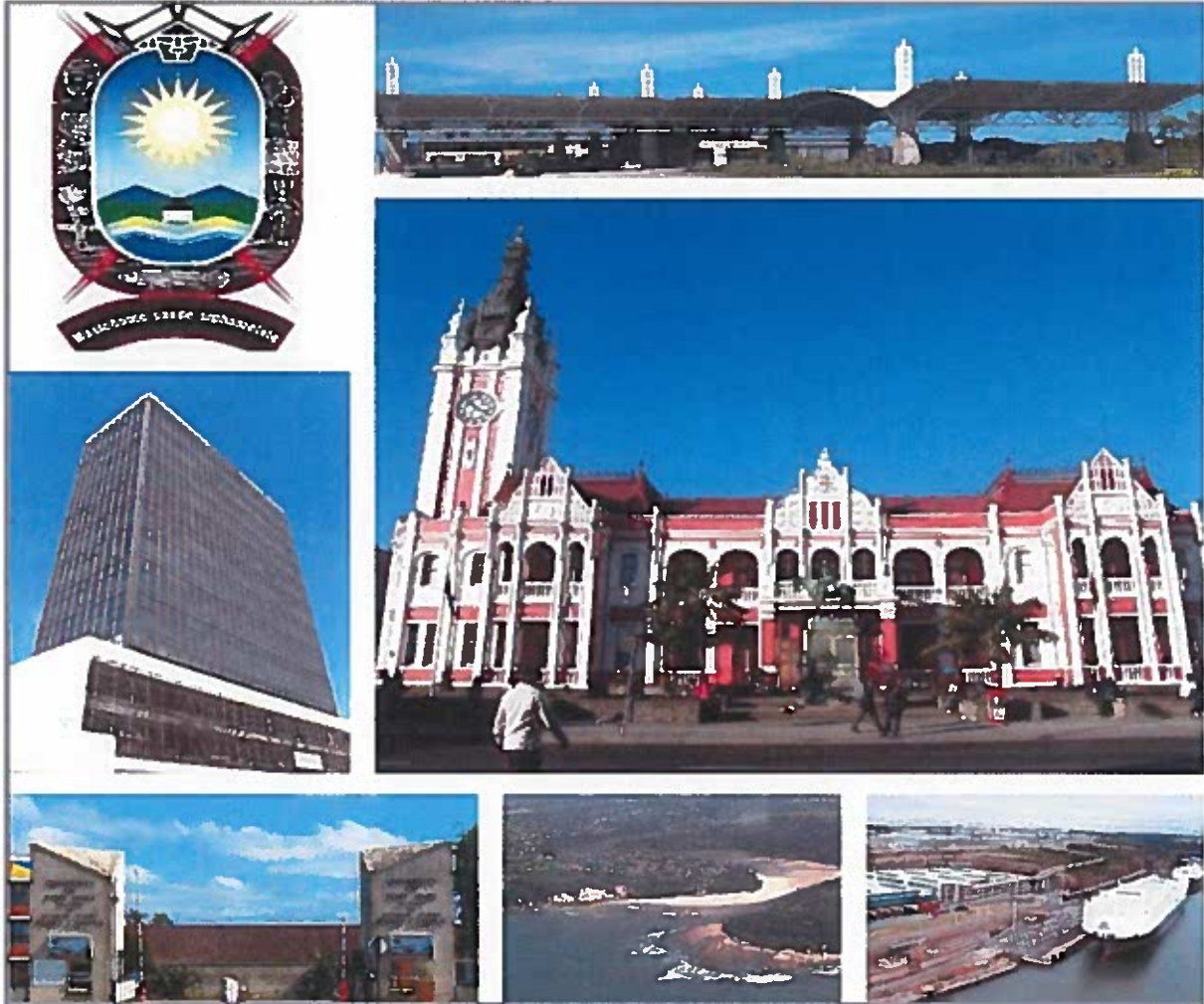


ANNUAL BUDGET OF BUFFALO CITY METROPOLITAN MUNICIPALITY



2016/2017 TO 2018/19 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF) BUDGET 31 MAY 2016

Table of Contents

LIST OF TABLES	III
LIST OF FIGURES	V
ABBREVIATIONS AND ACRONYMS.....	VI
PART 1 – ANNUAL BUDGET.....	1
1.1 EXECUTIVE MAYOR’S REPORT	1
1.2 COUNCIL RESOLUTIONS	9
1.3 EXECUTIVE SUMMARY	13
1.4 OPERATING REVENUE FRAMEWORK.....	38
1.5 OPERATING EXPENDITURE FRAMEWORK.....	58
1.6 CAPITAL EXPENDITURE FRAMEWORK.....	65
1.7 ANNUAL BUDGET TABLES.....	70
PART 2 – SUPPORTING DOCUMENTATION.....	102
2.1 OVERVIEW OF ANNUAL BUDGET PROCESS	102
2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP	127
2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS	138
2.4 OVERVIEW OF BUDGET-RELATED POLICIES.....	146
2.5 OVERVIEW OF BUDGET ASSUMPTIONS.....	149
2.6 OVERVIEW OF BUDGET FUNDING.....	158
2.7 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS 169	
2.8 COUNCILLOR AND EMPLOYEE BENEFITS	174
2.9 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW.	181
2.10 ANNUAL BUDGET AND SDBIP’S – INTERNAL DEPARTMENTS	185
2.11 ANNUAL BUDGET AND SDBIPS – MUNICIPAL ENTITIES AND OTHER EXTERNAL MECHANISMS	185
2.12 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS	186
2.13 CAPITAL EXPENDITURE DETAILS.....	196
2.14 LEGISLATION COMPLIANCE STATUS.....	215
2.15 CITY MANAGER’S QUALITY CERTIFICATE	227
ANNEXURES:	228

LIST OF TABLES

Table 1: Consolidated Overview of the 2016/17 MTREF Budget	21
Table 2: 2016/17 – 2018/19 Capital Budget Per Service	23
Table 3: Average Tariff increases for 2015/16 to 2018/19	26
Table 4: Summary revenue classified by revenue source	39
Table 5: Table A4 %age growth in revenue by main revenue source.....	41
Table 6: Table SA18 - Operating Transfers and Grant Receipts	43
Table 7: Comparison of proposed rates to be levied for the 2016/17 financial year	47
Table 8: Water Tariffs	50
Table 9: Comparison between current water charges and increases (Domestic).....	50
Table 10: Comparison between current electricity charges and increases (Domestic)..	52
Table 11: Comparison between current sanitation charges and increases, single dwelling- residence (per annum)	53
Table 12: Comparison between current refuse removal fees and increases	55
Table 13: SA14 – Household bills.....	57
Table 14: Table A4 - Summary of operating expenditure classification by type.....	58
Table 15: Table SA34c – Repairs and Maintenance expenditure by asset type.....	62
Table 16: Basic social services package per indigent household	63
Table 17: Table A5 2016/17 Medium-term capital budget per vote, standard classification and funding.....	65
Table 18: List of Key Projects Per Service.....	67
Table 19: MBRR Table A1 – Budget Summary	71
Table 20: MBRR Table A2 – Budgeted Financial Performance (revenue and expenditure by standard classification)	75
Table 21: MBRR Table A3 – Budgeted Financial Performance (revenue and expenditure by municipal vote)	77
Table 22: MBRR Table A4 – Budgeted Financial Performance (revenue and expenditure).....	78
Table 23: MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source	82
Table 24: MBRR Table A6 - Budgeted Financial Position	84
Table 25: MBRR Table A7 - Budgeted Cash Flow Statement	86
Table 26: MBRR Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation	88
Table 27: MBRR Table A9 – Asset Management.....	90
Table 28: MBRR Table A10 – Basic Service Delivery Measurement.....	93
Table 29: MBRR Table A1 – Consolidated Budget Summary	95
Table 30: MBRR Table A4 – Consolidated Budgeted Financial Performance (Revenue and Expenditure)	97
Table 31: MBRR Table A6 – Consolidated Budgeted Financial Position.....	99
Table 32: MBRR Table A7 – Consolidated Budgeted Cash Flows	100
Table 33: MBRR Table A8 – Consolidated Cash Backed Reserves / Accumulated Surplus Reconciliation	101
Table 34: Key activities in the review of the 2016/17 IDP and MTREF Budget	105
Table 35: Schedule of IDP/Budget Road Shows	121
Table 36: IDP’S Five Strategic Objectives	127

Table 37: Alignment of BCMM Strategic Objectives with National and Provincial Priorities.....	128
Table 38: MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue.....	132
Table 39: MBRR Table SA5 - Reconciliation between the IDP Strategic Objectives and budgeted operating expenditure	134
Table 40: MBRR Table SA6 – Reconciliation between the IDP Strategic Objectives and budgeted Capital Expenditure	137
Table 41: MBRR Table SA7 - Measurable performance objectives.....	138
Table 42: MBRR Table SA8 - Performance indicators and benchmarks	139
Table 43: 2015/2016 to 2018/2019 Budget Assumptions	153
Table 44: Indigent Subsidy Package	154
Table 45: Tariff increases over the medium-term	154
Table 46: Credit rating outlook.....	155
Table 47: Tariff increases 2016/17 to 2018/19	158
Table 48: MBRR Table SA15 – Detail Investment Information	159
Table 49: MBRR Table SA16 – Investment particulars by maturity	160
Table 50: MBRR Table A5 - Sources of capital revenue over the MTREF	161
Table 51: MBRR Table SA17 - Details of borrowings	162
Table 52: MBRR Table SA 18 - Capital transfers and grant receipts.....	163
Table 53: MBRR Table A7 – Budgeted cash flow.....	164
Table 54: MBRR Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation	165
Table 55: MBRR Table SA10 – Funding compliance measurement.....	166
Table 56: MBRR Table SA19 - Expenditure on transfers and grant programmes	169
Table 57: MBRR Table SA20 - Reconciliation between of transfers, grant receipts and unspent funds	172
Table 58: MBRR Table SA22 - Summary of councillor and staff benefits.....	174
Table 59: MBRR Table SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers).....	178
Table 60: MBRR Table SA24 – summary of personnel numbers	179
Table 61: MBRR Table SA28 - Budgeted monthly capital expenditure (municipal vote)	181
Table 62: MBRR Table SA29 - Budgeted monthly capital expenditure (standard classification)	182
Table 63: MBRR Table SA30 - Budgeted monthly cash flow.....	183
Table 64: MBRR Table D1 – Budget Summary – (BCMDA).....	186
Table 65: MBRR Table D2 – Budgeted Financial Performance (revenue and expenditure) – (BCMDA)	187
Table 66: MBRR Table D4 – Budgeted Financial Position – (BCMDA)	188
Table 67: MBRR Table D4 – Budgeted Cash Flow – (BCMDA)	189
Table 68: MBRR Table SD2 – Financial and Non-Financial Indicators (BCMDA)	190
Table 69: MBRR Table SD4 – Board member allowances and staff benefits (BCMDA)	191
Table 70: MBRR Table SD5 – Board member allowances and staff benefits (BCMDA)	192
Table 71: MBRR Table SD6 – Budget Monthly Cash and Revenue/Expenditure - (BCMDA)	193

Table 72: MBRR Table SA34a – Capital expenditure on new assets by asset class ..	197
Table 73: MBRR Table SA34b – Capital expenditure on the renewal of existing assets by asset class	200
Table 74: MBRR Table SA34c – Repairs and maintenance expenditure by asset class	203
Table 75: MBRR Table SA34d – Depreciation by Asset Class	206
Table 76: MBRR Table SA35 – Future financial implications of the capital budget	209
Table 77: MBRR Table SA36 - Detailed capital budget per municipal vote	211
Table 78: MBRR Table SA37 – Projects delayed from the previous financial year	214
Table 79: MBRR Table SA1 – Supporting detail to budgeted financial performance...	217
Table 80: MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)	222
Table 81: MBRR Table SA3 – Supporting detail to Statement of Financial Position ...	223
Table 82: MBRR Table SA9 – Social, Economic and Demographic Statistics and Assumptions	225
Table 83: MBRR Table SA32 – List of External Mechanism.....	226

LIST OF FIGURES

Figure 1: Cycle of Metro Growth and Development Strategy.....	13
Figure 2: Strategic Framework	14
Figure 3: 2016/17 – 2018/19 Capital Budget Per Service	24
Figure 4: Main Operating Revenue categories for the 2016/17 financial year	40
Figure 5: Main operational expenditure categories for the 2016/17 financial year.....	59

ABBREVIATIONS AND ACRONYMS

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

PART 1 – ANNUAL BUDGET

1.1 EXECUTIVE MAYOR'S REPORT

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

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

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

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

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

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

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

These include:

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

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

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

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

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

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

It gives me great pleasure to announce that our total budget (operating and capital) for the MTREF period is growing from R7.46 billion in the 2016/17 to R8.10 billion in the 2017/18 financial year, it further grows to R8.77 billion in the 2018/19 financial year of which consistently over R1.5 billion per annum has been allocated for infrastructure investment. Our commitment to respond to our people's legitimate demand for a better life is reflected in a budget in which the **key priorities are Water and Sanitation, Roads and Storm water, Human Settlements development, Transport Planning, Electricity** and related **critical infrastructure and maintenance**. In a continued effort to create jobs for the communities of Buffalo City and to encourage private sector investment the capital budget is being focused on a mix social and economic infrastructure investments. As part of its long term plan on human capital development, the city has allocated funding for internship programmes, especially in the areas of finance and engineering as well as the EPWP Programme. The City further continues to allocate funding for bursaries to its employees as well as communities of BCMM. This is in line with, and reflects our commitment to the priorities of the National Development Plan and Provincial Development plan while of course reflecting our own Constitutional role as a local actor on the national stage. The budget allocation is based on the priorities that have been identified through the City's IDP

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

In total, the budget for our **capital and operating projects** amounts to just over **R6.2 billion over the MTREF period** (2016/17: R1.9 billion, 2017/18: R2.1 billion and 2018/19: R2.3 billion. The municipality has recognised the economic adversities that is currently being experienced by its citizens and in an attempt to relieve the growing poverty it has taken a decision to strive to keep its tariff increases at the most minimal feasible levels. This has resulted in the Metro reducing its tariff increases as compared to those that were approved by Council in the 2015/16 MTREF on Property Rates and all the services. On Property Rates the increase has been reduced from 9.6% to 7.6% for 2016/17, decrease from 9.4% to 7.2%, for 2017/18 and an increase of 7% is projected for 2018/19. Refuse Removal has been reduced from 9.2% to 7.8% for 2016/17, decreased from 9% to 7.5% for 2017/18 and an increase 7.2% is projected for 2018/19 financial year. The Sewerage tariff increase has also been decreased form 9.2% to 7.8% for 2016/17, reduced from 9% to 7.5% for 2017/18 and an increase of 7.2% for 2018/19 is projected. However, Water and Electricity losses remain a concern. For the Water Service, the tariff increases that was approved in the 2015/16 MTREF for 2016/17 has been reduced from 10.70% to 8%, for 2017/18 the increase has also been decreased from 10.5% to 7.89%. An increase of 7.92% is proposed for the 2018/19 financial year. The City has followed the proposed NERSA increase of 7.64% for Electricity tariff.

The preparation of the General Valuation Roll as required by the Municipal Property Rates Act was undertaken and was implemented on 1 July 2014. Supplementary Valuations will continue being regularly conducted throughout the years and it is anticipated that this will result in increased property rates revenue (2016/17: R97 million).

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

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

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

In support of our local economy, the Directorate of **Economic Development & Agencies** is running programmes in an effort to reduce unemployment and indigent rate in our Metro. The Directorate has been allocated a capital budget of R148 million (R44.5 million, R45.5 million and R57.5 million) over the MTREF period

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

An amount of **R830 million** (2016/17: R267 million, 2017/18: R274 million and 2018/19: R289 million) has been set aside over the next three (3) years for the construction and refurbishment of **Roads and Storm Water infrastructure** across the City. The City is also continuing with the process of fleet renewal and procuring its own specialized vehicles for the maintenance and construction of rural roads. A total allocation of **R58 million** has been provided for this (Vehicles) over the MTREF.

As far as **Wastewater Treatment infrastructure** is concerned, a total capital budget of **R1.3 million over the MTREF period** to this trading service (2016/17: R371 million,

2017/18: R507 million and 2018/19: R389 million). This includes the amount of R310 million from own funds specifically for the replacement and refurbishment of existing infrastructure within the Metro that has been allocated in the MTREF period. It also include an amount of R436 million from borrowings to be utilised over the MTREF period fund the sewer diversion tunnel project.

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

Our Municipal Services Directorate is scheduled to spend a capital budget amounting to **R361 million** in the forthcoming MTREF period of which R86 million that is from own funds will be spent in the 2016/17 financial year mainly on **Construction and Refurbishment of Waste Cells at Landfill Sites; Cemeteries** as well as a range of **public amenities** including community halls, sports facilities, etc. Each year the City's cemeteries are being brought under increasing pressure as a result of the **elevated mortality rate** in Buffalo City. This requires our **Environmental Services Department** annually to identify potential new sites for **cemetery development** that meet the rigorous requirements of environmental legislation, while being close enough to our settlements to be practically useful. An amount of R14 million over the MTREF period has been provided for development and upgrading cemeteries in the Metro.

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

Traffic Building. A further R5 million has been provided for Vehicle Test Station Upgrade and equipment over the MTREF period.

Transport Planning continues to be a focus area for the institution considering the higher traffic volumes on our roads. In order to ensure that we are alleviating congestion and protecting our inhabitants an amount of **R549 million** (2016/17: R140 million, 2017/18: R162 million and 2018/19: R247 million) has been allocated in the MTREF period for the implementation of integrated transport plan. This includes the establishment and refurbishment of transport facilities.

On **Spatial Planning and Development**, the City will be spending **R273 million** (2016/17: R91 million, 2017/18: R98 million and 2018/19 R85 million) over the MTREF period towards achieving spatial transformation and integration.

Electricity Trading Service has been allocated **R477 million over the MTREF period** (2016/17: R143 million, 2017/18: R163 million and 2018/19: R171 million) for **bulk infrastructure, electrification and upgrading of informal areas**. This includes the amount of R330 million from own funds specifically for the replacement and refurbishment of existing infrastructure within the urban core that has been provided in the MTREF (2016/17: R100 million, 2017/18: R110 million and 2018/19: R120 million). BCMM is still proceeding with investigating potential alternative sources of energy to ensure a more sustainable energy mix by 2030. The BCM State of Energy Report (2008) highlighted some issues and opportunities associated with sustainable energy in BCMM. These are outlined here below:-

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

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

The institution has reconstituted the Board of the Buffalo City Metro Development Agency (BCMDA) whose mandate is to drive Buffalo City Metropolitan Municipality's development. It is envisaged that the board will provide strategic direction regarding the future focus areas of the Buffalo City Metro Development Agency in an attempt to grow the local economy through encouraging private sector investment. The board is currently finalising the appointment of critical staff component that will be tasked with the daily operations of the agency with the core positions of CEO and CFO having already been appointed. The Agency is expected to run in full swing in the new financial year

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

1.2 COUNCIL RESOLUTIONS

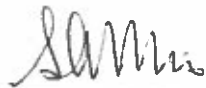
On 31 May 2016 the Council of Buffalo City Metropolitan Municipality convenes to consider the 2016/17 Integrated Development Plan (IDP) Review, Medium Term Revenue and Expenditure Framework (MTREF) and Built Environment Performance Plan (BEPP). It is recommended that the Council approves and adopts the following resolutions:

1. The Council of Buffalo City Metropolitan Municipality, acting in terms of Section 34 of the Municipal Systems Act, 32 of 2000 approves and adopts the revised 2016/17 Integrated Development Plan (IDP).
2. The Council of Buffalo City Metropolitan Municipality, acting in terms of DoRA, 2016 approves and adopts the 2016/17 Built Environment Performance Plan (BEPP)
3. The Council of Buffalo City Metropolitan Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 3.1. The annual budget of the parent municipality (BCMM) for the 2016/17 MTREF and the multi-year and single-year capital appropriations as set out in the following tables:
 - 3.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained on **{Table 20}**;
 - 3.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained on **{Table 21}**;
 - 3.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained on **{Table 22}**; and
 - 3.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained on **{Table 23}**.

- 3.1.5. Budgeted Financial Position as contained on **{Table 24}**;
 - 3.1.6. Budgeted Cash Flows as contained on **{Table 25}**;
 - 3.1.7. Reserves and accumulated surplus reconciliation as contained on **{Table 26}**;
 - 3.1.8. Asset management as contained on **{Table 27}**; and
 - 3.1.9. Basic service delivery measurement as contained on **{Table 28}**.
- 3.2. The annual budget of the municipal entity (BCMDA) for the 2016/17 MTREF as set out in the following tables:
- 3.2.1. Budgeted Financial Performance (revenue by source and expenditure by type) as contained on **{Table 65}**;
 - 3.2.2. Budgeted Financial Position as contained on **{Table 66}**; and
 - 3.2.3. Budgeted Cash Flows as contained on **{Table 67}**.
- 3.3. The consolidated annual budget of the municipality the 2016/17 MTREF as set out in the following tables:
- 3.3.1. Budgeted Financial Performance (revenue by source and expenditure by type) as contained on **{Table 30}**;
 - 3.3.2. Budgeted Financial Position as contained on **{Table 31}**;
 - 3.3.3. Budgeted Cash Flows as contained on **{Table 32}**;
 - 3.3.4. Reserves and accumulated surplus reconciliation as contained on **{Table 33}**;
4. The Council of Buffalo City Metropolitan Municipality Council, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts tariffs (percentage increase contained on **{Table 3}**) effective from 1 July 2016:
- 4.1. property rates – as set out in Annexure E
 - 4.2. electricity – as set out in Annexure E
 - 4.3. water – as set out in Annexure E
 - 4.4. sanitation services – as set out in Annexure E
 - 4.5. solid waste services – as set out in Annexure E

- 4.6. other services as set out in Annexure E
5. To give proper effect to the municipality's draft annual budget, the Council of Buffalo City Metropolitan Municipality approves:
- 5.1. That an indigent subsidy be granted to registered indigents in terms of Council's Indigent Policy.
- 5.2. That an indigent consumer be given a maximum subsidy on his account of R485.52 per month, which includes a maximum of 50kwh for electricity and 6kl for water.
- 5.3. That free basic electricity be granted for a registered indigent consumer of 50KWh per month.
- 5.4. That free basic water be granted to a registered indigent of 6Kl per month.
6. The Buffalo City Metropolitan Municipality Council, approves and adopts the revised budgeted related policies as set out in Annexures F, G, H and N:
- 6.1. Tariff Policy
- 6.2. Budget Virement Policy
- 6.3. Budget Policy (Budget Management Policy)
- 6.4. Long-term Borrowing Policy
7. That Council note the budget-related policies adopted in the previous financial years and where no amendments have been made after review, as listed in Section 1.3.8.2 of this report and are available on BCMM's website at www.buffalocitymetro.gov.za .
8. That in terms of Section 24(2)(c)(iii) of the Municipal Finance Management Act, 56 of 2003, the measurable performance objectives for capital and operating expenditure by vote for each year of the medium term revenue and expenditure framework as set out in Supporting Table SA7 {Table 41} be approved.

9. That in terms of Section 24(2)(c)(iv) of the Municipal Finance Management Act, 56 2003, the amendments to the Integrated Development Plan as set out in the Budget Chapter 17 be approved.
10. Council notes that the 2016/17 MTREF Budget tabled for adoption is structured in terms of the then Buffalo City Metropolitan Municipality votes and functions.
11. MFMA Circular 78, 79 and 82 Municipal Budget Circular for the 2016/17 MTREF attached as Annexure I to be noted by Council.



