.00" E		316	4 346	300	-			
Water	Koppies/Kwak	MIG/FS1056/SW/14/16			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges			150	873	-	-			
Water	Heilbron: Instal	MIG/FS1069/W/15/17			Yes	Infrastructure - Other	Waste Management			2 372	129	-	-			
Waste management		Construction of	MIG/FS1117/CL/16/17		Yes	Infrastructure - Other	Waste Management			7 900	1 312	5 871	359			
Roads	Edenville: Paving	MIG/FS0954/R,ST/13/14			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	30° 56' S; 27° 03' 24.23" E		300						
Sports and Recreation	Phiritona: Cons	MIG/FS1038/CF/15/16			Yes	Community	Sportsfields & stadia	30° 37' S; 27° 02' 35.50" E		200						
Roads	Koppies: Paving	MIG/FS0955/R,ST/13/14			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	30° 51' S; 27° 03' 34.93" E		300						
Water	Parys: Upgrade	MIG/FS0714/W/09/09			Yes	Infrastructure - Water	Reticulation	30° 07' S; 27° 05' 57.00" E		12 675	15 000					
	Parys:Erection	MIG/FS1079/F/15/16			Yes					-	53					
Electrical	(Parys,Vredersburg)	MIG/CL16/16;MIG/FC1115/CL/16/16;MIG/FC1115/CL/16/16			Yes	Infrastructure - Electricity	Street Lighting			-	12 729					
Future Projects	Electricity, Water, Roads, Waste Management & Ce				No					-	25 666	34 368	41 494			
Parent Capital	#####										62 811	40 818	43 053			

2.11 Legislation compliance status

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

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed nine interns undergoing training in various divisions of the Financial Services Department. Of the five interns one has been appointed permanently from March 2013. The remaining four have completed their two year contract on 19 March 2014, and their contracts have been extended for a further year and have now been appointed on a contractual basis. Four additional interns were been appointed with effect from 1 May 2014.
3. Budget and Treasury Office(BTO)
The Budget and Treasury Office has been established in accordance with the MFMA. However staffs operating the office are on an acting basis since from 2011 to date. The municipality is in the process of finalising the organogram and thereafter placement of staff will be able to address the shortfall in the BTO office.
4. Audit Committee
The municipality is utilising the services of the Fezile Dabi District Municipality audit committee in a shared agreement. The audit committee is functional.
5. Budget
The 2016/17 Draft Budget, Annual Report and Draft IDP were tabled late to Council on the 29 April 2016 instead 31 March 2016. The municipality was not compliant.
6. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2016/17 MTREF in May 2015 directly aligned and informed by the 2015/16 MTREF.
7. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
8. MFMA Training
The MFMA training module in electronic format was presented at the Municipality's internal centre and training is ongoing. Interns have completed the training.
9. Policies
Budget related policies are reviewed annually, the policies are sent for public participation.

2.12 Municipal Manager’s Quality Certificate

I, Municipal Manager of Ngwathe Local 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 draft Integrated Development Plan of the municipality.

Print Name _____

Municipal manager of Ngwathe Local Municipality (FS203)

Signature _____

Date _____