A. MTSI

EXECUTIVE MAYOR

23rd May 2016

1.3 EXECUTIVE SUMMARY

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

1.3.1 Metro Growth and Development Strategy

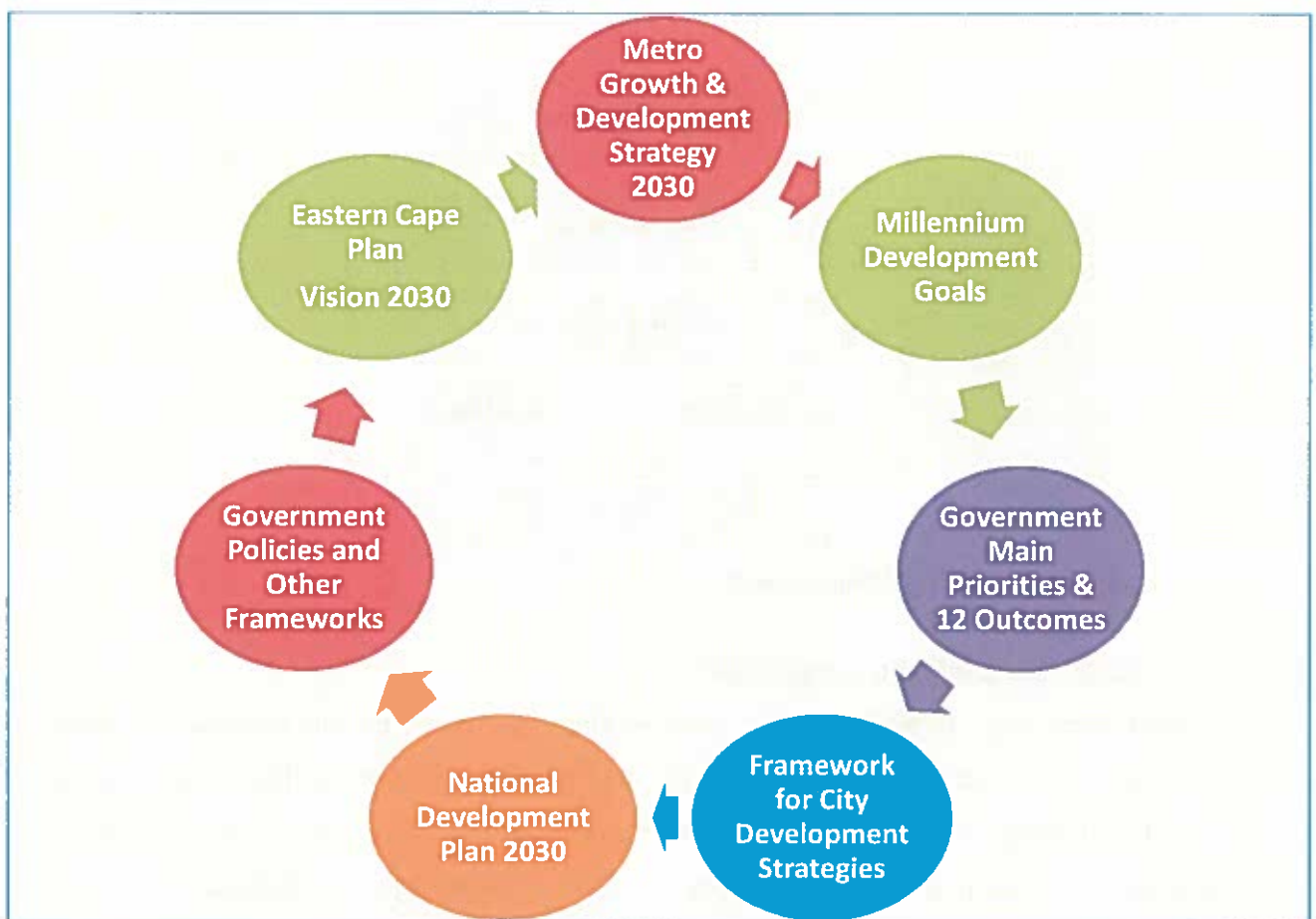


Figure 1: Cycle of Metro Growth and Development Strategy

1.3.1.1 Key Objectives of MDGS

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

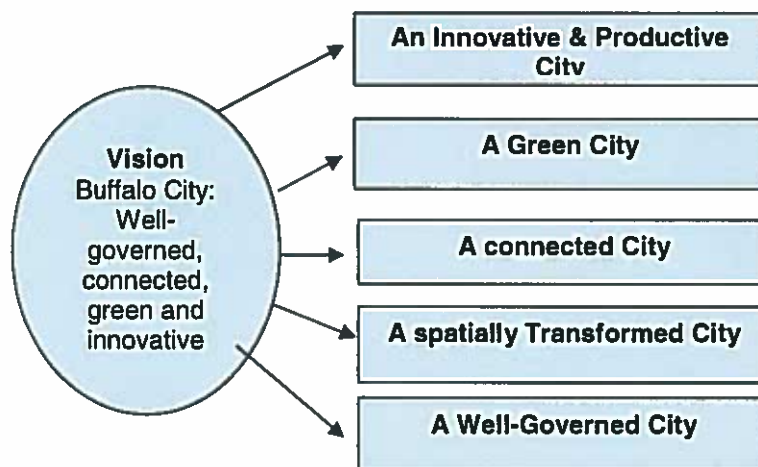


Figure 2: Strategic Framework

1.3.2 Scoping the Landscape

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

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

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

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

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

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

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

1.3.3 The National Development Plan

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

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

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

1.3.4 Local Economic Development

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

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

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

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

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

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

A potential “game changer” which has occurred in the 2014/15 financial year is the successful completion of a property transaction for the purchase of land called “The

Sleeper Site” which is situated in the centre of the central business district. This land was purchased from Transnet at a market related value. The institution is currently requesting interested parties to undertake a planning exercise to assess the most appropriate design for the land to assist in the economic growth of the city as well as encouraging development, which will assist in the revitalization of the CBD.

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

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

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

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

1.3.5 Charting the Way Forward

The Honourable Minister of Finance’s South African budget speech, delivered on the 24 February 2016 clearly depicted an economic picture that is brink. In South Africa the economy is crippled by low economic rate, high unemployment, electricity shortages to mention a few. There is a focus to reduce that national fiscus deficit in the medium term. The call to achieve more for less in the public sector is paramount. Cost containment

measures must continue to reduce consumption spending. Metros must find more innovative ways of funding rather than depending on conditional grants.

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

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

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

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

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

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

MFMA Circular 78, 79 and 82 were taken into consideration in the preparation of the 2016/17 MTREF Budget. The BCMM consolidated budget for the 2016/17 MTREF period is R7.46 billion (2016/17), R8.10 billion (2017/18) and R8.77 billion (2018/19) with the table below summarising the consolidated overview of the 2016/17 MTREF Budget.

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

OPERATING AND CAPITAL BUDGET EXPENDITURE	2015/2016	2015/2016	2016/2017	2017/2018	2018/2019
	ADOPTED	MID-YEAR	ADOPTED	ADOPTED	ADOPTED
	BUDGET YR1	ADJ BUDGET	BUDGET	BUDGET	BUDGET
Total Operating Revenue	(5 719 607 491)	(5 690 829 800)	(5 906 770 453)	(6 379 358 789)	(6 993 842 508)
Total Operating Expenditure	5 718 685 323	5 689 907 632	5 905 692 358	6 377 690 955	6 991 086 875
Total Capital Expenditure	1 275 354 230	1 390 877 160	1 558 133 958	1 720 822 763	1 777 998 762
Total Opex & Capex Budget	6 994 039 553	7 080 784 792	7 463 826 316	8 098 513 718	8 769 085 637

The City's revenue has increased by 4% whilst the expenditure increase is also 4% from 2015/16 revised budget to the 2016/17 budget. The capital budget has increase by 12% resulting in the overall total budget increase of 5% from the 2015/16 revised budget to the 2016/17 budget. The operating revenue increase is mainly attributable to tariff increase as well as slight growth in revenue base e.g. new connections, supplementary valuation to include new developments and rezoning. The operating expenditure increase is mainly attributable to annual increase that is linked to CPI and additional repairs and maintenance provision to respond to the aging infrastructure. The increase in capital expenditure is in respond to service delivery needs to address backlogs and renew aging infrastructure.

1.3.5.1 Revenue & Expenditure Strategy

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

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

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

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

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

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

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

Services	<u>2016/2017 Adopted Capital Budget</u>	<u>2017/2018 Adopted Capital Budget</u>	<u>2018/2019 Adopted Capital Budget</u>
Water	87 500 000	95 000 000	140 000 000
Waste Water	371 492 022	507 023 769	389 172 252
Electricity	143 000 000	163 000 000	171 000 000
Roads and Storm water	267 178 558	273 829 000	289 457 000
Housing	202 441 082	190 530 454	198 127 200
Transport Planning	139 789 000	161 667 000	247 393 000
Local Economic Development	44 500 000	45 500 000	57 500 000
Spatial Planning and Development	90 501 051	97 783 000	84 525 000
Waste Management / Refuse	78 453 700	55 947 040	91 503 690
Amenities	44 024 644	45 347 000	46 002 100
Public Safety	30 032 401	19 817 400	11 618 520
Support Services	41 221 500	45 378 100	31 700 000
Other - BCM Fleet	18 000 000	20 000 000	20 000 000
TOTAL PER SERVICE	1 558 133 958	1 720 822 763	1 777 998 762

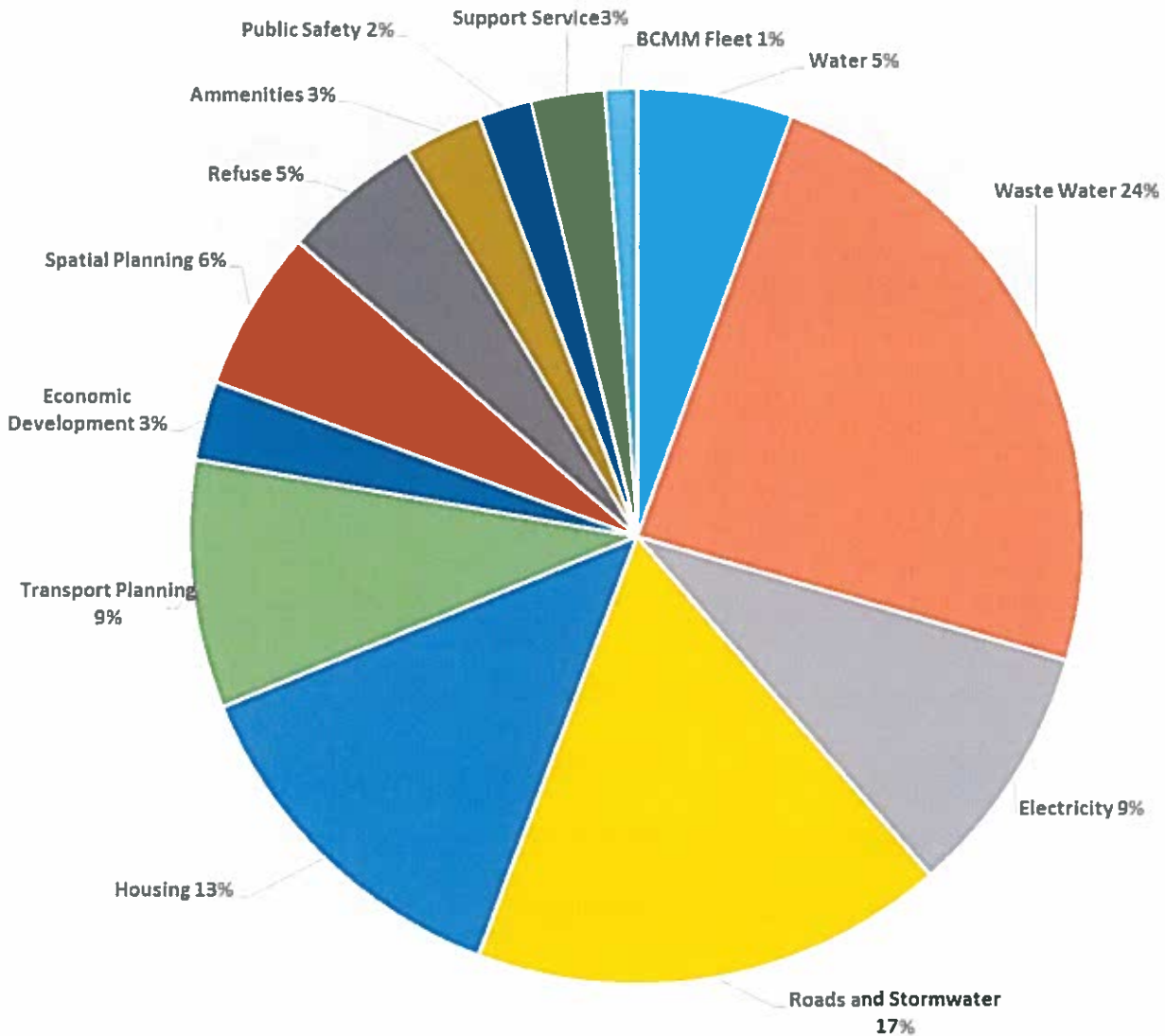


Figure 3: 2016/17 Capital Budget Per Service

A major portion of the capital budget in the 2016/17 MTREF period has been allocated to the major infrastructure services (Waste Water: 24%, Roads and Storm Water: 17%). Although these services are not all revenue generating the budget expenditure is in terms of the City's socio-economic development mandate. They are also crucial in unlocking the economic growth of the City. There is however a drive to channel more funding towards economic infrastructure in order to stimulate economic growth in the Metro.

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

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

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

1.3.6.1 Overall Summary of Year-on-Year Increases

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

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

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

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

1.3.6.2 Rates

The Municipality has successfully undertaken a General Valuation exercise in terms of the Municipal Property Rates Act and the new values were implemented from 1 July 2014. An increase on rate tariffs of 7.6% in the 2016/17 financial year (2017/18: 7.2%, 2018/19: 7.0%) has been planned. Monthly supplementary valuations will be undertaken and it is projected that they will yield a revenue of R97 million in the 2016/17 financial year.

1.3.6.3 Electricity

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

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

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

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

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

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

1.3.6.4 Water

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

There continues to be ongoing concern with water in that:

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

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

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

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

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

1.3.6.5 Sanitation

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

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

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

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

1.3.6.6 Refuse

The proposed Solid Waste tariff increase is 7.8% in the 2016/17 financial year, 7.5% and 7.2% in the two outer years respectively. The Solid Waste tariffs are levied to recover amongst others costs of services provided directly to customers and include refuse collection fees, disposal fees, weighbridge fees and other ad hoc services. In an attempt to improve the refuse collection service, capital budget allocation of R226 million over the MTREF has been allocated to the solid waste department to improve waste management and refuse collection (2016/17: R78 million; 2017/18: R56 million and 2018/19: R92 million). The above include own funding of R77 million that has been allocated over the MTREF period for the Refurbishment of Existing Waste Cells and Construction of additional new ones in an effort to improve environmental compliance and waste management in the City's Landfill sites.

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

1.3.7.1 Cash & Cash Equivalents

BCMM is also projecting a favourable cash position, which currently projected to be R2.4 billion at 30 June 2017 and is projected to be R2.65 billion at 30 June 2018 (2019: R2.9 billion).

1.3.7.2 Cost Coverage

The projected cost coverage, including conditional grants is projected to be 7.4 months at 30 June 2017 and is projected to remain around 7 months over the MTREF period. BCMM maintains a cost coverage of at least 3 months.

1.3.7.3 Debt Impairment

Debt Impairment is currently budgeted at 7.5% of the projected billable revenue over the medium term and amounts to R304 million in 2016/17 and growing to R327 million in 2017/18 and R351 million in 2018/19 financial year. This is based on the average projected collection rate of 92.5% to year end.

1.3.7.4 Borrowings

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

1.3.7.5 Asset Management

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

1.3.7.6 Built Environment Performance Plan (BEPP)

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

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

1.3.8 BCMM's Priorities and Linkages to the IDP

Community consultation on the draft IDP 2016-2021 and MTREF Budget took place from 14 April to 16 May 2016. All BCMM 50 wards were visited during the public consultation process, the municipality reported progress towards the implantation of community key priorities and planned projects for the next planning period.

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

Community Priorities:

- Housing;

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

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

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

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

1.3.8.1 Key Amendments to the IDP

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

1.3.8.2 Key amendments to the budget related policies

No amendments were made to the following existing BCMM budget-related policies on this financial year's annual review.

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

The following policies have been reviewed and amended accordingly:

- Tariff Policy
- Budget Implementation & Management Policy (Budget Virement Policy)
- Budget Policy
- Long-Term Borrowing Policy

1.3.8.3 Municipal Entity

The parent municipality Buffalo City Metropolitan Municipality has constituted the board members for Buffalo City Metro Development Agency (BCMDA). The board is currently recruiting staff for the running of the agency. The Project Manager has been appointed and commenced work on 01 August 2015. The Chief Executive Officer and temporary Office Administrator have been appointed and commenced work on 01 November 2015 and 01 December 2015 respectively. Furthermore, a Chief Financial Officer has been appointed and resumed work in April 2016. In addition, five positions i.e. Executive Manager: Corporate Services; Executive Manager: Development Facilitation; Manager: Risk & Internal Audit; Company Secretary & Legal Services Manager as well as an Executive Personal Assistant have been advertised and interviews have taken place on 9 May 2016. It is anticipated that the final appointments will be made by the board of directors (where applicable) by the end of May. Therefore the anticipated start date for all these positions is June and July 2016.

1.4 OPERATING REVENUE FRAMEWORK

For BCMM to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that the City is faced with development backlogs and increasing rate of unemployment. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues to be collected. The City had to also join the national call of cost containment measures in an effort to achieve operational efficiency and avoid budget deficit. As part of cost containment measure:

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

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

Table 4: Summary revenue classified by revenue source

Description	Ref	2012/13				2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
Revenue By Source															
Property rates	2	580 100	672 957	794 519	902 842	952 842	952 842	952 842	952 842	952 842	1 122 920	1 203 770	1 288 034		
Property rates - penalties & collection charges					571	571	571	571	571	571					
Service charges - electricity revenue	2	1 266 660	1 383 884	1 465 814	1 658 671	1 758 671	1 758 671	1 758 671	1 758 671	1 758 671	1 815 256	1 953 942	2 103 223		
Service charges - water revenue	2	271 026	325 360	394 282	411 381	411 381	411 381	411 381	411 381	411 381	444 291	479 346	517 310		
Service charges - sanitation revenue	2	223 023	248 673	278 832	314 571	314 571	314 571	314 571	314 571	314 571	339 107	364 540	390 787		
Service charges - refuse revenue	2	198 898	228 895	261 807	286 063	286 063	286 063	286 063	286 063	286 063	308 375	331 504	355 372		
Service charges - other					16 056	20 056	20 056	20 056	20 056	20 056	21 580	23 134	24 753		
Rental of facilities and equipment		15 485	15 018	17 430	18 629	18 629	18 629	18 629	18 629	18 629	20 045	21 488	22 993		
Interest earned - external investments		83 980	96 477	124 166	133 620	133 620	133 620	133 620	133 620	133 620	143 775	152 689	161 698		
Interest earned - outstanding debtors		22 204	27 178	34 999	32 175	32 175	32 175	32 175	32 175	32 175	34 651	37 257	40 021		
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-		
Fines		5 979	7 572	5 500	10 293	7 793	7 793	7 793	7 793	7 793	8 385	8 989	9 618		
Licences and permits		15 299	14 161	14 034	22 472	12 972	12 972	12 972	12 972	12 972	13 958	14 963	16 011		
Agency services		-	-	-	-	-	-	-	-	-	-	-	-		
Transfers recognised - operational		723 457	812 167	948 239	1 249 333	1 078 556	1 078 556	1 078 556	1 078 556	1 078 556	1 319 728	1 450 381	1 703 052		
Other revenue	2	517 726	642 030	586 595	662 931	662 931	662 931	662 931	662 931	662 931	314 698	337 356	360 971		
Gains on disposal of PPE			12 084												
Total Revenue (excluding capital transfers and contributions)		3 929 291	4 498 602	4 950 235	5 719 607	5 690 830	5 690 830	5 690 830	5 690 830	5 690 830	5 906 770	6 379 359	6 993 843		

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

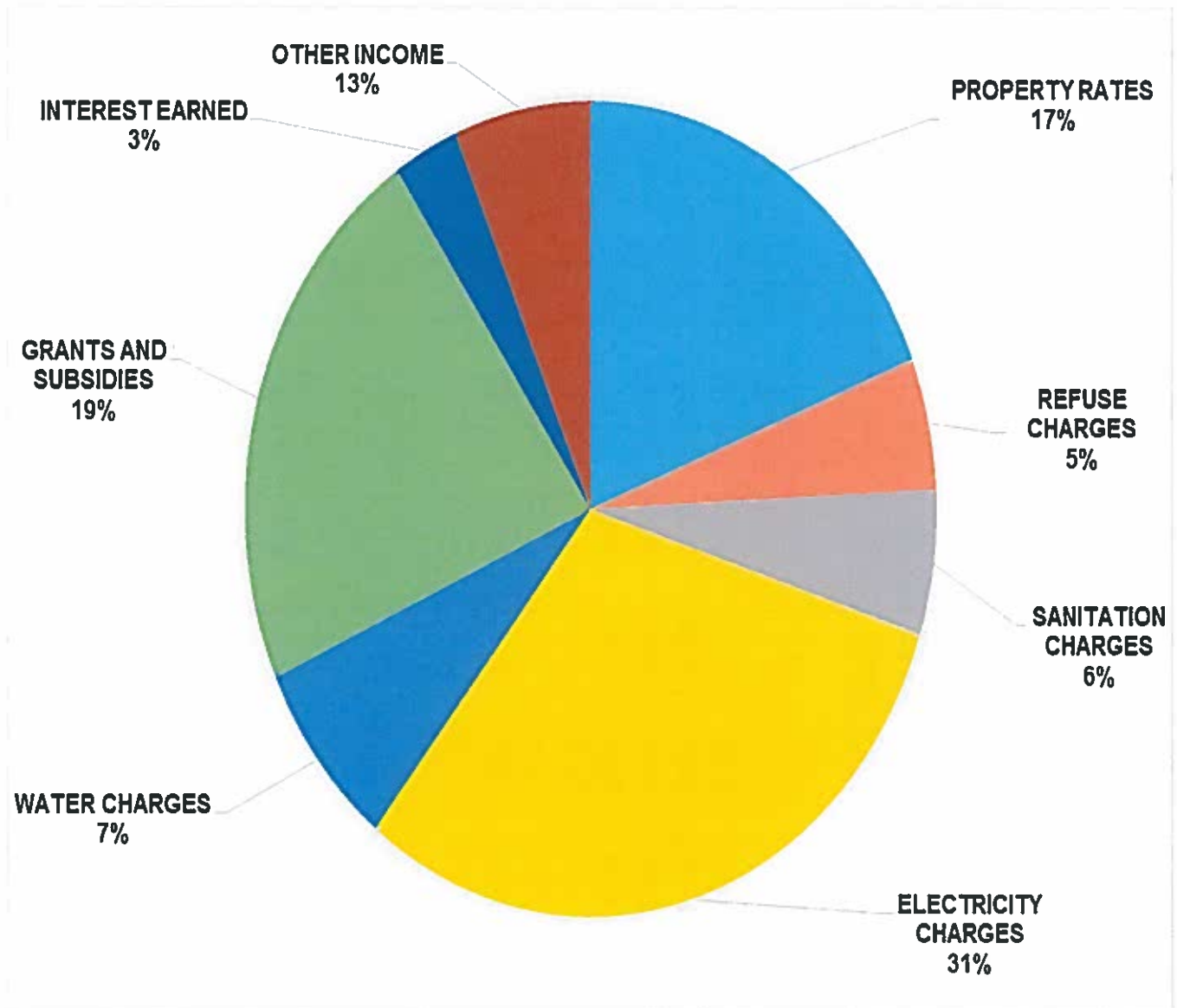


Figure 4: Main Operating Revenue categories for the 2016/17 financial year

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

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

2016/2017 MTREF BUDGET REVENUE FRAMEWORK	2014/2015		2015/2016		2016/2017		2017/2018		2018/2019	
	AUDITED		ADOPTED		ADOPTED		ADOPTED		ADOPTED	
	FIGURES		BUDGET YR1	MID-YEAR ADJ BUDGET	BUDGET	%AGE INCREASE	BUDGET	%AGE INCREASE	BUDGET	%AGE INCREASE
Revenue Per Source										
Property Rates	794 518 845	903 413 150	953 413 150	1 122 920 106	11%	1 203 770 354	7%	1 288 034 279	7%	
Electricity Charges	1 465 814 133	1 658 671 213	1 758 671 213	1 815 256 137	8%	1 953 941 706	8%	2 103 222 852	8%	
Water Charges	394 281 598	411 380 727	411 380 727	444 291 186	8%	479 345 760	8%	517 309 944	8%	
Sanitation Charges	278 831 681	314 570 625	314 570 625	339 107 134	8%	364 540 169	8%	390 787 061	7%	
Refuse Charges	261 806 838	286 062 521	286 062 521	308 375 397	8%	331 503 552	8%	355 371 808	7%	
Other Service Charges	24 018 406	16 055 935	20 055 935	21 580 186	8%	23 133 959	7%	24 753 336	7%	
Rental of facilities and equipment	17 430 173	18 629 262	18 629 262	20 045 086	8%	21 488 332	7%	22 992 515	7%	
Interest earned - external investments	124 166 422	133 619 907	133 619 907	143 775 020	8%	152 689 071	6%	161 697 726	6%	
Interest earned - outstanding debtors	34 998 995	32 174 551	32 174 551	34 650 686	8%	37 256 677	8%	40 021 217	7%	
Fines	5 499 645	10 293 009	7 793 009	8 385 278	8%	8 989 018	7%	9 618 249	7%	
Licences and permits	14 034 279	22 472 368	12 972 368	13 958 268	8%	14 963 263	7%	16 010 692	7%	
Transfers recognised - operational	948 238 761	1 249 333 299	1 078 555 608	1 319 728 331	22%	1 450 381 060	10%	1 703 052 050	18%	
Other revenue	586 515 062	662 930 923	662 930 923	314 697 638	-53%	337 355 867	7%	360 970 778	7%	
Total Revenue Excluding Capital Transfers	4 950 154 840	5 719 607 491	5 690 829 800	5 906 770 453	100%	6 379 358 789	100%	6 993 842 508	100%	
Total Revenue from Rates and Service Charges	3 219 271 502	3 590 154 171	3 744 154 171	4 051 530 146	69%	4 356 235 500	68%	4 679 479 280	67%	

In 2016/17 the City's own revenue generated property rates and service charges is 69% of the total revenue totalling to R4.1 billion and decrease slightly to 68% which is R4.4 billion in 2017/18 and further slightly decrease to 67% which is R4.7 billion in the 2018/19 financial year. This is mainly attributed to the electricity service contribution to the total revenue mix (inclusive of conditional and unconditional grants) which is 31% in the 2016/17 financial year.

Electricity revenue is increasing from R1.76 billion to R1.82 billion in 2016/17, it further increase to R1.95 billion and R2.10 billion respectively in two outer years of the 2016/17 MTREF period. Property rates are the second largest own revenue source with 17% contribution over the 2016/17 financial year.

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

Table 6: Table SA18 - Operating Transfers and Grant Receipts

R thousand	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	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
	RECEIPTS:									
	Operating Transfers and Grants									
	National Government:									
	Local Government Equitable Share	657 974	706 873	697 778	714 196	1 147 183	1 147 183	1 177 431	1 236 281	1 369 682
	Urban Settlement Development Grant	650 616	653 660	654 723	655 141	655 141	655 141	678 197	703 602	760 256
	Finance Management	1 500	43 508	34 265	33 348	95 994	95 994	75 445	63 226	104 400
	EPWP Incentive	1 484	2 705	1 890	1 300	1 180	1 180	1 200	1 200	900
	Infrastructure Skills Development Grant	3 000	5 700	5 400	8 400	8 400	8 400	8 900	10 900	11 900
	Water Services Operating Subsidy	1 374	-	-	-	-	-	-	-	-
	Integrated City Development Grant	-	-	-	5 605	5 605	5 605	-	-	-
	Municipal Human Settlement Capacity Grant	-	-	-	9 253	9 253	9 253	-	-	-
	Department of Public Works	-	-	-	-	-	-	2 470	-	-
	General Fuel Levy	-	-	-	-	370 461	370 461	410 031	457 353	512 256
	Provincial Government:									
	Roads Subsidy - Provincial Roads	5 831	103 141	106 798	531 687	298 252	298 252	138 802	211 100	313 370
	Dept of Economic Development, Environmental Affairs and Tourism (DEDEAT)	-	-	-	1 871	1 871	1 871	-	-	-
	Department of Water Affairs	5 831	2 627	-	-	2 500	2 500	-	-	-
	Local Government & Traditional Affairs	-	-	-	-	-	-	-	-	-
	Health Subsidy - ATC	-	-	-	2 000	3 770	3 770	3 770	3 770	3 770
	DSRAC - Library Subsidy	-	-	-	2 522	2 522	2 522	2 522	2 522	2 522
	Reclaim Land Claims Commission(RLCC)	-	7 276	-	3 638	3 638	3 638	15 000	15 000	15 870
	Dept Sport, Recreation, Arts and Culture (DSRAC)	-	-	-	-	31	31	-	-	-
	Dept of Land Affairs	-	-	106 798	-	766	766	-	-	-
	Human Settlement Development Grant	-	93 238	-	521 656	283 154	283 154	123 802	196 100	297 500
	Human Settlement Development Grant - MPCC	-	-	-	-	-	-	-	-	-
	District Municipality:									
	Health Subsidy - Environmental Health	-	1 288	-	-	-	-	-	-	-
	Other grant providers:									
	SETA - Skills Development	3 656	4 186	2 727	3 329	3 120	3 120	3 498	3 000	-
	Donor Funding - Leiden & Gálve	3 419	3 130	2 264	2 989	2 989	2 989	-	-	-
	Salánda	50	345	464	-	-	-	-	-	-
	Transnet	-	-	-	-	-	-	3 000	3 000	-
	Department of Land Affairs	-	-	-	-	-	-	-	-	-
	Trust Funds	188	-	-	-	131	131	-	-	-
	Umsobomvu Youth Fund	-	-	-	-	-	-	-	-	-
	BCMETS Funding	-	710	-	-	-	-	-	-	-
	Donor Funding - European Commission	-	-	-	340	-	-	-	-	-
	City of Oldenburg	-	-	-	-	-	-	496	-	-
	Vuna Awards	-	-	-	-	-	-	-	-	-
	Total Operating Transfers and Grants	667 461	815 488	807 303	1 249 211	1 448 554	1 448 554	1 319 728	1 450 381	1 703 052

Table SA18 - Operating Transfers and Grant Receipts (Continued)

R thousand	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	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
	RECEIPTS:									
	Capital Transfers and Grants									
	National Government:	542 474	619 676	664 712	742 884	702 762	702 762	741 969	842 151	969 510
	Urban Settlement Development Grant	499 474	569 797	639 025	679 784	659 542	659 542	656 054	710 976	708 935
	Infrastructure Skills Development Grant	-	100	100	100	100	100	100	100	100
	Energy Efficiency and Demand Management	10 000	4 579	-	13 000	13 000	13 000	-	5 000	3 000
	Public Transport Network Grant	3 000	20 000	-	-	-	-	35 289	60 167	166 393
	Neighbourhood Development Partnership	-	-	5 000	20 000	-	-	19 346	24 979	49 525
	Integrated National Electrification Programme	30 000	25 000	20 587	30 000	30 000	30 000	25 000	30 000	30 000
	Finance Management	-	200	-	-	120	120	100	100	100
	Integrated City Development Grant	-	-	-	-	-	-	6 080	10 829	11 457
	Provincial Government:	20 880	29 025	-	107 469	86 850	86 850	106 300	50 635	-
	Human Settlement Development Grant	20 880	29 025	-	94 400	69 800	69 800	106 300	50 635	-
	Human Settlement Development Grant - MPCC	-	-	-	13 069	-	-	-	-	-
	Dept Sport, Recreation, Arts and Culture (DSRAC)	-	-	-	-	8 014	8 014	-	-	-
	Dept of Local Government and Traditional Affairs	-	-	-	-	9 036	9 036	-	-	-
	Dept of Economic Development, Environmental Affairs and Tourism (DEDEAT)	-	-	-	-	-	-	-	-	-
	District Municipality:	-	-	-	-	-	-	-	-	-
	Health Subsidy - Environmental Health	-	-	-	-	-	-	-	-	-
	Other grant providers:	272	340	-	-	459	459	-	-	-
	Public Funding	272	340	-	-	-	-	-	-	-
	European Commission	-	-	-	-	-	-	-	-	-
	BCMETS Funding	-	-	-	-	-	-	-	-	-
	Lieden	-	-	-	-	459	459	-	-	-
	Total Capital Transfers and Grants	563 626	649 041	664 712	850 353	790 071	790 071	848 269	892 786	969 510
	TOTAL RECEIPTS OF TRANSFERS & GRANTS	1 231 087	1 464 629	1 472 015	2 059 564	2 238 626	2 238 626	2 167 997	2 343 167	2 672 562

1.4.1 Property Rates and Service Charges and Impact of Tariff Increases

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

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

1.4.1.1 Property Rates

Property rates are a major source of revenue income for the City and contribute to cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the BCMM's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the differential rate ratio for public service infrastructure, public benefit organisation and agricultural properties relative to residential properties to be 0.25:1. The implementation of these regulations was effected in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rateable value (Section 17(h) of the MPRA).
- 100% rebate will be granted to registered indigents in terms of the municipality's Indigent Policy where the value of the indigent property is to a maximum of R150,000 as determined for a RDP house;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 40% will be granted to owners of rate-able property if the total gross

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

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

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

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

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

The Municipality has successfully undertaken a General Valuation exercise in terms of the Municipal Property Rates Act and the new values were implemented from 1 July 2014. An increase on rate tariffs of 7.6% in the 2016/17 financial year (2016/17: 7.2%, 2017/18: 7.0%) has been planned. Monthly supplementary valuations will be undertaken and it is projected that they will yield a revenue of R97 million in the 2016/17 financial year.

1.4.1.2 Sale of Water and Impact of Tariff Increases

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

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

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

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

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

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

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

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

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

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

Table 8: Water Tariffs

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

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

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

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

1.4.1.3 Sale of Electricity and Impact of Tariff Increases

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

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

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

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

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

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

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

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

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

1.4.1.4 Sanitation and Impact of Tariff Increases

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

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

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

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

1.4.1.5 Refuse Removal and Impact of Tariff Increases

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

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

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

Table 12: Comparison between current refuse removal fees and increases

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

1.4.2 Overall impact of tariff increases on households

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

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

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

Table 13: SA14 – Household bills

Choose name from list - Supporting Table SA14 Household bills

Rand/cent	Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework				
			Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17 % incr.	Budget Year 2016/17	Budget Year +1 2017/16	Budget Year +2 2018/19			
1	Monthly Account for Household - 'Middle Income Range'															
	Rates and services charges:															
	Property rates		525.67	588.25	479.79	527.29	527.29	527.29	527.29	527.29	527.29	527.29	527.29	527.29	527.29	527.29
	Electricity: Basic levy		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Electricity: Consumption		1 179.19	1 297.11	992.40	1 113.47	1 113.47	1 113.47	1 113.47	1 113.47	1 113.47	1 113.47	1 113.47	1 113.47	1 113.47	1 113.47
	Water: Basic levy		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Water: Consumption		319.36	368.39	298.24	331.04	331.04	331.04	331.04	331.04	331.04	331.04	331.04	331.04	331.04	331.04
	Sanitation		203.51	225.66	249.34	273.03	273.03	273.03	273.03	273.03	273.03	273.03	273.03	273.03	273.03	273.03
	Refuse removal		122.81	138.60	156.14	170.97	170.97	170.97	170.97	170.97	170.97	170.97	170.97	170.97	170.97	170.97
	Other		28.07	30.70	33.33	36.63	36.63	36.63	36.63	36.63	36.63	36.63	36.63	36.63	36.63	36.63
	sub-total		2 378.61	2 648.70	2 209.24	2 452.43	2 452.43	2 452.43	2 452.43	2 452.43	2 452.43	2 452.43	2 452.43	2 452.43	2 452.43	2 452.43
	VAT on Services		333.01	370.82	309.29	343.34	343.34	343.34	343.34	343.34	343.34	343.34	343.34	343.34	343.34	343.34
	Total large household bill:		2 711.61	3 019.52	2 518.53	2 795.77	2 795.77	2 795.77	2 795.77	2 795.77	2 795.77	2 795.77	2 795.77	2 795.77	2 795.77	2 795.77
	% increase/-decrease			11.4%	(16.6%)	11.0%										
2	Monthly Account for Household - 'Affordable Range'															
	Rates and services charges:															
	Property rates		83.08	92.97	342.71	376.64	376.64	376.64	376.64	376.64	376.64	376.64	376.64	376.64	376.64	376.64
	Electricity: Basic levy		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Electricity: Consumption		587.24	645.96	496.20	556.74	556.74	556.74	556.74	556.74	556.74	556.74	556.74	556.74	556.74	556.74
	Water: Basic levy		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Water: Consumption		250.55	289.01	248.53	275.87	275.87	275.87	275.87	275.87	275.87	275.87	275.87	275.87	275.87	275.87
	Sanitation		72.44	80.34	88.74	97.17	97.17	97.17	97.17	97.17	97.17	97.17	97.17	97.17	97.17	97.17
	Refuse removal		122.81	138.60	156.14	170.97	170.97	170.97	170.97	170.97	170.97	170.97	170.97	170.97	170.97	170.97
	Other		28.07	30.70	33.33	36.63	36.63	36.63	36.63	36.63	36.63	36.63	36.63	36.63	36.63	36.63
	sub-total		1 144.19	1 277.58	1 365.65	1 514.02	1 514.02	1 514.02	1 514.02	1 514.02	1 514.02	1 514.02	1 514.02	1 514.02	1 514.02	1 514.02
	VAT on Services		148.56	165.84	191.19	211.96	211.96	211.96	211.96	211.96	211.96	211.96	211.96	211.96	211.96	211.96
	Total small household bill:		1 292.74	1 443.42	1 556.84	1 725.98	1 725.98	1 725.98	1 725.98	1 725.98	1 725.98	1 725.98	1 725.98	1 725.98	1 725.98	1 725.98
	% increase/-decrease			11.7%	7.9%	10.9%										
3	Monthly Account for Household - 'Indigent' Household receiving free basic services															
	Rates and services charges:															
	Property rates		83.08	92.97	102.81	112.99	112.99	112.99	112.99	112.99	112.99	112.99	112.99	112.99	112.99	112.99
	Electricity: Basic levy		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Electricity: Consumption		42.76	47.04	49.62	55.67	55.67	55.67	55.67	55.67	55.67	55.67	55.67	55.67	55.67	55.67
	Water: Basic levy		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Water: Consumption		44.98	51.89	59.65	66.21	66.21	66.21	66.21	66.21	66.21	66.21	66.21	66.21	66.21	66.21
	Sanitation		72.44	80.34	88.74	97.17	97.17	97.17	97.17	97.17	97.17	97.17	97.17	97.17	97.17	97.17
	Refuse removal		122.81	138.60	156.14	170.97	170.97	170.97	170.97	170.97	170.97	170.97	170.97	170.97	170.97	170.97
	Other		28.07	30.70	33.33	36.63	36.63	36.63	36.63	36.63	36.63	36.63	36.63	36.63	36.63	36.63
	sub-total		394.15	441.53	408.98	450.62	450.62	450.62	450.62	450.62	450.62	450.62	450.62	450.62	450.62	450.62
	VAT on Services		38.64	43.55	57.26	63.09	63.09	63.09	63.09	63.09	63.09	63.09	63.09	63.09	63.09	63.09
	Total small household bill:		432.79	485.08	466.25	513.71	513.71	513.71	513.71	513.71	513.71	513.71	513.71	513.71	513.71	513.71
	% increase/-decrease			12.1%	(3.9%)	10.2%										

1.5 OPERATING EXPENDITURE FRAMEWORK

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

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

Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand	1												
Expenditure By Type													
Employee related costs	2	982 560	1 134 596	1 192 331	1 387 619	1 425 572	1 425 572	1 425 572	1 425 572	1 531 068	1 641 305	1 754 555	
Remuneration of councillors	3	43 331	45 088	47 682	52 910	54 810	54 810	54 810	54 810	58 099	62 282	66 579	
Debt impairment	3	106 770	241 011	365 110	245 009	253 979	253 979	253 979	253 979	303 865	326 718	350 961	
Depreciation & asset impairment	2	701 504	629 728	729 880	712 213	740 930	740 930	740 930	740 930	748 339	794 736	841 625	
Finance charges	2	1 040 113	1 110 464	1 213 642	1 377 012	1 407 012	1 407 012	1 407 012	1 407 012	1 521 587	1 645 567	1 779 730	
Bulk purchases	8												
Other materials													
Contracted services		7 763	9 743	14 607	21 622	21 622	21 622	21 622	21 622	22 486	23 881	25 290	
Transfers and grants		99 031	145 871	235 798	258 568	258 568	258 568	258 568	258 568	288 468	310 163	333 178	
Other expenditure	4, 5	1 000 287	1 246 637	1 326 472	1 609 419	1 471 602	1 471 602	1 471 602	1 471 602	1 374 675	1 502 101	1 753 281	
Loss on disposal of PPE				30 408									
Total Expenditure		3 981 360	4 628 913	5 216 601	5 718 685	5 689 908	5 689 908	5 689 908	5 689 908	5 905 692	6 377 691	6 991 087	

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

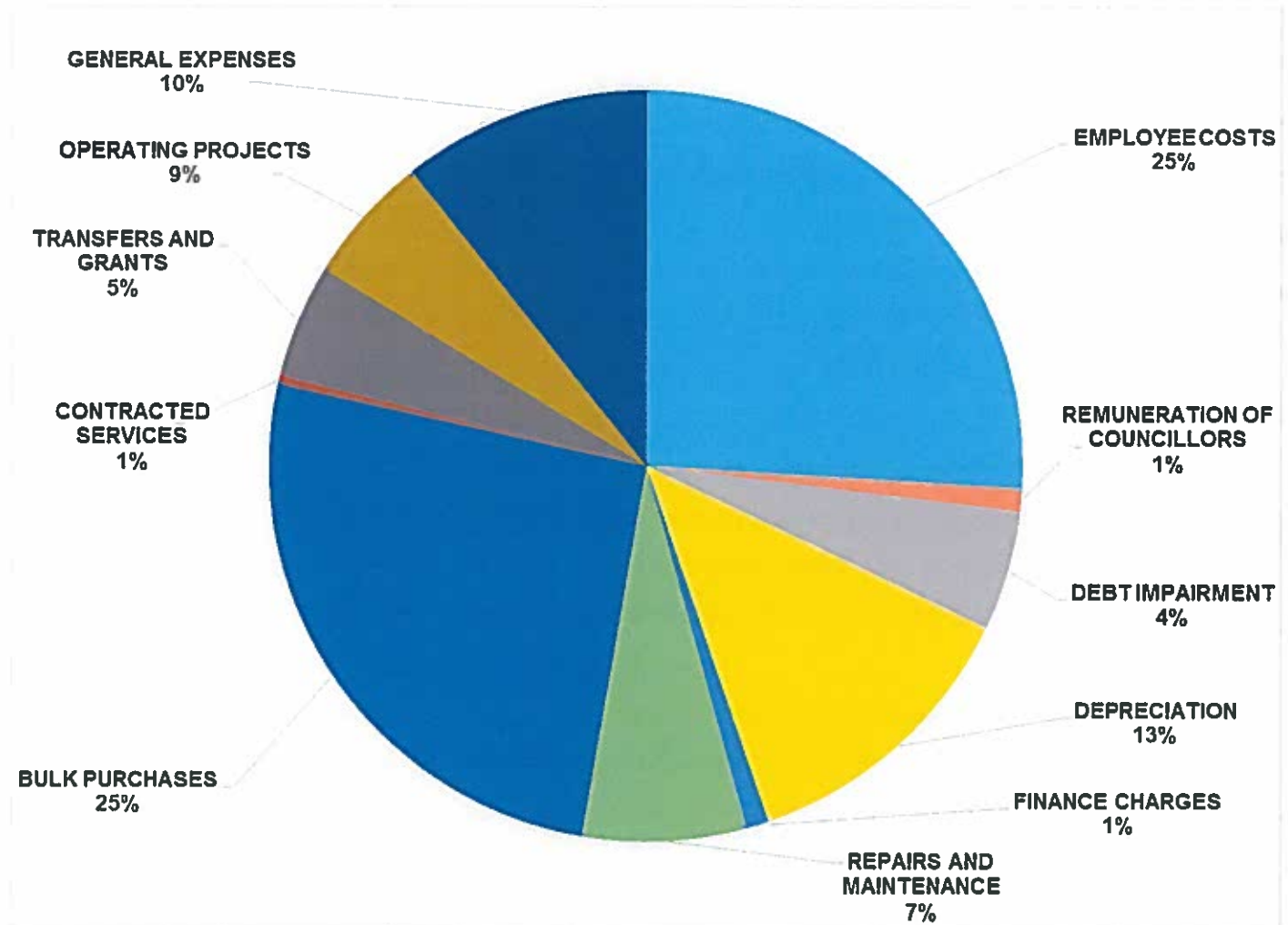


Figure 5: Main operational expenditure categories for the 2016/17 financial year

Employee Costs equates to 25% of the total operating costs and is within the norm of 25% to 40% as per MFMA Circular 71 guideline. Salaries have been increased by 6% in the 2016/17 financial year in line with SALGA's guideline.

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

The **provision of debt impairment** has been determined based on an annual collection rate. For the 2016/17 financial year this amounts to R304 million and escalates to R351 million by 2018/19. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R748 million for the 2016/17 financial year and equates to 13% of the total operating expenditure. Infrastructure assets are by far the most significant value of the Statement of Financial Position of the institution and is where the most significant amount of the institutions resources is expended. As such the institution has made a strategic decision to actively manage its infrastructure assets by ensuring all new infrastructure commitments are made in line with the Metro Growth and Development Strategy.

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

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

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

Other expenditure comprises of various line items relating to the daily operations of the municipality. In order to comply with the provisions of circular 78, 79 and 82 guiding principles as issued by National Treasury, the institution undertook a line by line

analysis of expenditure in an attempt to improve efficiencies. As a result the annual increase on general expenses and contracted services has kept below CPI at 4% on the 2016/17 financial year. In the prior year (2015/16) no annual increase was provided.

1.5.1 Repairs and Maintenance

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

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

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

R thousand	Description	2012/13		2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19		
	Repairs and maintenance expenditure by Asset Class/Sub-class												
	Infrastructure	220 824	236 228	251 289	316 019	316 019	316 019	316 019	352 361	367 597	426 357		
	Infrastructure - Road transport	62 067	62 764	84 037	108 529	108 529	108 529	108 529	121 010	133 111	146 422		
	Roads, Pavements & Bridges	55 427	56 120	75 418	99 988	99 988	99 988	99 988	111 486	122 635	134 899		
	Storm water	6 640	6 644	8 619	8 541	8 541	8 541	8 541	9 523	10 476	11 523		
	Infrastructure - Electricity	100 347	103 884	90 862	112 550	112 550	112 550	112 550	125 493	138 042	151 846		
	Transmission & Reticulation	97 551	100 033	6 812	108 099	108 099	108 099	108 099	120 530	132 583	145 842		
	Street Lighting	2 796	3 850	84 050	4 451	4 451	4 451	4 451	4 963	5 459	6 005		
	Infrastructure - Water	26 976	30 866	34 412	42 435	42 435	42 435	42 435	47 315	52 047	57 251		
	Dams & Reservoirs	1 021	932	1 013	1 263	1 263	1 263	1 263	1 431	1 574	1 731		
	Reticulation	25 955	29 933	33 398	41 152	41 152	41 152	41 152	45 885	50 473	55 520		
	Infrastructure - Sanitation	19 486	23 221	24 862	29 620	29 620	29 620	29 620	33 027	36 329	39 962		
	Reticulation	19 486	23 221	24 862	29 620	29 620	29 620	29 620	33 027	36 329	39 962		
	Infrastructure - Other	11 948	15 494	17 116	22 885	22 885	22 885	22 885	25 517	28 068	30 875		
	Waste Management	11 948	15 494	17 116	22 885	22 885	22 885	22 885	25 517	28 068	30 875		
	Community	19 435	22 165	12 495	17 874	17 874	17 874	17 874	19 929	21 922	24 114		
	Parks & gardens	407	1 248	1 818	553	553	553	553	617	678	746		
	Sportsfields & stadia	328	298	335	413	413	413	413	460	506	557		
	Swimming pools	398	405	526	585	585	585	585	652	718	789		
	Community halls	155	126	128	253	253	253	253	282	310	341		
	Libraries	11 065	2 285	2 579	3 331	3 331	3 331	3 331	3 714	4 086	4 494		
	Recreational facilities	991	1 394	1 507	2 288	2 288	2 288	2 288	2 551	2 806	3 087		
	Fire, safety & emergency	1 518	1 995	1 144	2 005	2 005	2 005	2 005	2 236	2 459	2 705		
	Security and policing	474	394	118	2 658	2 658	2 658	2 658	2 963	3 260	3 586		
	Buses	24	21	-	101	101	101	101	112	123	136		
	Clinics	32	14	10	71	71	71	71	79	87	95		
	Museums & Art Galleries	233	158	250	402	402	402	402	448	493	543		
	Cemeteries	3 810	3 828	4 079	5 215	5 215	5 215	5 215	5 815	6 396	7 036		
	Other	23 443	27 293	20 271	38 117	38 117	38 117	38 117	42 501	46 751	51 426		
	Other assets	764	940	1 022	1 821	1 821	1 821	1 821	2 030	2 233	2 457		
	General vehicles	816	604	671	1 065	1 065	1 065	1 065	1 188	1 307	1 437		
	Computers - hardware/equipment	3	0	2	16	16	16	16	18	19	21		
	Furniture and other office equipment	738	721	679	1 009	1 009	1 009	1 009	1 126	1 238	1 362		
	Markets	8 091	8 852	5 031	10 554	10 554	10 554	10 554	11 768	12 945	14 240		
	Other Buildings	13 031	16 176	12 865	23 651	23 651	23 651	23 651	26 371	29 008	31 909		
	Other	263 702	285 686	284 054	372 010	372 010	372 010	372 010	414 791	456 270	501 897		
	Total Repairs and Maintenance Expenditure	2,6%	2,4%	2,4%	3,3%	3,3%	3,3%	3,3%	3,1%	3,2%	3,3%		
	R&M as a % of PPE	6,6%	6,2%	5,4%	6,5%	6,5%	6,5%	6,5%	7,0%	7,2%	7,2%		
	R&M as % Operating Expenditure												

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the City's Indigent Policy. The target is to register an average of at least the following indigent households by the end of 2016/17 financial year, this process is reviewed annually: Rates and Fire Levy – 40 000; Refuse and Sanitation – 66 998; Electricity 86 891; Water – 86100 rural and 66 998 urban.

It should however be noted that although this is a goal from a social perspective, it is an indicator of the overall strategic direction of the institution not being achieved. The institution is attempting to steer in the direction of economic growth and job creation. This target is contrary to that focus area. The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

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

Table 16: Basic social services package per indigent household

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

Total Poor Relief	450,63	485,52	516,29	553,95
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1.6 CAPITAL EXPENDITURE FRAMEWORK

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

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

Vote Description	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	1															
Capital expenditure - Vote	2															
Multi-year expenditure to be appropriated																
Vote 1 - Directorate - Executive Support Services		622	558	1 321	6 200	4 898	4 898	4 898	4 898	4 898	4 898	4 898	4 898	500	500	500
Vote 2 - Directorate - Municipal Manager		-	944	5 452	21 500	700	700	700	700	700	700	700	700	31 678	31 678	19 000
Vote 3 - Directorate - Human Settlement		36 692	58 744	144 783	211 424	196 391	196 391	196 391	196 391	196 391	196 391	196 391	196 391	190 530	190 530	198 127
Vote 4 - Directorate - Chief Financial Officer		25 488	3 544	3 282	10 000	10 752	10 752	10 752	10 752	10 752	10 752	10 752	10 752	10 600	10 600	10 600
Vote 5 - Directorate - Corporate Services		-	31 262	4 863	21 600	30 621	30 621	30 621	30 621	30 621	30 621	30 621	30 621	2 100	2 100	600
Vote 6 - Directorate - Infrastructure Services		402 616	636 990	671 827	820 556	925 500	925 500	925 500	925 500	925 500	925 500	925 500	925 500	887 671	1 059 353	1 010 629
Vote 7 - Directorate - Spatial Planning		101 455	28 432	37 437	68 221	86 153	86 153	86 153	86 153	86 153	86 153	86 153	86 153	230 290	259 450	331 918
Vote 8 - Directorate - Health & Public Safety		6 358	6 744	3 751	21 650	15 809	15 809	15 809	15 809	15 809	15 809	15 809	15 809	30 032	19 817	11 619
Vote 9 - Directorate - Municipal Services		20 255	67 420	57 333	94 204	120 054	120 054	120 054	120 054	120 054	120 054	120 054	120 054	122 478	101 294	137 506
Vote 10 - Directorate - Economic Development		-	-	-	-	-	-	-	-	-	-	-	-	44 500	45 500	57 500
Capital multi-year expenditure sub-total	7	593 485	834 638	930 050	1 275 354	1 390 877	1 390 877	1 390 877	1 390 877	1 390 877	1 390 877	1 390 877	1 390 877	1 558 134	1 720 823	1 777 999
Single-year expenditure to be appropriated	2															
Vote 1 - Directorate - Executive Support Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Directorate - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Directorate - Human Settlement		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Directorate - Chief Financial Officer		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Directorate - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Directorate - Infrastructure Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Directorate - Spatial Planning		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Directorate - Health & Public Safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Directorate - Municipal Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Directorate - Economic Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote		593 485	834 638	930 050	1 275 354	1 390 877	1 390 877	1 390 877	1 390 877	1 390 877	1 390 877	1 390 877	1 390 877	1 558 134	1 720 823	1 777 999

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

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	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	1															
Capital Expenditure - Standard																
<i>Governance and administration</i>																
Executive and council		26 110	33 780	14 918	59 300	46 512	59 300	46 512	46 512	46 512	40 722	44 878	44 878	30 700		
Budget and treasury office		622	1 731	6 773	27 700	5 139	27 700	5 139	5 139	5 139	23 022	32 178	32 178	19 500		
Corporate services		25 488	1 369	3 282	10 000	10 752	10 000	10 752	10 752	10 752	10 600	10 600	10 600	10 600		
<i>Community and public safety</i>																
Community and social services		44 632	134 713	165 241	305 568	265 774	305 568	265 774	265 774	265 774	276 498	255 695	255 695	255 748		
Sport and recreation		-	67 627	11 918	40 269	20 050	40 269	20 050	20 050	20 050	23 300	24 300	24 300	24 300		
Public safety		1 582	-	4 788	32 225	33 524	32 225	33 524	33 524	33 524	20 725	21 047	21 047	21 702		
Housing		6 358	8 386	3 751	21 650	15 809	21 650	15 809	15 809	15 809	30 032	19 817	19 817	11 619		
Health		36 692	58 700	144 783	211 424	196 391	211 424	196 391	196 391	196 391	202 441	190 530	190 530	198 127		
<i>Economic and environmental services</i>																
Planning and development		246 316	312 120	369 799	333 221	427 260	333 221	427 260	427 260	427 260	541 969	578 779	578 779	678 875		
Road transport		101 008	28 419	37 437	68 221	86 612	68 221	86 612	86 612	86 612	274 790	304 950	304 950	389 418		
Environmental protection		143 551	283 701	322 624	265 000	340 649	265 000	340 649	340 649	340 649	267 179	273 829	273 829	289 457		
<i>Trading services</i>																
Electricity		1 757	-	9 738	-	-	-	-	-	-	-	-	-	-		
Water		275 981	348 551	379 734	529 266	603 331	529 266	603 331	603 331	603 331	680 946	821 471	821 471	792 676		
Waste water management		65 683	104 373	150 386	158 500	164 500	158 500	164 500	164 500	164 500	143 000	163 000	163 000	171 000		
Waste management		71 359	71 663	91 521	91 000	110 000	91 000	110 000	110 000	110 000	87 500	95 000	95 000	140 000		
<i>Other</i>																
Other		122 022	172 515	106 938	258 056	262 352	258 056	262 352	262 352	262 352	371 992	507 524	507 524	390 172		
Total Capital Expenditure - Standard	3	593 485	834 638	930 050	1 275 354	1 390 877	1 275 354	1 390 877	1 390 877	1 390 877	1 558 134	1 720 823	1 720 823	1 777 999		
Funded by:																
National Government		515 570	722 854	565 914	742 884	702 762	742 884	702 762	702 762	702 762	741 969	842 151	842 151	969 510		
Provincial Government		-	11 649	49 578	107 469	86 850	107 469	86 850	86 850	86 850	106 300	50 635	50 635	-		
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-		
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-		
Transfers recognised - capital	4	515 570	734 503	615 492	850 353	789 612	850 353	789 612	789 612	789 612	848 269	892 786	892 786	969 510		
Public contributions & donations	5	-	-	-	-	459	-	459	459	459	-	-	-	-		
Borrowing	6	18 146	-	-	-	-	-	-	-	-	69 582	189 352	189 352	176 867		
Internally generated funds	7	59 769	100 136	314 558	425 002	600 806	425 002	600 806	600 806	600 806	640 283	638 685	638 685	631 622		
Total Capital Funding	7	593 485	834 638	930 050	1 275 354	1 390 877	1 275 354	1 390 877	1 390 877	1 390 877	1 558 134	1 720 823	1 720 823	1 777 999		

The above table reflect that the budget for capital programme is R1.56 billion in the 2016/17 financial year, R1.72 billion and R1.78 billion in the 2017/18 and 2018/19 financial years respectively.

It is pleasing to note the BCMM's capital budget has increased by 12% compared to the 2015/16 revised budget. It is also showing an increasing trend from 2016/17 to 2018/19 financial year. Further breakdown per service of the capital budget is detailed in the table below. It depicts that for the 2016/17 financial year an amount of R371 million has been appropriated for the Waste Water infrastructure, R267 million for Roads and Storm Water, R140 million for Transport Planning, R202 million for Housing and R143 million for Electricity. These services represent 72% of the total capital budget for the 2016/17 financial year.

Table 18: List of Key Projects Per Service

Services	<u>2016/2017</u> <u>Adopted</u> <u>Capital</u> <u>Budget</u>	<u>2017/2018</u> <u>Adopted</u> <u>Capital</u> <u>Budget</u>	<u>2018/2019</u> <u>Adopted</u> <u>Capital</u> <u>Budget</u>
Water	87 500 000	95 000 000	140 000 000
Waste Water	371 492 022	507 023 769	389 172 252
Electricity	143 000 000	163 000 000	171 000 000
Roads and Storm water	267 178 558	273 829 000	289 457 000
Housing	202 441 082	190 530 454	198 127 200
Transport Planning	139 789 000	161 667 000	247 393 000
Local Economic Development	44 500 000	45 500 000	57 500 000
Spatial Planning and Development	90 501 051	97 783 000	84 525 000
Waste Management / Refuse	78 453 700	55 947 040	91 503 690
Amenities	44 024 644	45 347 000	46 002 100
Public Safety	30 032 401	19 817 400	11 618 520
Support Services	41 221 500	45 378 100	31 700 000
Other - BCM Fleet	18 000 000	20 000 000	20 000 000
TOTAL PER SERVICE	1 558 133 958	1 720 822 763	1 777 998 762

Renewal of existing assets represent 51.6% (R804 million) of the total capital budget while new assets acquisition equates to 48.4% (R754 million) in the 2016/17 financial year. Further detail relating to asset classes and proposed capital expenditure is contained in MBRR Table A9, MBRR Tables SA34a and SA34b provides a detailed breakdown of the capital programme relating to new asset construction and capital asset renewal. Some of the salient projects to be undertaken over the medium-term includes, amongst others:

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

- **Electricity**

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

- **Sanitation / Waste Water**

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

- **Roads**

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

- **Transport Planning**

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

1.7 ANNUAL BUDGET TABLES

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the BCMM's 2016/17 budget and MTREF for approval by the Council.

The parent municipality, Buffalo City Metropolitan Municipality, resuscitated the development agency for the metro. In this regards BCMM has constituted the board members for Buffalo City Metro Development Agency (BCMDA) and the board is currently recruiting staff for the running of the agency. The CEO and a temporary Office Administrator have been appointed and commenced work on 01 November 2015 and 01 December 2015 respectively. The CFO was also recently appointed and commenced work on 18 April 2016. Due to the fact that BCMDA is still at the forming stage, it anticipate to receive funding mainly from the parent municipality (BCMM) for its operations and has not yet projected any capital expenditure. Therefore there is minimal effect on consolidated budget table. The affected consolidated main budget tables are also presented below as required by the MBRR.

Table 19: MBRR Table A1 – Budget Summary

Description	2012/13		2013/14		2014/15		Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19		
Financial Performance														
Property rates	580 100	672 957	794 519	903 413	953 413	953 413	953 413	953 413	953 413	1 122 920	1 203 770	1 288 034		
Service charges	1 965 059	2 198 960	2 424 753	2 686 741	2 790 741	2 790 741	2 790 741	2 790 741	2 790 741	2 928 610	3 152 465	3 391 445		
Investment revenue	83 980	96 477	124 166	133 620	133 620	133 620	133 620	133 620	133 620	143 775	152 689	161 698		
Transfers recognised - operational	723 457	812 167	948 239	1 249 333	1 078 556	1 249 333	1 078 556	1 078 556	1 078 556	1 319 728	1 450 381	1 703 052		
Other own revenue	576 694	718 042	658 558	746 500	734 500	746 500	734 500	734 500	734 500	391 737	420 053	449 613		
Total Revenue (excluding capital transfers and contributions)	3 929 291	4 498 602	4 950 235	5 719 607	5 690 830	5 719 607	5 690 830	5 690 830	5 690 830	5 906 770	6 379 359	6 993 843		
Employee costs	982 560	1 134 596	1 192 331	1 387 619	1 425 572	1 387 619	1 425 572	1 425 572	1 425 572	1 531 068	1 641 305	1 754 555		
Remuneration of councillors	43 331	45 088	47 682	52 910	54 810	52 910	54 810	54 810	54 810	58 099	62 282	66 579		
Depreciation & asset impairment	701 504	629 728	729 880	712 213	740 930	712 213	740 930	740 930	740 930	748 339	794 736	841 625		
Finance charges	-	65 775	60 671	54 313	55 813	54 313	55 813	55 813	55 813	57 105	70 938	85 887		
Materials and bulk purchases	1 040 113	1 110 464	1 213 642	1 377 012	1 407 012	1 377 012	1 407 012	1 407 012	1 407 012	1 521 587	1 645 567	1 779 730		
Transfers and grants	99 031	145 871	235 798	258 568	258 568	258 568	258 568	258 568	258 568	288 468	310 163	333 178		
Other expenditure	1 114 820	1 497 391	1 736 598	1 876 050	1 747 203	1 876 050	1 747 203	1 747 203	1 747 203	1 701 026	1 852 699	2 129 531		
Total Expenditure	3 981 360	4 628 913	5 216 601	5 718 685	5 689 908	5 718 685	5 689 908	5 689 908	5 689 908	5 905 692	6 377 691	6 991 087		
Surplus/(Deficit)	(52 069)	(130 311)	(266 366)	922	922	922	922	922	922	1 078	1 668	2 756		
Transfers recognised - capital	510 296	734 503	615 492	850 353	850 353	850 353	850 353	850 353	850 353	848 269	892 786	969 510		
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-	-	-		
Surplus/(Deficit) after capital transfers & contributions	458 227	604 192	349 126	851 275	851 275	851 275	851 275	851 275	851 275	849 347	894 454	972 266		
Share of surplus/ (deficit) of associate	3 526	54 223	22 359	-	-	-	-	-	-	-	-	-		
Surplus/(Deficit) for the year	461 753	658 414	371 485	851 275	851 275	851 275	851 275	851 275	851 275	849 347	894 454	972 266		
Capital expenditure & funds sources														
Capital expenditure	593 485	834 638	930 050	1 275 354	1 390 877	1 275 354	1 390 877	1 390 877	1 390 877	1 558 134	1 720 823	1 777 999		
Transfers recognised - capital	515 570	734 503	615 492	850 353	789 612	850 353	789 612	789 612	789 612	848 269	892 786	969 510		
Public contributions & donations	-	-	-	-	459	-	459	459	459	-	-	-		
Borrowing	18 146	-	-	-	-	-	-	-	-	69 582	189 352	176 867		
Internally generated funds	59 769	100 136	314 558	425 002	600 806	425 002	600 806	600 806	600 806	640 283	638 685	631 622		
Total sources of capital funds	593 485	834 638	930 050	1 275 354	1 390 877	1 275 354	1 390 877	1 390 877	1 390 877	1 558 134	1 720 823	1 777 999		

MBRR Table A1 – Budget Summary (Continued)

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 position														
Total current assets	2 566 478		2 860 143		3 025 834		3 250 382	3 327 391	3 327 391	3 422 392	3 524 010	3 772 772	4 089 776	
Total non current assets	10 483 393		12 434 158		12 611 638		11 736 712	11 736 712	11 736 712	13 225 967	14 131 803	15 086 236	16 057 818	
Total current liabilities	1 261 827		1 099 052		1 020 600		1 026 227	1 026 227	1 026 227	1 026 227	1 129 968	1 237 751	1 364 114	
Total non current liabilities	978 533		1 003 150		995 535		1 099 508	1 099 508	1 099 508	1 099 508	1 177 174	1 380 115	1 569 911	
Community wealth/Equity	10 821 131		13 061 125		13 621 335		13 821 862	14 036 162	14 036 162	17 204 674	15 044 245	15 929 972	16 873 627	
Cash flows														
Net cash from (used) operating	1 176 732		957 735		1 013 447		1 350 929	1 618 620	1 618 620	1 618 620	1 648 807	1 743 978	1 872 417	
Net cash from (used) investing	(590 286)		(586 864)		(923 670)		(1 275 354)	(1 390 877)	(1 390 877)	(1 390 877)	(1 558 134)	(1 720 823)	(1 777 999)	
Net cash from (used) financing	(265 100)		(49 753)		(53 669)		(46 097)	(46 097)	(46 097)	(46 097)	17 757	137 558	117 306	
Cash/cash equivalents at the year end	1 843 315		2 164 433		2 200 541		2 383 434	2 380 443	2 380 443	2 380 443	2 488 873	2 649 586	2 861 310	
Cash backing/surplus reconciliation														
Cash and investments available	1 844 207		2 164 433		2 200 541		2 383 434	2 460 443	2 460 443	2 460 443	2 488 873	2 649 586	2 861 310	
Application of cash and investments	611 319		440 786		252 922		322 589	306 969	306 969	218 290	276 174	317 987	325 800	
Balance - surplus (shortfall)	1 232 888		1 723 647		1 947 619		2 060 845	2 153 474	2 153 474	2 242 153	2 212 699	2 331 599	2 535 509	
Asset management														
Asset register summary (WDV)	10 536 394		12 310 299		12 463 276		11 531 014	11 531 014	11 531 014	12 518 836	12 518 836	13 644 420	14 779 091	
Depreciation & asset impairment	701 504		629 728		729 880		712 213	740 930	740 930	748 339	748 339	794 736	841 625	
Renewal of Existing Assets	137 455		83 260		502 299		745 427	861 279	861 279	861 279	804 300	963 401	934 904	
Repairs and Maintenance	263 702		285 686		284 054		372 010	372 010	372 010	414 791	414 791	456 270	501 897	
Free services														
Cost of Free Basic Services provided	-		-		-		-	-	-	-	-	-	-	
Revenue cost of free services provided	28 828		34 471		23 198		48 089	48 089	34 301	38 246	38 246	42 644	47 549	
Households below minimum service level														
Water:	4		4		3		3	2	2	2	2	2	2	
Sanitation/sewage:	48		48		39		32	32	32	31	31	30	29	
Energy:	117		127		130		131	131	131	133	133	134	136	
Refuse:	2		2		2		2	2	2	2	2	2	2	

Explanatory notes to MBRR Table A1 – Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the City's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF.
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget.
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The municipality's budget is fully funded and cash-backed and will be generating a surplus in the two outer years of the MTREF period to ensure a more balanced funding mix for capital projects.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic

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

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

R thousand	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	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19					
	Revenue - Standard																	
	<i>Governance and administration</i>																	
	Executive and council		1 526 751	1 805 029	1 887 005	1 974 740	2 014 714	2 014 714	2 014 714	2 268 370	2 450 458	2 694 548						
	Budget and treasury office		(2 424)	21 185	28 536	37 902	27 996	27 996	27 996	30 796	33 275	36 293						
	Corporate services		1 521 932	1 774 567	1 846 084	1 922 818	1 972 698	1 972 698	1 972 698	2 222 152	2 400 520	2 640 081						
	<i>Community and public safety</i>																	
	Community and social services		7 243	9 277	12 385	14 019	14 019	14 019	14 019	15 421	16 663	18 174						
	Sport and recreation		190 460	328 725	286 920	651 123	412 038	412 038	412 038	127 228	134 801	147 028						
	Public safety		19 163	64 143	9 404	17 738	17 738	17 738	17 738	19 511	21 082	22 994						
	Housing		3 858	4 976	3 346	5 601	5 601	5 601	5 601	6 161	6 657	7 261						
	Health		75 229	84 165	79 741	90 035	87 535	87 535	87 535	98 758	104 040	113 476						
	<i>Economic and environmental services</i>																	
	Planning and development		90 358	173 882	193 400	535 206	298 621	298 621	298 621	—	—	—						
	Road transport		1 851	1 559	1 029	2 542	2 542	2 542	2 542	2 797	3 022	3 296						
	Environmental protection		295 653	381 672	79 188	97 752	88 383	88 383	88 383	100 222	108 048	114 576						
	Electricity		103 362	47 958	25 472	21 272	21 403	21 403	21 403	26 543	28 439	27 746						
	Water		191 943	332 638	49 859	76 096	66 596	66 596	66 596	73 255	79 152	86 331						
	Waste water management		348	1 275	3 857	385	385	385	385	423	457	498						
	Waste management		2 413 829	2 752 896	2 701 728	2 972 019	3 151 720	3 151 720	3 151 720	3 384 579	3 657 557	4 006 611						
	<i>Trading services</i>																	
	Electricity		1 346 909	1 509 239	1 534 229	1 726 439	1 830 439	1 830 439	1 830 439	1 931 170	2 087 148	2 293 767						
	Water		401 252	454 907	461 672	492 088	492 088	492 088	492 088	541 296	584 871	637 918						
	Waste water management		388 639	469 987	369 759	392 460	405 661	405 661	405 661	446 227	482 149	525 879						
	Waste management		277 030	318 764	336 068	361 032	423 532	423 532	423 532	465 865	503 389	549 046						
	<i>Other</i>		16 419	18 805	633 245	874 327	874 327	874 327	874 327	874 641	921 281	1 000 589						
	Total Revenue - Standard		4 443 112	5 287 328	5 588 086	6 569 960	6 541 182	6 541 182	6 541 182	6 755 039	7 272 145	7 963 352						
	Expenditure - Standard																	
	<i>Governance and administration</i>																	
	Executive and council		698 928	1 006 914	1 074 796	1 087 762	1 123 270	1 123 270	1 123 270	1 189 023	1 269 240	1 410 104						
	Budget and treasury office		143 834	113 452	154 500	194 037	201 849	201 849	201 849	209 046	225 902	248 473						
	Corporate services		304 694	619 853	622 128	466 958	510 649	510 649	510 649	552 775	581 702	655 216						
	<i>Community and public safety</i>																	
	Community and social services		250 401	273 609	298 168	426 767	410 772	410 772	410 772	427 203	461 635	508 414						
	Sport and recreation		435 486	513 237	612 695	989 070	786 101	786 101	786 101	738 246	838 735	863 437						
	Public safety		76 645	82 725	88 098	93 320	95 656	95 656	95 656	94 309	101 955	112 000						
	Housing		71 465	84 128	78 789	74 147	74 147	74 147	74 147	77 113	83 328	91 411						
	Health		169 684	190 274	209 992	219 275	219 275	219 275	219 275	224 016	242 107	265 712						
	<i>Economic and environmental services</i>																	
	Planning and development		89 318	128 197	207 474	571 731	336 649	336 649	336 649	280 019	343 496	319 883						
	Road transport		28 375	27 913	28 342	30 598	60 374	60 374	60 374	62 789	67 850	74 431						
	Environmental protection		721 695	723 547	775 123	843 333	862 950	862 950	862 950	919 523	978 058	1 090 084						
	Electricity		178 110	192 670	221 953	213 708	239 760	239 760	239 760	270 451	276 671	320 662						
	Water		462 774	435 262	453 960	527 886	521 451	521 451	521 451	543 263	587 050	643 994						
	Waste water management		80 812	95 615	99 210	101 739	101 739	101 739	101 739	114 337	114 337	125 428						
	Waste management		2 110 888	2 371 377	2 740 479	2 781 669	2 900 735	2 900 735	2 900 735	3 041 214	3 272 547	3 605 488						
	<i>Trading services</i>																	
	Electricity		1 231 395	1 314 438	1 481 918	1 625 904	1 659 904	1 659 904	1 659 904	1 725 555	1 866 458	2 048 988						
	Water		387 718	461 736	586 655	503 337	511 337	511 337	511 337	531 791	574 653	630 395						
	Waste water management		280 290	371 803	371 722	362 232	425 232	425 232	425 232	467 437	489 499	554 011						
	Waste management		211 496	277 399	300 184	290 196	304 262	304 262	304 262	316 432	341 936	375 104						
	<i>Other</i>		14 351	13 840	13 509	16 851	16 851	16 851	16 851	19 111	19 111	20 965						
	Total Expenditure - Standard		3 981 360	4 628 913	5 216 601	5 718 685	5 689 908	5 689 908	5 689 908	5 905 692	6 377 691	6 991 087						
	Surplus/(Deficit) for the year		461 753	658 414	371 485	851 275	851 275	851 275	851 275	849 347	894 454	972 266						

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

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Total Revenue on this table includes capital revenues (Transfers recognised – capital).
3. As a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Waste Water Management and Waste Management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.

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

R thousand	Vote Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	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 - Directorate - Executive Support Services	1	1 104	251	733	-	131	131	145	156	170			
	Vote 2 - Directorate - Municipal Manager		3 296	21 135	28 536	37 902	47 807	47 807	52 598	56 822	61 975			
	Vote 3 - Directorate - Human Settlement		90 611	174 742	196 494	535 206	352 011	352 011	362 572	373 449	418 263			
	Vote 4 - Directorate - Chief Financial Officer		1 521 932	1 694 703	2 461 576	2 773 171	2 823 051	2 823 051	2 947 365	3 061 559	3 392 635			
	Vote 5 - Directorate - Corporate Services		5 155	7 270	7 832	11 851	11 851	11 851	13 036	14 086	15 364			
	Vote 6 - Directorate - Infrastructure Services		2 275 030	2 798 198	2 369 496	2 614 132	2 718 132	2 718 132	2 744 633	3 102 050	3 342 696			
	Vote 7 - Directorate - Spatial Planning		122 390	69 005	44 568	55 515	55 515	55 515	34 695	37 488	40 888			
	Vote 8 - Directorate - Health & Public Safety		123 195	132 865	126 175	157 427	145 427	145 427	162 440	172 848	188 525			
	Vote 9 - Directorate - Municipal Services		300 399	389 158	352 676	384 756	387 256	387 256	408 195	422 192	471 757			
	Vote 10 - Directorate - Economic Development		-	-	-	-	-	-	29 372	31 495	31 079			
	Total Revenue by Vote	2	4 443 112	5 287 328	5 588 086	6 569 960	6 541 182	6 541 182	6 755 039	7 272 145	7 963 352			
Expenditure by Vote to be appropriated														
	Vote 1 - Directorate - Executive Support Services	1	126 799	150 857	158 483	164 414	198 928	198 928	206 009	222 620	243 465			
	Vote 2 - Directorate - Municipal Manager		59 650	76 810	79 494	102 124	111 469	111 469	115 928	125 271	136 633			
	Vote 3 - Directorate - Human Settlement		95 581	135 916	218 348	582 205	400 614	400 614	346 542	415 381	395 904			
	Vote 4 - Directorate - Chief Financial Officer		304 694	465 404	622 128	466 958	510 649	510 649	551 753	580 598	650 390			
	Vote 5 - Directorate - Corporate Services		98 171	106 354	123 906	214 533	185 537	185 537	192 959	208 511	227 423			
	Vote 6 - Directorate - Infrastructure Services		2 392 916	2 645 397	2 921 502	3 047 918	3 086 584	3 086 584	3 234 571	3 482 173	3 836 905			
	Vote 7 - Directorate - Spatial Planning		217 819	238 320	255 196	274 508	300 228	300 228	246 099	265 970	290 189			
	Vote 8 - Directorate - Health & Public Safety		220 959	243 319	264 371	283 787	313 488	313 488	321 998	347 985	379 641			
	Vote 9 - Directorate - Municipal Services		464 772	566 536	573 172	582 239	582 411	582 411	602 596	650 524	727 642			
	Vote 10 - Directorate - Economic Development		-	-	-	-	-	-	87 239	78 657	102 895			
	Total Expenditure by Vote	2	3 981 360	4 628 913	5 216 601	5 718 685	5 689 908	5 689 908	5 905 692	6 377 691	6 991 087			
	Surplus/(Deficit) for the year	2	461 753	658 414	371 485	851 275	851 275	851 275	849 347	894 454	972 266			

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

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

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

Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand	1												
Revenue By Source													
Property rates	2	580 100	672 957	794 519	902 842	952 842	952 842	952 842	952 842	1 122 920	1 203 770	1 288 034	
Property rates - penalties & collection charges					571	571	571	571	571				
Service charges - electricity revenue	2	1 266 660	1 383 884	1 465 814	1 658 671	1 758 671	1 758 671	1 758 671	1 758 671	1 815 256	1 953 942	2 103 223	
Service charges - water revenue	2	271 026	325 360	394 282	411 381	411 381	411 381	411 381	411 381	444 291	479 346	517 310	
Service charges - sanitation revenue	2	223 023	248 673	278 832	314 571	314 571	314 571	314 571	314 571	339 107	364 540	390 787	
Service charges - refuse revenue	2	198 898	228 895	261 807	286 063	286 063	286 063	286 063	286 063	308 375	331 504	355 372	
Service charges - other		5 452	12 149	24 018	16 056	20 056	20 056	20 056	20 056	21 580	23 134	24 753	
Rental of facilities and equipment		15 485	15 018	17 430	18 629	18 629	18 629	18 629	18 629	20 045	21 488	22 993	
Interest earned - external investments		83 980	96 477	124 166	133 620	133 620	133 620	133 620	133 620	143 775	152 689	161 698	
Interest earned - outstanding debtors		22 204	27 178	34 999	32 175	32 175	32 175	32 175	32 175	34 651	37 257	40 021	
Dividends received		-	-	-	-	-	-	-	-	-	-	-	
Fines		5 979	7 572	5 500	10 293	7 793	7 793	7 793	7 793	8 385	8 989	9 618	
Licences and permits		15 299	14 161	14 034	22 472	12 972	12 972	12 972	12 972	13 958	14 963	16 011	
Agency services		-	-	-	-	-	-	-	-	-	-	-	
Transfers recognised - operational	2	723 457	812 167	948 239	1 249 333	1 078 556	1 078 556	1 078 556	1 078 556	1 319 728	1 450 381	1 703 052	
Other revenue		517 726	642 030	586 595	662 931	662 931	662 931	662 931	662 931	314 698	337 356	360 971	
Gains on disposal of PPE			12 084										
Total Revenue (excluding capital transfers and contributions)		3 929 291	4 498 602	4 950 235	5 719 607	5 690 830	5 690 830	5 690 830	5 690 830	5 906 770	6 379 359	6 993 843	

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

Description	Ref	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework					
		2012/13	2013/14	2014/15	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
Expenditure By Type											
Employee related costs	2	982 560	1 134 596	1 192 331	1 387 619	1 425 572	1 425 572	1 425 572	1 531 068	1 641 305	1 754 555
Remuneration of councillors	3	43 331	45 088	47 682	52 910	54 810	54 810	54 810	58 099	62 282	66 579
Debt impairment	2	106 770	241 011	365 110	245 009	253 979	253 979	253 979	303 865	326 718	350 961
Depreciation & asset impairment	2	701 504	629 728	729 880	712 213	740 930	740 930	740 930	748 339	794 736	841 625
Finance charges	2	1 040 113	65 775	60 671	54 313	55 813	55 813	55 813	57 105	70 938	85 887
Bulk purchases	8		1 110 464	1 213 642	1 377 012	1 407 012	1 407 012	1 407 012	1 521 587	1 645 567	1 779 730
Other materials											
Contracted services		7 763	9 743	14 607	21 622	21 622	21 622	21 622	22 486	23 881	25 290
Transfers and grants		99 031	145 871	235 798	258 568	258 568	258 568	258 568	288 468	310 163	333 178
Other expenditure	4, 5	1 000 287	1 246 637	1 326 472	1 609 419	1 471 602	1 471 602	1 471 602	1 374 675	1 502 101	1 753 281
Loss on disposal of PPE				30 408							
Total Expenditure		3 981 360	4 628 913	5 216 601	5 718 685	5 689 908	5 689 908	5 689 908	5 905 692	6 377 691	6 991 087
Surplus/(Deficit)		(52 069)	(130 311)	(266 366)	922	922	922	922	1 078	1 668	2 756
Transfers recognised - capital		510 296	734 503	615 492	850 353	850 353	850 353	850 353	848 269	892 786	969 510
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		458 227	604 192	349 126	851 275	851 275	851 275	851 275	849 347	894 454	972 266
Taxation											
Surplus/(Deficit) after taxation		458 227	604 192	349 126	851 275	851 275	851 275	851 275	849 347	894 454	972 266
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		458 227	604 192	349 126	851 275	851 275	851 275	851 275	849 347	894 454	972 266
Share of surplus/ (deficit) of associate	7	3 526	54 223	22 359							
Surplus/(Deficit) for the year		461 753	658 414	371 485	851 275	851 275	851 275	851 275	849 347	894 454	972 266

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

1. Total operating revenue is R5.9 billion in 2016/17 and escalates to R6.4 billion and R7 billion by 2017/18 and 2018/19 respectively. This represents a year-on-year increase of 8 % for 2017/18 financial year and 10% for the 2018/19 financial year.
2. Revenue to be generated from property rates is R1.1 billion in the 2016/17 financial year and increases to R1.3 billion by 2018/19 which represents 17% of the operating revenue base of the City and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 7.2% and 7% for each of the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the City totalling R2.9 billion for the 2016/17 financial year and increasing to R3.4 billion by 2018/19. For the 2016/17 financial year services charges amount to 50% of the total revenue base. It slightly decrease to 49% in 2017/18 financial year and further slightly decrease to 48% in the 2018/19 financial year. Transfers recognised – operating includes the local government equitable share, fuel levy and other operating grants from national and provincial government. It needs to be noted that the grant receipts from national government increased by 10% from 2016/17 to 2017/18 financial year, it further increase by 17% from 2017/18 to 2018/19 financial year.
4. Bulk Purchases have increased from 2015/16 financial year as a result of annual increase. The amount has also increased over the 2016/17 to 2018/19 period escalating from R1.52 billion to R1.78 billion. The increases of 17% from 2016/17 to 2018/19 can be attributed to the increase in the cost of bulk electricity from Eskom and water from Amatola Water which supplies 40% of BCMM water.
5. The Employee Related Costs depicts an increase from R1.53 billion in the 2016/17 financial year to R1.75 billion in the 2018/19 financial year due to annual increase projection of CPI plus one.
6. Employee Related Costs and Bulk Purchases are the main cost drivers within the municipality. The institution has attempted to identify operational efficiencies in other

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

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

R thousand	Vote Description	Ref	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework					
			2012/13	2013/14	2014/15	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
	Capital expenditure - Vote											
	Multi-year expenditure to be appropriated											
	Vote 1 - Directorate - Executive Support Services	1	622	558	1 321	6 200	4 898	4 898	4 898	5 500	500	500
	Vote 2 - Directorate - Municipal Manager		-	944	5 452	21 500	700	700	700	17 522	31 678	19 000
	Vote 3 - Directorate - Human Settlement		36 692	58 744	144 783	211 424	196 391	196 391	196 391	202 441	190 530	198 127
	Vote 4 - Directorate - Chief Financial Officer		25 488	3 544	3 282	10 000	10 752	10 752	10 752	10 600	10 600	10 600
	Vote 5 - Directorate - Corporate Services		-	31 262	4 863	21 600	30 621	30 621	30 621	7 100	2 100	600
	Vote 6 - Directorate - Infrastructure Services		402 616	636 990	671 827	820 556	925 500	925 500	925 500	887 671	1 059 353	1 010 629
	Vote 7 - Directorate - Spatial Planning		101 455	28 432	37 437	68 221	86 153	86 153	86 153	230 290	259 450	331 918
	Vote 8 - Directorate - Health & Public Safety		6 358	6 744	3 751	21 650	15 809	15 809	15 809	30 032	19 817	11 619
	Vote 9 - Directorate - Municipal Services		20 255	67 420	57 333	94 204	120 054	120 054	120 054	122 478	101 294	137 506
	Vote 10 - Directorate - Economic Development		-	-	-	-	-	-	-	44 500	45 500	57 500
	Capital multi-year expenditure sub-total	7	593 485	834 638	930 050	1 275 354	1 390 877	1 390 877	1 390 877	1 558 134	1 720 823	1 777 999
	Single-year expenditure to be appropriated	2	593 485	834 638	930 050	1 275 354	1 390 877	1 390 877	1 390 877	1 558 134	1 720 823	1 777 999
	Total Capital Expenditure - Vote											
	Capital Expenditure - Standard											
	Governance and administration											
	Executive and council		26 110	33 780	14 916	59 300	46 512	46 512	46 512	40 722	44 878	30 700
	Budget and treasury office		622	1 731	6 773	27 700	5 139	5 139	5 139	23 022	32 178	19 600
	Corporate services		25 488	1 369	3 282	10 000	10 752	10 752	10 752	10 600	10 600	10 600
	Community and public safety											
	Community and social services		44 632	134 713	165 241	305 568	265 774	265 774	265 774	276 498	255 695	255 748
	Sport and recreation		-	67 627	11 918	40 269	20 050	20 050	20 050	23 300	24 300	24 300
	Public safety		1 582	-	4 788	32 225	33 524	33 524	33 524	20 725	21 047	21 702
	Housing		6 358	8 388	3 751	21 850	15 809	15 809	15 809	30 032	11 619	11 619
	Health		38 692	58 700	144 783	211 424	196 391	196 391	196 391	202 441	190 530	198 127
	Economic and environmental services											
	Planning and development		246 316	312 120	369 799	333 221	427 260	427 260	427 260	541 969	578 779	678 675
	Road transport		101 008	28 419	37 437	68 221	86 612	86 612	86 612	274 790	304 950	389 418
	Environmental protection		143 551	283 701	322 624	265 000	340 649	340 649	340 649	267 179	273 829	289 457
	Trading services											
	Electricity		1 757	-	9 738	-	-	-	-	-	-	-
	Water		275 981	348 551	379 734	529 266	603 331	603 331	603 331	680 948	821 471	792 676
	Waste water management		65 683	104 373	150 386	158 500	164 500	164 500	164 500	143 000	163 000	171 000
	Waste management		71 359	71 663	91 521	91 000	110 000	110 000	110 000	87 500	95 000	140 000
	Other											
	Waste management		122 022	172 515	106 938	258 056	262 352	262 352	262 352	371 992	507 524	390 172
	Other		16 916	-	30 889	21 710	66 480	66 480	66 480	78 454	55 947	91 504
	Total Capital Expenditure - Standard	3	593 485	834 638	930 050	1 275 354	1 390 877	1 390 877	1 390 877	1 558 134	1 720 823	1 777 999
	Funded by:											
	National Government		515 570	722 854	565 914	742 884	702 762	702 762	702 762	741 969	842 151	969 510
	Provincial Government		-	11 649	49 578	107 469	86 850	86 850	86 850	106 300	50 635	-
	Transfers recognised - capital	4	515 570	734 503	615 492	850 353	789 612	789 612	789 612	848 269	892 786	969 510
	Public contributions & donations	5	-	-	-	-	459	459	459	-	-	-
	Borrowing	6	18 146	-	-	-	-	-	-	69 582	189 352	176 867
	Internally generated funds	7	59 769	100 136	314 558	425 002	600 806	600 806	600 806	640 283	638 685	631 622
	Total Capital Funding		593 485	834 638	930 050	1 275 354	1 390 877	1 390 877	1 390 877	1 558 134	1 720 823	1 777 999

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

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2016/17 R1.56 billion has been allocated. This allocation increases to R1.72 billion in 2017/18 and further increases to R1.78 billion in 2018/19.
3. The capital programme is funded from National and Provincial Grants (Capital Transfers), Internally Generated Funds from prior and current year surpluses and Long-Term-Borrowings. For 2016/17, Capital transfers totals R848 million (54%) and increases to R970 million by 2018/19 (55%).
4. It needs to be noted that the institution has made a strategic decision to utilize own funds to mainly replace existing infrastructure assets in the urban core of the City. The total amount of own funding is R640 million in 2016/17, slightly decreasing to R639 million in the 2017/18 financial year and further decrease to R632 million in 2018/19 financial year.
5. New long-term-borrowing has been provided for the 2016/17 financial year at R70 million, increasing to R189 million in 2017/18 and slightly decreasing to R178 million in the 2018/19 financial year.

Table 24: MBRR Table A6 - Budgeted Financial Position

R thousand	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	144 847	198 064	63 353	80 000	80 000	80 000	80 000	80 000	80 000	80 000
Call investment deposits	1 698 468	1 986 369	2 137 189	2 303 434	2 380 443	2 380 443	2 380 443	2 408 873	2 569 586	2 781 310
Consumer debtors	596 230	577 370	694 805	671 946	671 946	671 946	766 947	820 635	887 234	968 919
Other debtors	67 564	67 726	85 592	98 188	98 188	98 188	98 188	108 007	118 807	130 688
Current portion of long-term receivables	14	16	18	14	14	14	14	15	17	19
Inventory	59 365	50 598	44 878	96 800	96 800	96 800	96 800	106 480	117 128	128 841
Total current assets	2 566 478	2 860 143	3 025 834	3 250 382	3 327 391	3 327 391	3 422 392	3 524 010	3 772 772	4 089 776
Non current assets										
Long-term receivables	43	27	9	60	60	60	60	66	73	80
Investments	892	-	-	-	-	-	-	-	-	-
Investment property	302 981	333 211	328 302	441 400	441 400	441 400	441 400	485 540	534 094	587 503
Investment in Associate	5 326	59 549	81 908	-	-	-	-	90 099	99 109	109 020
Property, plant and equipment	10 108 484	11 878 209	12 036 600	11 197 292	11 197 292	11 197 292	12 686 547	13 448 342	14 334 429	15 230 803
Agricultural	-	-	-	-	-	-	-	-	-	-
Biological	-	-	-	-	-	-	-	-	-	-
Intangible	3 851	98 875	98 374	22 800	22 800	22 800	22 800	25 080	27 588	30 374
Other non-current assets	61 816	64 286	66 444	75 160	75 160	75 160	75 160	82 676	90 944	100 038
Total non current assets	10 483 393	12 434 158	12 611 638	11 736 712	11 736 712	11 736 712	13 225 967	14 131 803	15 086 236	16 057 818
TOTAL ASSETS	13 049 871	15 294 301	15 637 472	14 987 094	15 064 103	15 064 103	16 648 359	17 655 814	18 859 008	20 147 595
LIABILITIES										
Current liabilities										
Bank overdraft	-	-	-	-	-	-	-	-	-	-
Borrowing	51 657	57 416	48 835	46 097	46 097	46 097	46 097	51 825	51 794	59 561
Consumer deposits	45 519	44 838	48 505	54 050	54 050	54 050	54 050	59 455	65 401	71 941
Trade and other payables	1 033 311	855 385	741 360	774 300	774 300	774 300	774 300	851 730	936 903	1 030 593
Provisions	131 340	141 413	181 900	151 780	151 780	151 780	151 780	166 958	183 654	202 019
Total current liabilities	1 261 827	1 099 052	1 020 600	1 026 227	1 026 227	1 026 227	1 026 227	1 129 968	1 237 751	1 364 114
Non current liabilities										
Borrowing	600 830	545 999	497 244	500 418	500 418	500 418	500 418	518 175	655 216	772 522
Provisions	377 703	457 151	498 291	599 090	599 090	599 090	599 090	658 999	724 899	797 389
Total non current liabilities	978 533	1 003 150	995 535	1 099 508	1 099 508	1 099 508	1 099 508	1 177 174	1 380 115	1 569 911
TOTAL LIABILITIES	2 240 360	2 102 202	2 016 135	2 125 735	2 125 735	2 125 735	2 125 735	2 307 142	2 617 866	2 934 025
NET ASSETS	10 809 511	13 192 099	13 621 337	12 861 359	12 938 368	12 938 368	14 522 624	15 348 672	16 241 142	17 213 570
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	8 393 971	9 006 244	9 384 674	10 050 576	10 127 565	10 127 565	11 711 841	12 256 811	12 840 095	13 472 418
Reserves	2 427 160	4 054 881	4 236 661	3 771 286	3 908 577	3 908 577	5 492 833	2 787 434	3 089 877	3 401 209
TOTAL COMMUNITY WEALTH/EQUITY	10 821 131	13 061 125	13 621 335	13 821 862	14 036 162	14 036 162	17 204 674	15 044 245	15 929 972	16 873 627

Explanatory notes to Table A6 - Budgeted Financial Position

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

Table 25: MBRR Table A7 - Budgeted Cash Flow Statement

R	thousand	Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16					2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19			
		CASH FLOW FROM OPERATING ACTIVITIES															
		Receipts															
		Property rates, penalties & collection charges		580 100	672 957	794 519	831 140	884 767	884 767	884 767	884 767	884 767	884 767	1 038 701	1 113 488	1 191 432	
		Service charges		1 965 059	2 198 960	2 424 753	2 471 802	2 644 096	2 644 096	2 644 096	2 644 096	2 644 096	2 644 096	2 708 964	2 916 030	3 137 087	
		Other revenue		287 662	447 934	84 777	657 180	651 758	651 758	651 758	651 758	651 758	651 758	330 305	354 087	378 873	
		Government - operating	1	723 457	812 186	948 263	1 149 387	1 078 556	1 078 556	1 078 556	1 078 556	1 078 556	1 078 556	1 319 728	1 450 381	1 703 052	
		Government - capital	1	506 406	734 503	615 492	850 353	812 071	812 071	812 071	812 071	812 071	812 071	848 269	892 786	969 510	
		Interest		106 184	123 654	159 221	152 531	165 794	165 794	165 794	165 794	165 794	165 794	178 426	189 946	201 719	
		Dividends		-	-	-	0	0	0	0	0	0	0	-	-	-	
		Payments															
		Suppliers and employees		(2 808 957)	(3 821 719)	(3 718 728)	(4 448 581)	(4 304 041)	(4 304 041)	(4 304 041)	(4 304 041)	(4 304 041)	(4 304 041)	(4 430 013)	(4 791 638)	(5 290 190)	
		Finance charges		(67 259)	(65 777)	(60 674)	(54 313)	(55 813)	(55 813)	(55 813)	(55 813)	(55 813)	(55 813)	(57 105)	(70 938)	(85 887)	
		Transfers and Grants	1	(115 922)	(144 964)	(234 175)	(258 568)	(258 568)	(258 568)	(258 568)	(258 568)	(258 568)	(258 568)	(288 488)	(310 163)	(333 178)	
		NET CASH FROM/(USED) OPERATING ACTIVITIES		1 176 732	957 735	1 013 447	1 350 929	1 618 620	1 618 620	1 618 620	1 618 620	1 618 620	1 618 620	1 648 807	1 743 978	1 872 417	
		CASH FLOWS FROM INVESTING ACTIVITIES															
		Receipts															
		Proceeds on disposal of PPE		18 168	766	6 364	-	-	-	-	-	-	-	-	-	-	
		Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	
		Decrease (increase) other non-current receivables		13	14	16	-	-	-	-	-	-	-	-	-	-	
		Decrease (increase) in non-current investments		(36)	892	-	-	-	-	-	-	-	-	-	-	-	
		Payments															
		Capital assets		(608 431)	(588 536)	(930 050)	(1 275 354)	(1 390 877)	(1 390 877)	(1 390 877)	(1 390 877)	(1 390 877)	(1 390 877)	(1 558 134)	(1 720 823)	(1 777 999)	
		NET CASH FROM/(USED) INVESTING ACTIVITIES		(590 266)	(586 864)	(923 670)	(1 275 354)	(1 390 877)	(1 390 877)	(1 390 877)	(1 390 877)	(1 390 877)	(1 390 877)	(1 558 134)	(1 720 823)	(1 777 999)	
		CASH FLOWS FROM FINANCING ACTIVITIES															
		Receipts															
		Short term loans		-	-	-	-	-	-	-	-	-	-	-	-	-	
		Borrowing long term/refinancing		(278 943)	-	-	-	-	-	-	-	-	-	69 582	189 352	176 867	
		Increase (decrease) in consumer deposits		8 599	(681)	3 667	-	-	-	-	-	-	-	-	-	-	
		Payments															
		Repayment of borrowing		5 243	(49 072)	(57 336)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	(51 825)	(51 794)	(59 561)	
		NET CASH FROM/(USED) FINANCING ACTIVITIES		(265 100)	(49 753)	(53 669)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	17 757	137 558	117 306	
		NET INCREASE/ (DECREASE) IN CASH HELD		321 346	321 118	36 108	29 477	181 645	181 645	181 645	181 645	181 645	181 645	108 430	160 713	211 724	
		Cash/cash equivalents at the year begin:	2	1 521 969	1 843 315	2 164 433	2 353 956	2 198 797	2 198 797	2 198 797	2 198 797	2 198 797	2 198 797	2 380 443	2 488 873	2 649 586	
		Cash/cash equivalents at the year end:	2	1 843 315	2 164 433	2 200 541	2 383 434	2 380 443	2 380 443	2 380 443	2 380 443	2 380 443	2 380 443	2 488 873	2 649 586	2 861 310	

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the City grew significantly over the prior financial periods.
4. The cash and cash equivalents increases from R2.4 billion in the 2015/16 period escalating to R2.5 billion in the 2016/17 financial year and culminating in R2.9 billion in the 2018/19 financial year. The increase can be attributed to the depreciation that is cash-backed and the City will release this funding in the near future when its capacity to spend has achieved its desired level.

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

Description R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework					
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19		
Cash and investments available													
Cash/cash equivalents at the year end	1	1 843 315	2 164 433	2 200 541	2 383 434	2 380 443	2 380 443	2 380 443	2 488 873	2 649 586	2 861 310		
Other current investments > 90 days		0	0	0	0	80 000	80 000	80 000	-	-	-		
Non current assets - investments	1	892	-	-	-	-	-	-	-	-	-		
Cash and investments available:		1 844 207	2 164 433	2 200 541	2 383 434	2 460 443	2 460 443	2 460 443	2 488 873	2 649 586	2 861 310		
Application of cash and investments													
Unspent conditional transfers		460 596	213 718	205 715	112 800	112 800	112 800	112 800	124 080	136 488	150 137		
Unspent borrowing		-	-	-	-	-	-	-	-	-	-		
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-		
Other working capital requirements	3	(29 673)	42 927	(129 460)	(41 821)	(57 441)	(57 441)	(57 441)	(124 706)	(122 981)	(128 817)		
Other provisions		180 396	184 142	176 668	251 610	251 610	251 610	251 610	276 800	304 480	304 480		
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-		
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-		
Total Application of cash and investments:		611 319	440 786	252 922	322 589	306 959	306 959	306 959	276 174	317 987	325 800		
Surplus(shortfall)		1 232 888	1 723 647	1 947 619	2 060 845	2 153 474	2 153 474	2 153 474	2 212 699	2 331 599	2 535 509		

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2016/17 to 2018/19 the surplus improves from R2.2 billion to R2.5 billion.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the 2016/17 MTREF is funded with a slight surplus.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2016/17 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 27: MBRR Table A9 – Asset Management

R thousand	Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19		
	CAPITAL EXPENDITURE													
	Total New Assets	1	456 030	751 379	427 751	529 928	529 928	529 928	529 598	529 598	529 598	753 834	757 422	843 094
	Infrastructure - Road transport		114 859	282 801	116 893	20 000	20 000	20 000	20 000	20 000	20 000	106 080	105 829	56 457
	Infrastructure - Electricity		76 432	103 228	38 944	66 500	66 500	66 500	66 500	66 500	66 500	43 000	53 000	51 000
	Infrastructure - Water		12 852	-	-	-	-	-	-	-	-	-	-	-
	Infrastructure - Sanitation		132 510	177 056	-	-	-	-	-	-	-	-	-	-
	Infrastructure - Other		43 898	29 867	57 324	71 710	71 710	100 662	100 662	100 662	268 243	268 614	401 397	401 397
	Infrastructure		380 551	592 952	213 161	158 210	158 210	187 162	187 162	187 162	417 323	427 443	508 854	508 854
	Community		6 028	48 041	20 706	35 069	35 069	18 300	18 300	18 300	21 000	21 000	21 000	21 000
	Investment properties		-	58 680	145 316	211 274	211 274	195 880	195 880	195 880	201 941	190 030	197 627	197 627
	Other assets	6	69 451	51 706	48 568	125 375	125 375	128 256	128 256	128 256	113 570	118 949	115 614	115 614
	Total Renewal of Existing Assets	2	137 455	83 260	502 299	745 427	745 427	861 279	861 279	861 279	804 300	963 401	934 904	934 904
	Infrastructure - Road transport		93 681	-	212 002	245 000	245 000	320 649	320 649	320 649	161 099	168 000	233 000	233 000
	Infrastructure - Electricity		-	-	79 994	92 000	92 000	98 000	98 000	98 000	100 000	110 000	120 000	120 000
	Infrastructure - Water		39 887	68 763	90 752	91 000	91 000	110 000	110 000	110 000	87 500	95 000	140 000	140 000
	Infrastructure - Sanitation		2 561	-	-	-	-	-	-	-	371 492	507 024	389 172	389 172
	Infrastructure - Other		-	11 762	107 707	258 056	258 056	262 352	262 352	262 352	-	-	-	-
	Infrastructure		136 129	80 525	490 455	686 056	686 056	791 000	791 000	791 000	720 091	880 024	882 172	882 172
	Community		1 060	2 345	4 788	30 700	30 700	27 759	27 759	27 759	19 855	20 177	20 832	20 832
	Other assets	6	266	390	7 056	28 671	28 671	42 519	42 519	42 519	64 355	63 200	31 900	31 900
	Total Capital Expenditure	4	208 540	282 801	328 894	265 000	265 000	340 649	340 649	340 649	267 179	273 829	289 457	289 457
	Infrastructure - Road transport		76 432	103 228	118 938	158 500	158 500	164 500	164 500	164 500	143 000	163 000	171 000	171 000
	Infrastructure - Electricity		52 739	68 763	90 752	91 000	91 000	110 000	110 000	110 000	87 500	95 000	140 000	140 000
	Infrastructure - Water		135 071	177 056	-	-	-	-	-	-	371 492	507 024	389 172	389 172
	Infrastructure - Sanitation		43 898	41 629	165 031	329 766	329 766	363 014	363 014	363 014	268 243	268 614	401 397	401 397
	Infrastructure - Other		516 680	673 477	703 616	844 266	844 266	978 163	978 163	978 163	1 137 413	1 307 467	1 391 026	1 391 026
	Infrastructure		7 088	50 386	25 494	65 769	65 769	46 059	46 059	46 059	40 855	41 177	41 832	41 832
	Community		-	-	-	-	-	-	-	-	-	-	-	-
	Heritage assets		-	-	-	-	-	-	-	-	-	-	-	-
	Investment properties		69 717	52 096	55 624	154 046	154 046	170 775	170 775	170 775	177 925	182 149	147 514	147 514
	Other assets		593 485	834 638	930 050	1 275 354	1 275 354	1 390 877	1 390 877	1 390 877	1 558 134	1 720 823	1 777 999	1 777 999
	TOTAL CAPITAL EXPENDITURE - Asset class	2												

MBRR Table A9 – Asset Management (Continued)

R thousand	Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework				
			Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19				
	ASSET REGISTER SUMMARY - PPE (WDV)	5														
	Infrastructure - Road transport		4 380 374	3 843 298	4 429 858	1 635 518	1 635 518	1 635 518	1 781 687	1 922 406	2 065 441					
	Infrastructure - Electricity		1 404 499	1 666 848	1 785 115	1 682 635	1 682 635	1 682 635	1 700 142	1 725 100	1 744 254					
	Infrastructure - Water		1 237 951	2 069 259	2 112 739	1 511 164	1 511 164	1 511 164	1 551 349	1 594 302	1 677 051					
	Infrastructure - Sanitation		1 125 476	1 495 827	1 641 539	1 713 536	1 713 536	1 713 536	2 052 001	2 522 695	2 871 905					
	Infrastructure - Other		-	789 508	-	2 961 380	2 961 380	2 961 380	3 204 106	3 444 652	3 815 173					
	Infrastructure		8 148 300	9 864 740	9 969 251	9 504 233	9 504 233	9 504 233	10 289 285	11 209 155	12 173 823					
	Community		629 330	498 196	482 721	415 737	415 737	415 737	436 663	455 918	473 636					
	Heritage assets		40 181	49 633	49 633	43 955	43 955	43 955	43 955	43 955	43 955					
	Investment properties		302 981	333 211	328 302	441 400	441 400	441 400	485 540	534 094	587 503					
	Other assets		1 411 752	1 465 644	1 534 995	1 102 889	1 102 889	1 102 889	1 238 313	1 373 711	1 469 799					
	Agricultural Assets		-	-	-	-	-	-	-	-	-					
	Biological assets		-	-	-	-	-	-	-	-	-					
	Intangibles		3 851	98 875	98 374	22 800	22 800	22 800	25 080	27 588	30 374					
	TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	10 536 394	12 310 289	12 463 276	11 531 014	11 531 014	11 531 014	12 518 836	13 644 420	14 779 091					
	EXPENDITURE OTHER ITEMS															
	Depreciation & asset impairment		701 504	629 728	729 880	712 213	712 213	712 213	748 339	794 736	841 625					
	Repairs and Maintenance by Asset Class	3	263 702	285 686	284 054	372 010	372 010	372 010	414 791	456 270	501 897					
	Infrastructure - Road transport		62 067	62 764	84 037	108 529	108 529	108 529	121 010	133 111	146 422					
	Infrastructure - Electricity		100 347	103 884	90 862	112 550	112 550	112 550	125 493	138 042	151 846					
	Infrastructure - Water		26 976	30 866	34 412	42 435	42 435	42 435	47 315	52 047	57 251					
	Infrastructure - Sanitation		19 486	23 221	24 862	29 620	29 620	29 620	33 027	36 329	39 962					
	Infrastructure - Other		11 948	15 494	17 116	22 885	22 885	22 885	25 517	28 068	30 875					
	Infrastructure		220 824	236 228	251 289	316 019	316 019	316 019	352 361	387 597	426 357					
	Community		19 435	22 165	12 495	17 874	17 874	17 874	19 929	21 922	24 114					
	Other assets	6, 7	23 443	27 293	20 271	38 117	38 117	38 117	42 501	46 751	51 426					
	TOTAL EXPENDITURE OTHER ITEMS		965 206	915 414	1 013 934	1 084 223	1 112 939	1 112 939	1 163 130	1 251 006	1 343 522					
	Renewal of Existing Assets as % of total capex		23,2%	10,0%	54,0%	58,4%	58,4%	58,4%	51,6%	56,0%	52,6%					
	Renewal of Existing Assets as % of deprcn"		19,6%	13,2%	68,8%	104,7%	104,7%	104,7%	107,5%	121,2%	111,1%					
	R&M as a % of PPE		2,6%	2,4%	2,4%	3,3%	3,3%	3,3%	3,1%	3,2%	3,3%					
	Renewal and R&M as a % of PPE		4,0%	3,0%	6,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%					

Explanatory notes to Table A9 – Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. In the 2016/17 financial year BCMM has allocated 51.6 % of its capital budget towards asset renewal and 3.1% for Repairs and Maintenance as a percentage of PPE, which is at current replacement value and this grows to 3.3% of PPE in the outer year.
3. National Treasury has recommended that municipalities should allocate at least 40% of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8% of PPE. It should be borne in mind that Buffalo City Metropolitan Municipality budgets has valued certain of its assets on the revaluation model and therefore the above percentage allocations should be adjusted accordingly to reflect the increase in asset values due to different valuation methodologies. The City has taken a strategic decision to move in the direction of allocating 60% of its capital budget to replacing and/or refurbishment of existing infrastructure.

Table 28: MBRR Table A10 – Basic Service Delivery Measurement

Description	2012/13		2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19		
Household service targets												
Water:												
Piped water inside dwelling	104 000	103 000	118 000	118 000	118 000	118 000	118 000	118 000	118 000	118 000	118 000	
Piped water inside yard (but not in dwelling)	-	-	-	-	-	-	-	-	-	-	-	
Using public tap (at least min.service level)	120 000	120 000	103 000	103 000	103 000	104 000	104 000	104 000	104 000	106 000	106 000	
Other water supply (at least min.service level)	5 093	5 093	-	-	-	-	-	-	-	-	-	
<i>Minimum Service Level and Above sub-total</i>	229 093	228 093	221 000	221 000	221 000	222 000	222 000	222 000	222 000	224 000	224 000	
Using public tap (< min.service level)	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	
Other water supply (< min.service level)	-	-	-	-	-	-	-	-	-	-	-	
No water supply	3 000	3 000	2 000	2 000	2 000	1 000	1 000	1 000	1 000	1 000	1 000	
<i>Below Minimum Service Level sub-total</i>	4 000	4 000	3 000	3 000	3 000	2 000	2 000	2 000	2 000	2 000	2 000	
Total number of households	233 093	232 093	224 000	224 000	224 000	224 000	224 000	224 000	224 000	224 000	226 000	
Sanitation/sewerage:												
Flush toilet (connected to sewerage)	120 355	154 387	155 034	155 034	156 336	156 336	156 336	156 836	157 336	157 336	157 836	
Flush toilet (with septic tank)	1 341	5 428	5 437	5 437	5 437	5 437	5 437	5 437	5 437	5 437	5 437	
Chemical toilet	-	3 544	3 544	3 544	3 544	3 544	3 544	3 544	3 544	3 544	3 544	
Pit toilet (ventilated)	22 398	11 882	20 440	20 440	26 639	26 639	26 639	27 139	27 639	28 139	28 639	
Other toilet provisions (> min.service level)	-	-	-	-	-	-	-	-	-	-	-	
<i>Minimum Service Level and Above sub-total</i>	144 094	175 241	184 455	184 455	191 956	191 956	191 956	192 956	193 956	194 956	195 956	
Bucket toilet	-	-	-	-	-	-	-	-	-	-	-	
Other toilet provisions (< min.service level)	-	24 953	25 789	25 789	26 027	26 027	26 027	26 027	26 027	26 027	26 027	
No toilet provisions	48 118	23 374	13 324	13 324	5 585	5 585	5 585	4 585	3 585	2 585	2 585	
<i>Below Minimum Service Level sub-total</i>	48 118	48 327	39 113	39 113	31 612	31 612	31 612	30 612	29 612	28 612	28 612	
Total number of households	192 212	223 568	223 568	223 568	223 568	223 568	223 568	223 568	223 568	223 568	223 568	
Energy:												
Electricity (at least min.service level)	10 000	9 000	8 923	8 923	8 846	8 846	8 846	8 846	8 846	8 846	8 846	
Electricity - prepaid (min.service level)	105 000	106 000	109 623	109 623	113 245	113 245	113 245	113 245	113 245	113 245	113 245	
<i>Minimum Service Level and Above sub-total</i>	115 000	115 000	118 546	118 546	122 091	122 091	122 091	122 091	122 091	122 091	122 091	
Electricity (< min.service level)	8 846	7 298	7 463	7 463	7 463	7 463	7 463	7 463	7 463	7 463	7 463	
Electricity - prepaid (< min. service level)	108 082	119 832	122 090	122 090	123 590	123 590	123 590	125 090	125 590	128 090	128 090	
Other energy sources	-	-	-	-	-	-	-	-	-	-	-	
<i>Below Minimum Service Level sub-total</i>	116 928	127 130	129 553	129 553	131 053	131 053	131 053	132 553	134 053	135 553	135 553	
Total number of households	231 928	242 130	248 099	248 099	253 144	253 144	253 144	254 644	256 144	257 644	257 644	
Refuse:												
Removed at least once a week	119 000	119 000	170 023	170 023	130 000	130 000	130 000	275 000	275 000	275 000	275 000	
Removed less frequently than once a week	119 000	119 000	170 023	170 023	130 000	130 000	130 000	275 000	275 000	275 000	275 000	
Using communal refuse dump	1 980	1 980	1 980	1 980	1 980	1 980	1 980	2 000	2 000	2 000	2 000	
Using own refuse dump	2	2	2	2	2	2	2	2	2	2	2	
Other rubbish disposal	1	1	1	1	3	3	3	1	1	1	1	
No rubbish disposal	3	3	3	3	3	3	3	6	6	6	6	
<i>Below Minimum Service Level sub-total</i>	1 986	1 986	1 986	1 986	1 988	1 988	1 988	2 009	2 009	2 009	2 009	
Total number of households	120 986	120 986	172 009	172 009	131 988	131 988	131 988	277 009	277 009	277 009	277 009	

MBRR Table A10 – Basic Service Delivery Measurement - Continue

Description	2012/13		2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework						
	Outcome	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	2016/17		2017/18			
											Budget	Forecast	Budget	Forecast		
Households receiving Free Basic Service																
Water (6 kilolitre per household per month)	43 134	44 214	58 797	59 998	59 998	3 500	63 498	66 998	70 498	73 998						
Sanitation (free minimum level service)	43 134	44 214	58 797	59 998	59 998	3 500	63 498	66 998	70 498	73 998						
Electricity/other energy (50kwh per household per month)	60 610	61 960	76 891	78 112	78 112	3 779	81 891	86 891	91 891	96 891						
Refuse (removed at least once a week)	43 134	44 214	58 797	59 998	59 998	3 500	63 498	66 998	70 498	73 998						
Cost of Free Basic Services provided - Formal Settlements (R'000)																
Water (6 kilolitre 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)	150 000	150 000	150 000	151 240	151 240	151 240	151 240	151 240	151 240	151 240						
Water (kilolitre per household per month)	6	6	6	6	6	6	6	6	6	6						
Sanitation (kilolitre per household per month)	-	-	-	-	-	-	-	-	-	-						
Sanitation (Rand per household per month)	65	72	72	97	97	97	97	97	97	97						
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50	50						
Refuse (average litres per week)	170	170	170	170	170	170	170	170	170	170						
Revenue cost of subsidised services provided (R'000)																
Property rates (tariff adjustment) (impermissable values per section 17 of MPRA)																
Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA	22 767	26 216	23 198	34 301	34 301	34 301	34 301	38 246	42 644	47 549						
Water (in excess of 6 kilolitre 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	6 061	8 254	-	13 788	13 788	13 788	-	-	-	-						
Total revenue cost of subsidised services provided	28 828	34 471	23 198	48 089	48 089	48 089	34 301	38 246	42 644	47 549						

Table 29: MBRR Table A1 – Consolidated 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	580 100	672 957	794 519	903 413	953 413	953 413	953 413	1 122 920	1 203 770	1 288 034
Service charges	1 965 059	2 198 960	2 424 753	2 686 741	2 790 741	2 790 741	2 790 741	2 928 610	3 152 465	3 391 445
Investment revenue	84 021	96 522	124 222	133 685	133 685	133 685	133 685	143 844	152 762	161 775
Transfers recognised - operational	723 457	812 167	948 239	1 249 333	1 078 556	1 078 556	1 078 556	1 319 728	1 450 381	1 703 052
Other own revenue	576 696	718 042	658 558	746 500	734 500	734 500	734 500	391 937	422 531	453 282
Total Revenue (excluding capital transfers and contributions)	3 929 334	4 498 647	4 950 291	5 719 672	5 690 895	5 690 895	5 690 895	5 907 039	6 381 910	6 997 588
Employee costs	982 560	1 134 596	1 192 331	1 387 619	1 425 572	1 425 572	1 425 572	1 531 068	1 641 305	1 754 555
Remuneration of councillors	43 331	45 088	47 682	52 910	54 810	54 810	54 810	58 099	62 282	66 579
Depreciation & asset impairment	701 504	629 728	729 880	712 213	740 930	740 930	740 930	748 339	794 736	841 625
Finance charges	-	65 775	60 671	54 313	55 813	55 813	55 813	57 105	70 938	85 887
Materials and bulk purchases	1 040 113	1 110 464	1 213 642	1 377 012	1 407 012	1 407 012	1 407 012	1 521 587	1 645 567	1 779 730
Transfers and grants	99 031	145 871	235 798	258 568	258 568	258 568	258 568	288 468	310 163	333 178
Other expenditure	1 085 328	1 497 436	1 736 654	1 876 115	1 747 268	1 747 268	1 747 268	1 701 295	1 855 251	2 133 277
Total Expenditure	3 951 868	4 628 959	5 216 657	5 718 750	5 689 973	5 689 973	5 689 973	5 905 961	6 380 242	6 994 832
Surplus/(Deficit)	(22 534)	(130 311)	(266 366)	922	922	922	922	1 078	1 668	2 756
Transfers recognised - capital	510 296	734 503	615 492	850 353	850 353	850 353	850 353	848 269	892 786	969 510
Contributions recognised - capital & contributed as	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	487 762	604 192	349 126	851 275	851 275	851 275	851 275	849 347	894 454	972 266
Share of surplus/ (deficit) of associate	3 526	54 223	22 359	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	491 288	658 414	371 485	851 275	851 275	851 275	851 275	849 347	894 454	972 266
Capital expenditure & funds sources										
Capital expenditure	593 485	834 638	930 050	1 275 354	1 390 877	1 390 877	1 390 877	1 558 134	1 720 823	1 777 999
Transfers recognised - capital	515 570	734 503	615 492	850 353	789 612	789 612	789 612	848 269	892 786	969 510
Public contributions & donations	-	-	-	-	459	459	459	-	-	-
Borrowing	18 146	-	-	-	-	-	-	69 582	189 352	176 867
Internally generated funds	59 769	100 136	314 558	425 002	600 806	600 806	600 806	640 283	638 685	631 622
Total sources of capital funds	593 485	834 638	930 050	1 275 354	1 390 877	1 390 877	1 390 877	1 558 134	1 720 823	1 777 999

MBRR Table A1 – Consolidated Budget Summary (Continued)

Description	2012/13		2013/14		2014/15		Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19		
R thousands													
<u>Financial position</u>													
Total current assets	2 566 478	2 861 864	3 027 605	3 027 605	3 252 153	3 329 162	3 329 162	3 424 163	3 526 081	3 774 876	4 091 916		
Total non current assets	10 483 393	12 434 158	12 611 638	12 611 638	11 736 712	11 736 712	11 736 712	13 225 967	14 132 023	15 086 336	16 057 818		
Total current liabilities	1 261 827	1 099 664	1 021 066	1 021 066	1 026 227	1 026 227	1 026 227	1 026 227	1 131 155	1 240 316	1 368 270		
Total non current liabilities	978 533	1 003 250	995 635	995 635	1 099 608	1 099 608	1 099 608	1 099 608	1 177 274	1 380 215	1 570 011		
Community wealth/Equity	10 821 131	13 061 125	13 621 335	13 621 335	13 821 862	14 036 162	14 036 162	17 204 674	15 044 245	15 929 972	16 873 627		
<u>Cash flows</u>													
Net cash from (used) operating	1 176 773	957 780	1 013 503	1 013 503	1 350 994	1 618 685	1 618 685	1 618 685	1 630 830	1 722 283	1 848 146		
Net cash from (used) investing	(590 263)	(586 864)	(923 670)	(923 670)	(1 275 354)	(1 390 877)	(1 390 877)	(1 390 877)	(1 558 134)	(1 720 823)	(1 777 999)		
Net cash from (used) financing	(265 100)	(49 753)	(53 669)	(53 669)	(46 097)	(46 097)	(46 097)	(46 097)	17 757	137 558	117 306		
Cash/cash equivalents at the year end	1 844 648	2 166 101	2 202 291	2 202 291	2 385 242	2 382 251	2 382 251	2 382 251	2 472 639	2 611 657	2 799 109		
<u>Cash backing/surplus reconciliation</u>													
Cash and investments available	1 844 207	2 166 126	2 202 285	2 202 285	2 385 178	2 462 186	2 462 186	2 462 186	2 490 886	2 651 599	2 863 323		
Application of cash and investments	611 320	441 373	253 364	253 364	322 564	306 943	306 943	218 264	277 333	320 932	330 544		
Balance - surplus (shortfall)	1 232 887	1 724 754	1 948 921	1 948 921	2 062 614	2 155 243	2 155 243	2 243 922	2 213 552	2 330 667	2 532 779		
<u>Asset management</u>													
Asset register summary (WDV)	10 536 394	12 310 299	12 463 276	12 463 276	11 531 014	11 531 014	11 531 014	12 518 836	12 518 836	13 644 420	14 779 091		
Depreciation & asset impairment	701 504	629 728	729 880	729 880	712 213	740 930	740 930	748 339	748 339	794 736	841 625		
Renewal of Existing Assets	137 455	83 260	502 299	502 299	745 427	861 279	861 279	861 279	804 300	963 401	934 904		
Repairs and Maintenance	263 702	285 686	284 054	284 054	372 010	372 010	372 010	414 791	414 791	456 270	501 897		
<u>Free services</u>													
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-	-		
Revenue cost of free services provided	28 828	34 471	23 198	23 198	48 089	48 089	34 301	38 246	38 246	42 644	47 549		
<u>Households below minimum service level</u>													
Water	4	4	3	3	3	2	2	2	2	2	2		
Sanitation/sewage	48	48	39	39	32	32	32	31	31	30	29		
Energy	117	127	130	130	131	131	131	133	133	134	136		
Refuse	2	2	2	2	2	2	2	2	2	2	2		

Table 30: MBRR Table A4 – Consolidated Budgeted Financial Performance (Revenue and Expenditure)

Description	Ref	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework					
		2012/13	2013/14	2014/15	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source											
Property rates	1	580 100	672 957	794 519	902 842	952 842	952 842	952 842	1 122 920	1 203 770	1 288 034
Property rates - penalties & collection charges					571	571	571	571			
Service charges - electricity revenue	2	1 266 660	1 383 884	1 465 814	1 658 671	1 758 671	1 758 671	1 758 671	1 815 256	1 953 942	2 103 223
Service charges - water revenue	2	271 026	325 360	394 282	411 381	411 381	411 381	411 381	444 291	479 346	517 310
Service charges - sanitation revenue	2	223 023	248 673	278 832	314 571	314 571	314 571	314 571	339 107	364 540	390 787
Service charges - refuse revenue	2	198 898	228 895	261 807	286 063	286 063	286 063	286 063	308 375	331 504	355 372
Service charges - other		5 452	12 149	24 018	16 056	20 056	20 056	20 056	21 580	23 134	24 753
Rental of facilities and equipment		15 485	15 018	17 430	18 629	18 629	18 629	18 629	20 045	21 488	22 993
Interest earned - external investments		84 021	96 522	124 222	133 685	133 685	133 685	133 685	143 844	152 762	161 775
Interest earned - outstanding debtors		22 204	27 178	34 999	32 175	32 175	32 175	32 175	34 651	37 257	40 021
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		5 979	7 572	5 500	10 293	7 793	7 793	7 793	8 385	8 989	9 618
Licences and permits		15 299	14 161	14 034	22 472	12 972	12 972	12 972	13 958	14 963	16 011
Agency services											
Transfers recognised - operational		723 457	812 167	948 239	1 249 333	1 078 556	1 078 556	1 078 556	1 319 728	1 450 381	1 703 052
Other revenue	2	517 728	642 030	586 595	662 931	662 931	662 931	662 931	314 898	339 834	364 639
Gains on disposal of PPE			12 084								
Total Revenue (excluding capital transfers and contributions)		3 929 334	4 498 647	4 950 291	5 719 672	5 690 895	5 690 895	5 690 895	5 907 039	6 381 910	6 997 568

MBRR Table A4 – Consolidated Budgeted Financial Performance (Revenue and Expenditure) (Continued)

Description	Ref	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework					
		2012/13	2013/14	2014/15	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
Expenditure By Type											
Employee related costs	1	982 560	1 134 596	1 192 331	1 387 619	1 425 572	1 425 572	1 425 572	1 531 068	1 641 305	1 754 555
Remuneration of councillors	2	43 331	45 088	47 682	52 910	54 810	54 810	54 810	58 099	62 282	66 579
Debt impairment	3	106 770	241 011	365 110	245 009	253 979	253 979	253 979	303 865	326 718	350 961
Depreciation & asset impairment	2	701 504	629 728	729 880	712 213	740 930	740 930	740 930	748 339	794 736	841 625
Finance charges	2	1 040 113	65 775	60 671	54 313	55 813	55 813	55 813	57 105	70 938	85 887
Bulk purchases	2	1 040 113	1 110 464	1 213 642	1 377 012	1 407 012	1 407 012	1 407 012	1 521 587	1 645 567	1 779 730
Other materials	8										
Contracted services		7 763	9 743	14 607	21 622	21 622	21 622	21 622	22 486	23 881	25 290
Transfers and grants		99 031	145 871	235 798	258 568	258 568	258 568	258 568	288 468	310 163	333 178
Other expenditure	4, 5	970 795	1 246 682	1 326 528	1 609 484	1 471 667	1 471 667	1 471 667	1 374 944	1 504 652	1 757 027
Loss on disposal of PPE				30 408							
Total Expenditure		3 951 868	4 628 959	5 216 657	5 718 750	5 689 973	5 689 973	5 689 973	5 905 961	6 380 242	6 994 832
Surplus/(Deficit)		(22 534)	(130 311)	(266 366)	922	922	922	922	1 078	1 668	2 756
Transfers recognised - capital		510 296	734 503	615 492	850 353	850 353	850 353	850 353	848 269	892 786	969 510
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		487 762	604 192	349 126	851 275	851 275	851 275	851 275	849 347	894 454	972 266
Taxation											
Surplus/(Deficit) after taxation		487 762	604 192	349 126	851 275	851 275	851 275	851 275	849 347	894 454	972 266
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		487 762	604 192	349 126	851 275	851 275	851 275	851 275	849 347	894 454	972 266
Share of surplus/ (deficit) of associate	7	3 526	54 223	22 359							
Surplus/(Deficit) for the year		491 288	658 414	371 485	851 275	851 275	851 275	851 275	849 347	894 454	972 266

Table 31: MBRR Table A6 – Consolidated Budgeted Financial Position

R thousand	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	144 847	198 544	63 833	80 444	80 444	80 444	80 444	80 644	80 644	80 644
Call investment deposits	1 698 468	1 967 582	2 138 453	2 304 734	2 381 743	2 381 743	2 381 743	2 410 242	2 570 955	2 782 679
Consumer debtors	596 220	577 370	694 805	671 946	671 946	671 946	766 947	820 635	887 234	968 919
Other debtors	67 564	67 753	85 619	98 215	98 215	98 215	98 215	108 064	118 898	130 815
Current portion of long-term receivables	14	16	18	14	14	14	14	15	17	19
Inventory	59 365	50 598	44 878	96 800	96 800	96 800	96 800	106 480	117 128	128 841
Total current assets	2 566 478	2 861 864	3 027 605	3 252 153	3 329 162	3 329 162	3 424 163	3 526 081	3 774 876	4 091 916
Non current assets										
Long-term receivables	43	27	9	60	60	60	60	66	73	80
Investments	892	-	-	-	-	-	-	-	-	-
Investment property	302 981	333 211	328 302	441 400	441 400	441 400	441 400	485 540	534 094	587 503
Investment in Associates	5 326	59 549	81 908	-	-	-	-	90 099	99 109	109 020
Property, plant and equipment	10 108 484	11 878 209	12 036 600	11 197 292	11 197 292	11 197 292	12 686 547	13 448 562	14 334 529	15 230 803
Agricultural	-	-	-	-	-	-	-	-	-	-
Biological	-	-	-	-	-	-	-	-	-	-
Intangible	3 851	98 875	98 374	22 800	22 800	22 800	22 800	25 080	27 588	30 374
Other non-current assets	61 816	64 286	66 444	75 160	75 160	75 160	75 160	82 676	90 944	100 038
Total non current assets	10 483 393	12 434 158	12 611 638	11 736 712	11 736 712	11 736 712	13 225 967	14 132 023	15 086 336	16 057 818
TOTAL ASSETS	13 049 871	15 296 022	15 639 243	14 988 865	15 065 874	15 065 874	16 650 130	17 658 103	18 861 212	20 149 735
LIABILITIES										
Current liabilities										
Bank overdraft	-	-	-	-	-	-	-	-	-	-
Borrowing	51 657	57 416	48 835	46 097	46 097	46 097	46 097	51 825	51 794	59 561
Consumer deposits	45 519	44 838	48 505	54 050	54 050	54 050	54 050	59 455	65 401	71 941
Trade and other payables	1 033 311	855 997	741 826	774 300	774 300	774 300	774 300	852 917	939 468	1 034 749
Provisions	131 340	141 413	181 900	151 780	151 780	151 780	151 780	166 958	183 654	202 019
Total current liabilities	1 261 827	1 099 664	1 021 066	1 026 227	1 026 227	1 026 227	1 026 227	1 131 155	1 240 316	1 368 270
Non current liabilities										
Borrowing	600 830	545 999	497 244	500 418	500 418	500 418	500 418	518 175	655 216	772 522
Provisions	377 703	457 251	498 391	599 190	599 190	599 190	599 190	659 099	724 999	797 489
Total non current liabilities	978 533	1 003 250	995 635	1 099 608	1 099 608	1 099 608	1 099 608	1 177 274	1 380 215	1 570 011
TOTAL LIABILITIES	2 240 360	2 102 914	2 016 701	2 125 835	2 125 835	2 125 835	2 125 835	2 308 429	2 620 531	2 938 280
NET ASSETS	10 809 511	13 193 108	13 622 542	12 863 030	12 940 039	12 940 039	14 524 295	15 349 674	16 240 680	17 211 454
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	8 993 971	9 006 244	9 384 674	10 050 576	10 127 585	10 127 585	11 711 841	12 256 811	12 840 095	13 472 418
Reserves	2 427 160	4 054 881	4 236 661	3 771 286	3 908 577	3 908 577	5 492 833	2 787 434	3 089 877	3 401 209
TOTAL COMMUNITY WEALTH/EQUITY	10 821 131	13 061 125	13 621 335	13 821 862	14 036 162	14 036 162	17 204 674	15 044 245	15 929 972	16 873 627

Table 32: MBRR Table A7 – Consolidated Budgeted Cash Flows

R thousand	Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework				
			Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19				
	CASH FLOW FROM OPERATING ACTIVITIES																
	Receipts																
	Property rates, penalties & collection charges		580 100	672 957	794 519	831 140	884 767	884 767	884 767	884 767	884 767	884 767	884 767	1 038 701	1 113 488	1 191 432	
	Service charges		1 965 059	2 198 960	2 424 753	2 471 802	2 644 096	2 644 096	2 644 096	2 644 096	2 644 096	2 644 096	2 644 096	2 708 964	2 916 030	3 137 087	
	Other revenue		287 662	447 934	84 777	657 180	651 758	651 758	651 758	651 758	651 758	651 758	651 758	330 374	354 160	378 950	
1	Government - operating		723 457	812 186	948 263	1 149 387	1 078 556	1 078 556	1 078 556	1 078 556	1 078 556	1 078 556	1 078 556	1 319 728	1 450 381	1 703 052	
1	Government - capital		506 406	734 503	615 492	850 353	812 071	812 071	812 071	812 071	812 071	812 071	812 071	848 269	892 786	969 510	
	Interest		106 225	123 699	159 277	152 596	165 859	165 859	165 859	165 859	165 859	165 859	165 859	178 495	190 019	201 796	
	Dividends		-	-	-	0	0	0	0	0	0	0	0	-	-	-	
	Payments																
	Suppliers and employees		(2 808 957)	(3 821 719)	(3 718 728)	(4 448 581)	(4 304 041)	(4 304 041)	(4 304 041)	(4 304 041)	(4 304 041)	(4 304 041)	(4 304 041)	(4 430 013)	(4 791 638)	(5 290 190)	
	Finance charges		(67 259)	(65 777)	(60 674)	(54 313)	(55 813)	(55 813)	(55 813)	(55 813)	(55 813)	(55 813)	(55 813)	(57 113)	(70 946)	(85 896)	
	Transfers and Grants	1	(115 922)	(144 964)	(234 175)	(258 568)	(258 568)	(258 568)	(258 568)	(258 568)	(258 568)	(258 568)	(258 568)	(288 468)	(310 163)	(333 178)	
	NET CASH FROM/(USED) OPERATING ACTIVITIES		1 176 773	957 780	1 013 503	1 350 994	1 618 685	1 618 685	1 618 685	1 618 685	1 618 685	1 618 685	1 618 685	1 648 938	1 744 116	1 872 563	
	CASH FLOWS FROM INVESTING ACTIVITIES																
	Receipts																
	Proceeds on disposal of PPE		18 170	766	6 364	-	-	-	-	-	-	-	-	-	-	-	
	Decrease (increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Decrease (increase) other non-current receivables		13	14	16	-	-	-	-	-	-	-	-	-	-	-	
	Decrease (increase) in non-current investments		(36)	892	-	-	-	-	-	-	-	-	-	-	-	-	
	Payments																
	Capital assets		(608 431)	(588 536)	(930 050)	(1 275 354)	(1 390 877)	(1 390 877)	(1 390 877)	(1 390 877)	(1 390 877)	(1 390 877)	(1 390 877)	(1 558 134)	(1 720 823)	(1 777 999)	
	NET CASH FROM/(USED) INVESTING ACTIVITIES		(590 263)	(586 864)	(923 670)	(1 275 354)	(1 390 877)	(1 390 877)	(1 390 877)	(1 390 877)	(1 390 877)	(1 390 877)	(1 390 877)	(1 558 134)	(1 720 823)	(1 777 999)	
	CASH FLOWS FROM FINANCING ACTIVITIES																
	Receipts																
	Short term loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Borrowing long term/refinancing		(278 943)	(681)	3 667	-	-	-	-	-	-	-	-	69 582	189 352	176 867	
	Increase (decrease) in consumer deposits		8 599	(681)	3 667	-	-	-	-	-	-	-	-	-	-	-	
	Payments																
	Repayment of borrowing		5 243	(49 072)	(57 336)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	(51 825)	(51 794)	(59 561)	
	NET CASH FROM/(USED) FINANCING ACTIVITIES		(265 100)	(49 753)	(53 669)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	(46 097)	17 757	137 558	117 306	
	NET INCREASE/ (DECREASE) IN CASH HELD		321 389	321 163	36 164	29 542	181 710	181 710	181 710	181 710	181 710	181 710	181 710	108 561	160 851	211 870	
2	Cash/cash equivalents at the year begin:		1 523 259	1 844 938	2 166 126	2 355 700	2 200 541	2 200 541	2 200 541	2 200 541	2 200 541	2 200 541	2 200 541	2 382 186	2 490 747	2 651 598	
2	Cash/cash equivalents at the year end:		1 844 648	2 166 101	2 202 291	2 385 242	2 382 251	2 382 251	2 382 251	2 382 251	2 382 251	2 382 251	2 382 251	2 490 747	2 651 598	2 863 468	

Table 33: MBRR Table A8 – Consolidated Cash Backed Reserves / Accumulated Surplus Reconciliation

Description R thousand	Ref	2012/13		2013/14		2014/15		Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19		
Cash and investments available														
Cash/cash equivalents at the year end	1	1 844 648	2 166 101	2 202 291	2 385 242	2 382 251	2 382 251	2 382 251	2 382 251	2 490 747	2 651 598	2 863 468		
Other current investments > 90 days		(1 333)	25	(5)	(65)	79 935	79 935	79 935	79 935	139	0	(146)		
Non current assets - investments	1	892	-	-	-	-	-	-	-	-	-	-		
Cash and investments available:		1 844 207	2 166 126	2 202 285	2 385 178	2 462 186	2 462 186	2 462 186	2 462 186	2 490 886	2 651 599	2 863 323		
Application of cash and investments														
Unspent conditional transfers		460 596	213 718	205 715	112 800	112 800	112 800	112 800	112 800	124 080	136 488	150 137		
Unspent borrowing		-	-	-	-	-	-	-	-	-	-	-		
Statutory requirements	2													
Other working capital requirements	3	(29 672)	43 513	(129 018)	(41 846)	(57 467)	(57 467)	(57 467)	(146 146)	(123 547)	(120 036)	(124 073)		
Other provisions		180 396	184 142	176 668	251 610	251 610	251 610	251 610	251 610	276 800	304 480	304 480		
Long term investments committed	4													
Reserves to be backed by cash/investments	5													
Total Application of cash and investments:		611 320	441 373	253 364	322 564	306 943	306 943	306 943	218 264	277 333	320 932	330 544		
Surplus(shortfall)		1 232 887	1 724 754	1 948 921	2 062 614	2 155 243	2 155 243	2 155 243	2 243 922	2 213 552	2 330 667	2 532 779		

PART 2 – SUPPORTING DOCUMENTATION

2.1 OVERVIEW OF ANNUAL BUDGET PROCESS

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

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

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

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

2.1.1 IDP/Budget Process Overview

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

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

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

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

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

- (1) "The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year".*
- (2) "In order for a municipality to comply with subsection (1), the mayor of the municipality must table an annual budget at a council meeting at least 90 days before the start of the budget year".*

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

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

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

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

Table 34: Key activities in the review of the 2016/17 IDP and MTREF Budget

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

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

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

August 2015

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

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

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

<ul style="list-style-type: none"> • Tabling of unaudited annual report 				
Activity	Co-ordinating Department	Legislative requirement	Timeframe	Was the timeframe met?
August 2015				
Completion and submission of Budget Evaluation Checklist to National Treasury	Budget & Treasury	MFMA	31 August 2015	Yes
Submit to National Treasury 2014/15 Roll-Over Adjustment Budget in terms of National Treasury Reporting requirements	Budget and Treasury	MFMA	31 August 2015	No The submission to NT was the 11 September 2015, which is in compliance with MBRR, however the approved timeframe relates to the approval by Council.
Submission of 2015/16 Annual Financial Statements and unaudited Annual Report	Finance IDP/PMS	MSA/MFMA	31 August 2015	Yes
<ul style="list-style-type: none"> • Advertise 2014/15 Roll-Over Adjustment Budget for public comment • Place 2014/15 Roll-Over Adjustment Budget on BCMM website 	Budget and Treasury	MFMA	31 August 2015	No The set timeframe was too optimistic since the City was going through the re-development of its website. This resulted to the

					advertisement made on the 15 Sept 2015.
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SITUATIONAL ANALYSIS PHASE

Activity	Co-ordinating Department	Legislative requirement	Timeframe	Was the timeframe met?
IDP and Organisational Performance Management Portfolio Committee	IDP/PMS	September 2015 MSA/MFMA	2 September 2015	Yes
Advertise adopted IDP/Budget/PMS Process Plan <ul style="list-style-type: none"> Publication of process plan on BCMM website, local newspaper and notice boards 	IDP/PMS	MSA 21, 28(3)	4 September 2015	Yes
Submit adopted process plan to MEC for Local Government and Traditional Affairs	IDP/PMS	MSA 31 (a)(b)(c)(d)	4 September 2015	Yes

BCMM IGR Forum Meeting: <ul style="list-style-type: none"> • Process plan and expectations • Development of Metro Plan of Action 	IDP/PMS	MSA / IGR Framework Act	11 September 2015	No Session was cancelled due to non-confirmation of attendance by stakeholders.
Mayoral Imbizo Programme	IDP/PMS	MSA	21-23 September 2015	No Consultation process was postponed due to non-responsive of stakeholders and was re-convened on 25 Oct and 01 Nov 2015.
October 2015				
IDP Technical Cluster Meetings: <ul style="list-style-type: none"> • Review progress made in implementation of IDP from 2011-2015 	IDP/PMS	MSA 34(a)(i)(ii)	05 & 09 October 2015	Yes

Activity	Co-ordinating Department	Legislative requirement	Timeframe	Was the time frame met?
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<p>Top Management Meeting:</p> <ul style="list-style-type: none"> Consideration of 2014/15 roll over adjustment budget for Conditional Grant Funded Projects 	IDP/PMS/Budget & Treasury	MFMA	12 October 2015	Yes
<p>Mayoral Lekgotla Session:</p> <ul style="list-style-type: none"> 2011-2015 Performance assessment/review Review of strategic objectives for service delivery and development Broad capital budget allocations 	Office of the Executive Mayor	MSA / MFMA	14-15 October 2015	No Re-convened on 16-18 November 2015
<p>Council meeting –</p> <ul style="list-style-type: none"> approval of 2014/15 Roll-over Adjustment Budget for Conditional Grant Funded Projects 	IDP/PMS/Budget & Treasury	MFMA	28 October 2015	N/A
<p>Table 2015/16 SDBIP 1st quarter reports and MFMA Section 52 (d) report to Council</p>	IDP/PMS/ Budget and Treasury	MFMA Sec 52(d)	28 October 2015	Yes

STRATEGIES PHASE

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

PROJECTS PHASE

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

Top Management Meeting: <ul style="list-style-type: none"> Consideration of 2015/16 Mid-year adjustment budget 	MFMA	8 February 2016	Yes
Council : <ul style="list-style-type: none"> Consideration of 2015/16 MID Year Adjustment Budget 	MFMA	24 February 2016	No The report was considered by Council on 29 February due to Council meeting being rescheduled to the above date.

CONSOLIDATION PHASE

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

IDP/Budget/PMS External Representative Forum Meeting:	IDP/Budget & Treasury	MSA Sec 16(1)(a) / MFMA	23 March 2016	Yes
<ul style="list-style-type: none"> • Presentation of draft 2016/21 IDP and MTREF 				
Council Meeting:	Budget and Treasury	MFMA MSA	25 March 2016	Yes
<ul style="list-style-type: none"> • Approve 2016-2021 Draft IDP, SDBIP and MTREF Budget 				
Activity				
April 2016				
Submits to MEC for Local Government and Traditional Affairs, National Treasury 2016 - 2021 Draft IDP, SDBIP, BEPP and MTREF Budget	IDP/PMS/Finance	MSA / MFMA	8 April 2016	No. Submitted on 09 April 2016. This was due to unforeseen delays in the delivery process.
<ul style="list-style-type: none"> • Advertise 2016 - 2021 Draft IDP, SDBIP, BEPP and MTREF Budget for public comment • Place 2016 - 2021 Draft IDP, SDBIP and MTREF Budget on BCMM website 				
IDP/Budget/PMS Technical Committee Meeting:	IDP/PMS/Budget and Treasury	MSA/MFMA	April 2016	Yes
<ul style="list-style-type: none"> • Present state of readiness for IDP/Budget roadshows 				
IDP Budget Road Shows:	IDP/PMS	MSA / MFMA	4 - 22 April 2016	No Postponed from 14 April till 05 May 2016 due to busy calendar of Council members. Further delayed by staff illegal strike and prolonged to 16 May 2016.
<ul style="list-style-type: none"> • Present summarised draft IDP & Budget • BCMM response to key issues raised by wards • Highlight planned projects and programmes 				

Submission of 2015/16 SDBIP / Institutional Scorecards 3 rd quarter reports and MFMA Sec 52(d) report to Council.	IDP/Budget and Treasury	MSA/MFMA	29 April 2016	Yes
Activity	Co-ordinating Department	Legislative requirement	Timeframe	Was the timeframe met?
May 2016				
Council Workshop on the final IDP/Budget before adoption	IDP/PMS/Finance	MSA / MFMA	4 - 6 May 2016	No. Could not be held due to delays in the roadshows, however budget steering committee meeting will be held instead on 20 May 2016.
Consultation with Organised Business and Traditional Leadership on the Draft 2016 - 2021 IDP & Budget •Business Breakfast •Session with traditional leadership	IDP/PMS/Budget and Treasury	MSA/MFMA	13 May 2016	Session with traditional leadership held on 13 May as scheduled. Business breakfast held on 20 May.
National Treasury Municipal Budget and Benchmark Engagement.	IDP/Budget and Treasury	MFMA	18 - 19 May 2016	Yes
Council Open Day	IDP/Budget and Treasury	MSA/MFMA	17 May 2016	No The meeting is rescheduled for the 31 May 2016 in line with the Council amended dates.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

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

The Metro's IDP is the principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly informs the Service Delivery and Budget Implementation Plan.

The IDP has been taken into a business and financial planning process leading up to the 2016/17 MTREF, based on the approved 2015/16 MTREF, Mid-year Performance Assessment and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2016/17 MTREF, each function/directorate had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year performance against the 2016/17 Service Delivery and Budget Implementation Plan. Business planning responds to the Metro's priority needs, reviewed strategic objectives and informs the detail operating budget appropriations and three-year capital programme.

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

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2016/17 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2016/17

MTREF:

- City growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2015/15 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 78, 79 and 82 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The draft 2016-2021 Integrated Development Plan and MTREF Budget was tabled before Council on 31 March 2016. Thereafter the draft documents were made available for community consultation on the municipality's website, and hard copies were made available at customer care offices and municipal libraries.

IDP/Budget road shows to present the draft IDP and Budget took place from 14 April to 16 May 2016.

Table 35: Schedule of IDP/Budget Road Shows

DAY 1: THURSDAY, 14 APRIL 2016

Day	Ward	Areas to be covered	Venue & Time
(a)	34	Dimbaza, Phola Park	Polar Park Community Hall 5.00
(b)	35	Clubview, Balasi, Balasi Valley, Ethembeni, Zinyoka, Tyutyu Village	War Memorial Community Hall 5.00 pm
(c)	43	Bisho, Tyutyu, Ncemera , Hanover, Majali, Mpengempengeni, Mdange	Skenjana Roji Community Hall 5.00 pm

DAY 2: FRIDAY, 15 APRIL 2016

Day	Ward	Areas to be covered	Venue & Time
(a)	8	Gompo, Dip, Gesini	Qaqamba High School 5.00 pm

DAY 3: MONDAY, 18 APRIL 2016

Day	Ward	Areas to be covered	Venue & Time
(a)	36	Part of Dimbaza, Madakeni, Zabalaza, Nakani, Upper Mngqesha, Mzintshane, Pierie Mission, Gambushe, Pierie Trust, New Rest	Mzintshane Community Hall 10.00 am
(b)	49	Ndevana	Ndevana Community Hall 3.00 pm
(c)	13	Reeston, Khayelitsha, Chicken Farm, Part of Scenery Park, Thembaletu, Eureka, Arnalton, Part of Highway Gardens, Dice, Hutchinson, Part of Biko Village	Reeston (Tent) 5.00 pm
(d)	45	Skobeni, Ilitha, Berlin, Tshabo 1	Ilitha Community Hall 3.00 pm
(e)	42	N.U. 1, 2	Indoor Sport Centre 5.00 pm

DAY 4: TUESDAY, 19 APRIL 2016.

Day	Ward	Areas to be covered	Venue & Time
(a)	9	Amalinda, Soccho, Soney Drift, Braelyn extension 8 & 10, C Section, Duncan Village, C Section extension, Chislehurst, Cambridge	Clements Kadalie Hall 5.00 pm
(b)	14	Mdantsane NU 3 & 4	Tent (NU 3 Rent Office, next to Ntsikana shop) 5.00 pm

DAY 5: WEDNESDAY, 20 APRIL 2016

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

DAY 6: WEDNESDAY, 04 MAY 2016

Day	Ward	Areas to be covered	Venue & Time
(a)	38	Lenge, Bulembu, Anders Mission, Mantlaneni, Mamata, Mzantsi, Lieveldt, Mxaxo A, Mxaxo B, Nonkcampa, Gwaba, Zikhalini, Dikidikana, Lower Mngqesha, Khayelitsha, Tyhusha, Kwelerana	Dikidikana Community Hall 3.00 pm
(b)	40	Mlakalaka, Ndileka, Godidi, Mimosa, Qongqota, Ekuphumleni, Dongwe, Fort Murray, Tshabo 2&3, Mount Coke, Bongweni, Thubalethu	Tshabo 2 Community Hall 3.00 pm

DAY 7: THURSDAY, 05 MAY 2016

Day	Ward	Areas to be covered	Venue & Time
(a)	21	Fort Jackson, Golden Highway, Unit 13 & 15, Tambo Park	N. U. 15 Community Hall 5.00 pm
(b)	20	Mdantsane NU 6, 7	NU 7 Community Hall 5.00 pm
(c)	25	Phakamisa, Zwelitsha zone 8, 9, Cliff	Phakamisa Community Hall 3.00pm
(e)	15	Cambridge town, Cambridge township, Highgate, Vincent	Cambridge Hall 5.00 pm

DAY 8: FRIDAY, 06 MAY 2016

Day	Ward	Areas to be covered	Venue & Time
(a)	44	Sweetwaters, Tshatshu, Breidbach , Siyathemba, Qalashe, Golf Course	Sweetwaters Community Hall 5.00 pm
(b)	41	Zwelitsha 1,2,3,4,5,6,7 & 10	Nolizwe Mnyaka Community Hall 5.00 pm
(c)	30	Mdantsane NU 9 & 10	NU 10 Hall 5.00 pm

DAY 9: SATURDAY, 07 MAY 2016

Day	Ward	Areas to be covered	Venue & Time
(a)	24	Nxamkwana, Mntlabati, Mabaleni, Mbolompeni, Mncotsho, Luxomo, Nkqonqweni, Kanana, Khayelitsha, Khwezi Block 1, Khwezi Block 2, Msintsini , Mbekweni, Unit P, Kingston	Mbekweni Primary School 2.00 pm

DAY 9: SUNDAY, 08 MAY 2016

Day	Ward	Areas to be covered	Venue & Time
(a)	11	N.U. 2, 5	N.U. 5 Rent Office (Tent) 2.00 pm

DAY 10: MONDAY, 09 MAY 2016

Day	Ward	Areas to be covered	Venue & Time
7(a)	31	Kaisers Beach, Sunny South, Shelford, Winterstrand, Kidd's Beach, Lillyvale, Igoda, Fort Grey, Bongweni, Ntentseni, Bhompini, Ncera Village 1, Ncera Village 2, Ncera Village 3, Airport Phase 1, Ncera Village 9	Kidd's Beach Hall 5.00 pm
(b)	32	Thyusha, Dowu, Zikhova, Kampini, Mazikhanye, Ngqinisa, Weltina, Zweliyandila, Open Shaw, Kiwane, Kalkeni, Xesi, Dyamdyam, Phози, Gqala, New Rest, Mpongo, Sandile, Tsaba, Xhamini, Ncera Village 4, Ncera Village 5, Ncera Village 6, Ncera Village 7, Boxwood	Xhamini Community Hall 10.00 am
(c)	33	Needs Camp Welcome wood, Gwiligwili, Kuni, Twecana, Phumlani, Hill Village, Thembisa, Cornfield, Silverdale, Altile Village, Good Hope, , Gxethu, Qhuru	Welcomewood Community Hall 12.00 pm
(d)	37	Tolofiyeni, King Williams Town, Westbank, Schornville, Masingata, Mdingi	Schornville Community Hall 5.00 pm

DAY 11: TUESDAY, 10 MAY 2016

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

DAY 12: WEDNESDAY, 11 MAY 2016

Day	Ward	Areas to be covered	Venue & Time
(a)	18	Woodleigh, Bunkers Hill, Nahoon, Nahoon Mouth, Stirling, Berea, Selborne, Baysville Pearce Street to Bridge Ave N.E. Express Way, Southernwood Lower part, McGrath-Usher-Starhope- Jellico down to Valley Road	Drake Road Clinic 5.00 PM;
(b)	4	Beacon Bay, Nahoon Valley Park, Bonnie Doon, Vincent Heights, Lower Vincent Amalinda, Haven Hills, Saxillby, Dawn,	Beacon Bay Library 5.00 pm
(c)	3	Belgravia, Braelynn, Milner Estate, Stoney Drift, Panmure, Braelynn, Southernwood, Braelynn Industrial, Lennox Estate	East London High School 5.00 pm
(d)	47	Quigney, Beach, E.L. CBD, Baysville,	City Hall 5.00 pm
(e)	6	Parkridge, Eluxolweni, Duncan Village	Gompo Hall 5.00 pm

DAY 13: THURSDAY, 12 MAY 2016

Day	Ward	Areas to be covered	Venue & Time
(a)	28	Mzamomhle, Riegerton	Mzamomhle Hall 5.00 pm
(b)	16	Amalinda Forest, Summerpride, Rosedale, Winchester Gardens, Morningside	Amalinda Stadium(tent) 5.00 pm
(c)	23	Unit 17, CC 18, Potsdam, Blue rock, Raxanga, Nxamkwana	Manyano SP School 3.00 pm
(d)	17	N.U. 9, N.U. 6, N.U. 4, Cuba, Eluxolweni	Eluxolweni Community Hall 3.00 pm

DAY 14: FRIDAY, 13 MAY 2016

Day	Ward	Areas to be covered	Venue & Time
(a)	1	Pefferville, Duncan Village, Braelynn Hills, Milkywood	Gompo Hall 5.00 pm
(b)	10	Haven Hill South , Buffalo Flats, Alphenale, Vergenoeg, Egoli, East Bank, Ghost Town, Fynbos informal	Billy Francis Hall 5.00 pm
(c)	12	Mdantsane Unit 1, Mdantsane Zone, SmilingValley	John Knox Bokwe School 4.00 pm
(d)	26	Kwampundu, Ncalukeni, St Mary , Mzonkeshe, Nkqonqweni, Zikwaba, Kwetyana, Thorn Park, Sinqumeni, Ntsonkotha, Msobomvu Macleantown, Kwaseya, Esigqibeni, Newbright	Ntsonkotha Community Hall 10:00 am

DAY 15: SATURDAY, 14 MAY 2016

Day	Ward	Areas to be Covered	Venue & Time
(a)	39	Ginsberg, Bonke, Kwalini, Rhayi, Ngxwalane	Kwalini Hall, 2.00 pm

DAY 16: SUNDAY, 15 MAY 2016

Day	Ward	Areas to be covered	Venue & Time
(a)	22	N.U. 14, N.U. 16	Loyiso High School

DAY 17: MONDAY, 16 MAY 2016

Day	Ward	Areas to be covered	Venue & Time
(a)	50	N.U. 8, 10	Nyameko High School 4.00 pm

2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

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

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

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

Table 36: IDP'S Five Strategic Objectives

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

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

These are aligned below:

Table 37: Alignment of BCMM Strategic Objectives with National and Provincial Priorities

BCMM Strategic Objective	12 Outcomes	Provincial Development Plan	National Development Plan	Sustainable Development Goals	National 10 Point Plan
An innovative and productive city.	Decent employment through inclusive economic growth A skilled and capable workforce to support inclusive growth An efficient, competitive and responsive economic infrastructure network.	A growing, inclusive and equitable economy. Vibrant and equitably enabled communities.	Unemployment rate should fall from 27% in 2011 to 14% by 2020 and to 6% by 2030. Total employment should rise from 13 million to 24 million.	Ensure access to affordable, reliable, sustainable economic growth, full and productive employment and decent work for all.	Unlocking the potential of SMMEs, cooperatives, township and rural enterprises. Operation Phakisa aimed at growing the ocean economy and other sectors Encouraging private sector investment.
A green city.	Protection and enhancement of environmental assets and natural resources.	A growing, inclusive and equitable economy.	Achieve the peak, plateau and decline trajectory for greenhouse gas emissions, with the peak being achieved around 2025 By 2030, an economy-wide carbon price should be entrenched.	Take urgent action to combat climate change and its impacts.	Resolving the energy challenge. Revitalizing agriculture and the agro-processing value chain
A well-	Improve the quality of basic	An educated,	All children should have at least	Ensure inclusive and	N/A

BCMM Strategic Objective	12 Outcomes	Provincial Development Plan	National Development Plan	Sustainable Development Goals	National 10 Point Plan
governed city.	education.	empowered, and innovative citizenry.	<p>two years of pre-school education. This implies about 2 million places</p> <p>About 80% of schools and learners achieve 50% and above in literacy, mathematics and science in grades 3, 6, 9.</p> <p>At least 80% of students should complete 12 years of schooling.</p>	equitable education and promote lifelong learning opportunities for all.	
A spatially-integrated city.	Improve health and life expectancy.	A healthy population.	<p>By 2030, life expectancy should reach at least 70 for both men and women.</p> <p>Infant mortality rate should decline from 43 to 20 per 1000 live births and the under-five mortality rate should be less than 30 per 1000, from 104 today.</p>	Ensure healthy lives and promote well-being for all at all ages.	N/A
	Sustainable human settlements and improved quality of household life	Vibrant and equitably enabled communities (Universal access to social	The proportion of people with access to electricity should rise from 70% in 2010 to 95% by 2030, with no grid options available for the rest.	Ensure availability and sustainable management of water and sanitation for all.	State reform and boosting the role of state owned companies, ICT infrastructure or broadband roll out, water, sanitation and transport infrastructure as well

BCMM Strategic Objective	12 Outcomes	Provincial Development Plan	National Development Plan	Sustainable Development Goals	National 10 Point Plan
		infrastructure).	<p>Ensure that all people have access to clean, potable water and that there is enough water for agriculture and industry.</p>		as.
A well-governed city.	A development-orientated public service and inclusive citizenship.	An educated, empowered and innovative citizenry.	<p>A capable and effective state, able to enhance economic opportunities, support the development of capabilities and intervene to ensure a rising floor of social rights for the poor.</p>	Ensure inclusive and equitable education and promote lifelong learning opportunities for all.	Moderating workplace conflict.

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

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

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

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

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

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

The 2016/17 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 38: MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted 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	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 Innovative and Productive City	KPA 1: Municipal Transformational Development			150 279	199 854	151 328	178 943	178 943	178 943	197 838	214 450	234 174			
	KPA 2: Service Delivery and Basic Infrastructure														
	KPA 3: Local Economic Development														
	KPA 4: Municipal Financial Viability and Management														
	KPA 5: Good Governance and Public Participation														
A green city	KPA 1: Municipal Transformational Development			1 946	2 463	4 346	2 546	2 546	2 548	2 815	3 052	3 332			
	KPA 2: Service Delivery and Basic Infrastructure														
	KPA 3: Local Economic Development														
	KPA 4: Municipal Financial Viability and Management														
	KPA 5: Good Governance and Public Participation														

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

Strategic Objective	Goal	Goal Code	Ref	2012/13		2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19			
A connected city	KPA 1: Municipal Transformation and Organisational Development			91 489	41 599	21 357	24 472	24 571	24 571	27 165	29 446	32 154				
A spatially Transformed city	KPA 2: Service Delivery and Basic Infrastructure			2 341 415	2 790 470	2 406 375	3 055 846	3 004 358	3 004 358	3 030 400	3 285 037	3 601 316				
	KPA 3: Local Economic Development															
	KPA 4: Municipal Financial Viability and Management															
	KPA 5: Good Governance and Public Participation															
A well governed city	KPA 1: Municipal Transformation and Organisational Development			1 344 162	1 464 215	2 366 829	2 447 235	2 480 412	2 480 412	2 648 552	2 847 374	3 122 866				
	KPA 2: Service Delivery and Basic Infrastructure															
	KPA 3: Local Economic Development															
	KPA 4: Municipal Financial Viability and Management															
	KPA 5: Good Governance and Public Participation															
Allocations to other priorities																
Total Revenue (excluding capital transfers and contributions)				3 929 291	4 498 602	4 950 235	5 719 607	5 690 830	5 690 830	5 906 770	6 379 359	6 993 843				

Table 39: MBRR Table SA5 - Reconciliation between the IDP Strategic Objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	Ref	2012/13		2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19		
R thousand Innovative and Productive City	KPA 1: Municipal Transformation and Organisational Development			624 350	718 601	723 818	874 486	861 228	861 228	861 228	895 694	967 792	1 063 540		
	KPA 2: Service Delivery and Basic Infrastructure														
	KPA 3: Local Economic Development														
	KPA 4: Municipal Financial Viability and Management														
	KPA 5: Good Governance and Public Participation														
A green city	KPA 1: Municipal Transformation and Organisational Development			111 199	130 963	127 554	132 338	162 113	162 113	168 601	182 172	200 195			
	KPA 2: Service Delivery and Basic Infrastructure														
	KPA 3: Local Economic Development														
	KPA 4: Municipal Financial Viability and Management														
	KPA 5: Good Governance and Public Participation														

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

Strategic Objective	Goal	Goal Code	Ref	2012/13		2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework				
				Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19				
A connected city	KPA 1: Municipal Transformation and Organisational Development KPA 2: Service Delivery and Basic Infrastructure			180 151	204 024	217 362	214 125	239 778	239 778	239 778	249 373	269 446	296 104				
A spatially Transformed city	KPA 3: Local Economic Development KPA 4: Municipal Financial Viability and Management KPA 5: Good Governance and Public Participation			2 681 001	3 076 506	3 163 828	3 836 895	3 714 444	3 714 444	3 714 444	3 860 272	4 170 938	4 581 325				
A well governed city	KPA 1: Municipal Transformation and Organisational Development KPA 2: Service Delivery and Basic Infrastructure KPA 3: Local Economic Development KPA 4: Municipal Financial Viability and Management KPA 5: Good Governance and Public Participation			384 659	498 820	984 038	660 841	712 344	712 344	712 344	731 858	786 835	861 892				
Allocations to other priorities																	
Total Expenditure				3 981 360	4 628 913	5 216 601	5 718 685	5 689 908	5 689 908	5 689 908	5 905 798	6 377 184	7 002 857				

Table 40: MBRR Table SA6 – Reconciliation between the IDP Strategic Objectives and budgeted Capital Expenditure

Strategic Objective	Goal	Goal Code	Ref	2012/13		2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	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 Innovative and Productive City	KPA 2: Service Delivery and Basic Infrastructure	A		8 387	59 941	25 679	163 744	148 004	148 004	471 948	618 025	542 673			
	KPA 3: Local Economic Development									10 000	10 000	20 000			
	KPA 2: Service Delivery and Basic Infrastructure			1 757	44 861	9 738				79 490	57 598	82 686			
	KPA 2: Service Delivery and Basic Infrastructure			101 008	32 934	37 437	68 221	86 612	86 612	422 543	464 750	574 418			
	KPA 2: Service Delivery and Basic Infrastructure			456 224	701 976	847 142	1 005 690	1 140 371	1 140 371	498 655	512 985	496 950			
A spatially Transformed city	KPA 3: Local Economic Development									20 000	20 000	20 000			
	KPA 2: Service Delivery and Basic Infrastructure			26 110	(5 074)	10 055	37 700	15 891	15 891	33 076	23 187	19 672			
	KPA 4: Municipal Financial Viability and Management									10 000	10 000	20 000			
A well governed city	KPA 1: Municipal Transformation and organisational Development									7 100	2 100	600			
	KPA 5: Good Governance and Public Participation									5 322	2 178	1 000			
Allocations to other priorities															
Total Capital Expenditure					593 485	834 638	1 275 354	1 390 877	1 390 877	1 558 134	1 720 823	1 777 998			

2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

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

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

Table 41: MBRR Table SA7 - Measurable performance objectives

Description	Unit of measurement	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
Vote 1 - Infrastructure Services										
Function 1 - Water and Sanitation										
Sub-function 1 - Water Services										
Vote 1 - Infrastructure services										
Function 1 - Water and sanitation										
Sub-function 1 - Water services										
<i>To ensure that households within BCMM have</i>	% of households with	0,0%	1526 units	99%	99%	99%	99%	99%	99%	99%
Sub-function 2 - Sanitation services										
<i>To ensure that households Within BCMM have</i>	% of households with	143 213	94%	98%	99%	99%	99%	99%	99%	99%
Sub-function 3 - Roads and										
<i>Extensive investment and development of</i>	Km of roads maintained	20km	1221.637 km	975.765 km	600km	600km	600km	700km	700km	800km
Function 2 - Energy and electricity										
Sub-function 1 - Electricity										
<i>Address energy backlogs and invest in human</i>	% of households with	1200	n/a	99%	99%	99%	99%	1200	1200	1200
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										

Table 42: MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Borrowing Management</u>											
Credit Rating		A1-/A	A1-/A		A1-/A	A1-/A	A1-/A	A1-/A			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	-0,1%	2,5%	2,3%	1,8%	1,8%	1,8%	1,8%	1,8%	1,9%	2,1%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	-0,2%	3,1%	2,9%	2,2%	2,2%	2,2%	2,2%	2,4%	2,5%	2,7%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	-358,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	9,8%	22,9%	21,9%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	24,8%	13,5%	11,7%	13,3%	12,8%	12,8%	9,1%	18,6%	21,2%	22,7%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	2,0	2,6	3,0	3,2	3,2	3,2	3,3	3,1	3,0	3,0
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2,0	2,6	2,0	2,3	2,3	2,3	2,4	2,3	2,3	2,3
Liquidity Ratio	Monetary Assets/Current Liabilities	1,5	2,0	2,2	2,3	2,4	2,4	2,4	2,2	2,1	2,1
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	100,0%	100,0%	100,0%	100,0%	92,0%	94,2%	94,2%	94,2%	92,5%	92,5%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)	Total Outstanding Debtors to Annual Revenue	100,0%	100,0%	100,0%	92,0%	94,2%	94,2%	94,2%	92,5%	92,5%	92,5%
Outstanding Debtors to Revenue	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	16,9%	14,3%	15,8%	13,5%	13,5%	13,5%	15,2%	15,7%	15,8%	15,7%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	12,5%	11,9%	10,1%	10,1%	10,1%	10,1%	10,1%	10,1%	10,1%	10,1%
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Creditors to Cash and Investments		31,1%	29,6%	24,3%	27,8%	27,8%	27,8%	27,8%	29,2%	30,2%	30,8%

MBRR Table SA8 - Performance indicators and benchmarks (continued)

Description of financial indicator	Basis of calculation	Current Year 2015/16					2016/17 Medium Term Revenue & Expenditure Framework				
		2012/13	2013/14	2014/15	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Other indicators											
	Total Volume Losses (kW)	209 592	232 150	233 605	244 198	244 198	164 891	164 891	157 396	157 396	
	Total Cost of Losses (Rand '000)	128	151	164	188	188	127	127	145	145	
	% Volume (units purchased and generated less units sold)/units purchased and generated	13,8%	15,8%	15,6%	16,6%	16,6%	11,0%	11,0%	10,5%	10,5%	
	Total Volume Losses (kV)	30 874	25 888	22 982	25 425	25 425	21 782	21 782	19 382	19 382	
	Total Cost of Losses (Rand '000)	105221	99400	91495	93817	93817	88231	88231	81 703	81 703	
	% Volume (units purchased and generated less units sold)/units purchased and generated	47,3%	39,5%	34,4%	30,0%	30,0%	30,0%	30,0%	20,0%	20,0%	
Employee costs	Employee costs/(Total Revenue - capital revenue)	25,0%	25,2%	24,1%	24,3%	24,3%	25,1%	25,1%	25,9%	25,7%	25,1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	26,1%	26,2%	25,1%	25,2%	25,2%	26,1%	26,1%	26,9%	26,7%	26,1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	6,7%	6,4%	5,7%	6,5%	6,5%	6,5%	6,5%	7,0%	7,2%	7,2%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	17,9%	15,5%	16,0%	13,4%	13,4%	14,0%	14,0%	13,6%	13,6%	13,3%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	18,6	17,0	20,1	21,1	21,1	21,1	21,1	19,0	18,9	20,2
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	25,9%	22,3%	24,1%	21,3%	21,3%	20,5%	20,5%	22,8%	23,0%	23,4%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	8,5	8,5	7,8	7,6	7,6	7,5	7,5	7,4	7,3	7,2

2.3.1.1 Borrowing management

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

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

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

Capital charges to operating expenditure is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing is steadily increasing from 1.8% in 2016/17 to 2.1% in 2018/19. This increase can be attributed to new loan funding being sourced during 2016/17 MTREF period.

2.3.1.2 Safety of capital

The debt-to-equity ratio over the MTREF period increases from 18.6% in the 2016/17 period to 22.7% in the 2018/19 period. The ratio indicates the taking up of new loan funding.

2.3.1.3 Liquidity

Current ratio for the 2016/17 financial year is 3.1:1 and slightly decrease to 3.0:1 in the 2018/19 financial year. The city is in a position to repay its current liabilities and thus strives to maintain this ratio above the public sector norm of 2:1. Included in the current assets is the city's debt book which has a collection ratio of 92.5% and the recoverability of this is considered to be obtainable.

The liquid ratio for the 2016/17 financial is 2.2:1, it also slightly decrease to 2.1: in the 2018/19 period. The city aims to maintain a consistent stock level over the MTREF period to adequately respond to emergency situations relating to service delivery considerations.

2.3.1.4 Revenue Management

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

2.3.1.5 Creditors Management

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

2.3.1.6 Other Indicators

- Employee costs as a percentage of operating revenue is 25.9% in the 2016/17 financial year and slightly decreases to 25.1% in the 2018/19 financial year.
- The Electricity distribution losses was 15.58% as at 30 June 2015, this continues to an area of focus to reduce electricity losses. There is a program to electrify informal dwellings which would also assist in reducing illegal connects.
- The City has established a Revenue Protection Unit, the main aim of this unit is to reduce the losses; however there is a limit to what can be done with limited resources in the short term and the extent to which losses can be limited.
- The overall average of non-revenue water amounts to 34.44% at 30 June 2015.
- BCMM has developed a Water Conservation and Water Demand Management (WC/WDM) Strategy, which focuses primarily on reducing the level of non-revenue water to enhance both the financial viability of and water supply sustainability to BCM, is for the 5-year period 2016/2017 to 2021/2022 and requires some R450 million to implement over this period.
- The goals set in terms of this Strategy, are the following:
 - Reduction of non-revenue water:

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

2.3.2 Free Basic Services: Basic Social Services Package for Indigent Households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the City. Only registered indigents qualify for the free basic services.

The target is to register an average of at least the following indigent households by the end of 2016/17 financial year, this process is reviewed annually: Rates and Fire Levy – 40 000; Refuse and Sanitation – 66 998; Electricity 86 891; Water – 86100 rural and 66 998 urban. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water (R71.51), and 50 kwh of electricity (R59.93).

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

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

2.3.3 Providing Clean Water and Managing Waste Water

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

The primary responsibility for Water Services Authority includes:

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

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

2.3.3.1 Blue Drop Status

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

2.3.3.2 Green Drop Status

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

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

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

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

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

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

2.4 OVERVIEW OF BUDGET-RELATED POLICIES

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

2.4.1 Tariff Policy

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

2.4.2 Rates Policy

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

2.4.3 Credit Control Policy

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

2.4.4 Indigent Policy

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

2.4.5 Investment and Cash Management Policy

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

2.4.6 Long-Term Borrowings Policy

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

policy on 31 May 2016. The following changes are made to be align the policy with National Treasury Circular 71: Uniform Financial Ratios:

Remove the following ratio in the policy to align BCMM's ratios to National Treasury Circular 71 uniform financial ratios

(ix) Percentage of Outstanding Debtors to Revenue:

$$A = B / C \times 100; \text{ were}$$

- A = Percentage Outstanding Debtors in relation to Revenue,
- B = [Consumer Debtor + Other Debtors – Current Portion of Long-term Receivables],
- C = Total Income for the year
- Target = Less than 18%

Refer to Annexure N for the full revised final policy.

2.4.7 Supply Chain Management Policy

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

2.4.8 Asset Management Policy

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

2.4.9 Capital Infrastructure Investment Policy

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

2.4.10 Funding and Reserves Policy

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

2.4.11 Policy on Long-Term Financial Planning

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

2.4.12 Budget Implementation & Management Policy (Budget Virement Policy)

The Budget Implementation & Management Policy (Budget Virement Policy) was adopted by Council on 29 May 2013 and is to effectively and efficiently manage the budget transfers to ensure optimum service delivery. The amended policy was submitted to Council together with the draft budget and adopted by Council on 30 March 2016. The amended policy is attached as annexure G (amendments are highlighted in the policy for easy reference).

2.4.13 Budget Policy

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

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

2.5 OVERVIEW OF BUDGET ASSUMPTIONS

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

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

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

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

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

2.5.1 Depreciation

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

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

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

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

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

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

2.5.2 General inflation outlook and its impact on the municipal activities

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

- National Government macro-economic targets for inflation is set to be 6.6% for the 2016/17 financial year.
- Salaries are set to increase by CPI plus one (6% in 2016) as guided by SALGA.
- Water bulk purchases are set to increase by 10% as negotiated with Amatola Water Board.
- Electricity bulk purchases are set to increase by 7.86% as per the guidelines received from NERSA.
- The City has adopted an aggressive approach with regards to budget on General Expenses and Contracted Services where cost containment measures have been put in place. Therefore the annual increase on these expenditure categories has been capped at 4% which is 2.6% below the CPI.
- Repairs and maintenance has been increased by 11.5% and constitute 7% of the total operating expenditure. The City has recognized the target to be reached is 10%, however cognizance should be given to the impact on tariffs in this regard.
- The City approved an Asset Management Policy in the 2012/13 financial year. It was felt that in preparing this policy that the most appropriate valuation model for our roads and storm-water infrastructure as well as municipal properties would be the revaluation approach. The reason for this approach being used was specifically to allow for additional funding to be accumulated to replace and/or refurbish these infrastructure assets in the future. It needs to be recognized that if this approach was not followed there would be significant risk to the national fiscus and by implication National Treasury to be able to allow for significant additional funding for the replacement of these assets in the future. It is further emphasized that this approach is in line with National Treasury guidelines to ensure the institution remains financially viable. The resulting impact of this policy is a significant increase in depreciation being charged on an annual basis which is placing

pressure on our operational budget and by inference our tariffs. An attempt has however been made in the 2016/17 MTREF budget to keep tariff increases at affordable levels.

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

Table 43: 2015/2016 to 2018/2019 Budget Assumptions

DESCRIPTION	2015/2016	2016/2017	2017/2018	2018/2019
National Treasury Headline Inflation Forecasts	5.80%	6.60%	6.20%	5.90%
Salaries	5.60%	6.00%	7.20%	6.90%
Electricity Purchases	14.24%	7.86%	7.86%	7.86%
Water Purchases	8.00%	10.00%	10.00%	10.00%
Free Basic Electricity	50 kwh p.m.	50 kwh p.m.	50 kwh p.m.	50 kwh p.m.
Free Basic Water	6 kl p.m.	6 kl p.m.	6 kl p.m.	6 kl p.m.
Basic Welfare Package	R 450,63	R 485,52	R 516,29	R 553,95
Equitable Share Allocation	R 655 141 000	R 678 197 000	R 703 602 000	R 760 226 000
Bad Debt Provision	8,00%	7,50%	7,50%	7,50%
Property Rates	9.90%	7.60%	7.20%	7.00%
Refuse Tariff	9.50%	7.80%	7.50%	7.20%
Sewerage Tariff	9.50%	7.80%	7.50%	7.20%
Electricity Tariff	12.20%	7.64%	7.64%	7.64%
Water Tariff	11.00%	8.00%	7.89%	7.92%
Fire Levy	9.90%	7.60%	7.20%	7.00%
Sundry Income	9.90%	7.60%	7.20%	7.00%

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

Table 44: Indigent Subsidy Package

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

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

Table 45: Tariff increases over the medium-term

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

2.5.3 Credit rating outlook

Table 46: Credit rating outlook

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

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

The rating definitions are:

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

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

2.5.4 Interest rates for borrowing and investment of funds

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

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

2.5.5 Collection rate for revenue services

The rate of revenue collection is currently at 90% of annual billings and arrear debt. Stricter control measures of the Credit Control Policy are being enforced, the collection of arrear debt will be utilised as a source of additional cash in-flow for funding future capital infrastructure projects. An amount of R304 million contribution towards bad debts has been provided for the 2016/17 financial year and is based on projected average collection ratio of 92.5% at the 30 June 2016.

2.5.6 Growth in the tax base of the municipality

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

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

2.5.7 Salary and Wage increases

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

2.5.8 Impact of National, Provincial and Local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial

interventions. In this regard, the following national priorities form the basis of all integration initiatives:

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

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

2.5.9 Ensuring maintenance of existing assets

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

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

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

2.6 OVERVIEW OF BUDGET FUNDING

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

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

2.6.1 Tariff Increases over the Medium-term

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

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

Table 47: Tariff increases 2016/17 to 2018/19

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

2.6.2 Detailed Investment

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

Table 48: MBRR Table SA15 – Detail Investment Information

Investment type	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds		1 699 360	1 966 369	2 137 189	2 303 434	2 380 443	2 380 443	2 408 873	2 569 586	2 781 310
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	1 699 360	1 966 369	2 137 189	2 303 434	2 380 443	2 380 443	2 408 873	2 569 586	2 781 310
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		1 699 360	1 966 369	2 137 189	2 303 434	2 380 443	2 380 443	2 408 873	2 569 586	2 781 310

Table 49: MBRR Table SA16 – Investment particulars by maturity

Investments by Maturity	Period of Investment		Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
	Name of institution & investment ID	Yrs/Months												
Parent municipality														
RMB	Various	Short Term / Call	No	Variable	0,0625	0	0	Various	575 859	35 944	(9 584)	-	602 218	
Standard Bank	Various	Short Term / Call	No	Variable	0,0625	0	0	Various	287 929	17 972	(4 792)	-	301 109	
Stanlib	Various	Short Term / Call	No	Variable	0,0726	0	0	Various	287 929	17 972	(4 792)	-	301 109	
ABSA	Various	Short Term / Call	No	Variable	0,0625	0	0	Various	575 859	35 944	(9 584)	-	602 218	
Nedbank	Various	Short Term / Call	No	Variable	0,0625	0	0	Various	575 859	35 944	(9 584)	-	602 218	
Municipality sub-total									2 303 434		(38 336)	-	2 408 873	
Entities														
Entities sub-total														
TOTAL INVESTMENTS AND INTEREST									2 303 434		(38 336)	-	2 408 873	

2.6.3 Medium-term outlook: capital revenue

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

Table 50: MBRR Table A5 - Sources of capital revenue over the MTREF

Vote Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Funded by:										
National Government	515 570	722 854	565 914	742 884	702 762	702 762	702 762	741 969	842 151	969 510
Provincial Government	-	11 649	49 578	107 469	86 850	86 850	86 850	106 300	50 635	-
District Municipality	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	515 570	734 503	615 492	850 353	789 612	789 612	789 612	848 269	892 786	969 510
Public contributions & donations	-	-	-	-	459	459	459	-	-	-
Borrowing	18 146	-	-	-	-	-	-	69 582	189 352	176 867
Internally generated funds	59 769	100 136	314 558	425 002	600 806	600 806	600 806	640 283	638 685	631 622
Total Capital Funding	593 485	834 638	930 050	1 275 354	1 390 877	1 390 877	1 390 877	1 558 134	1 720 823	1 777 999

2.6.4 Details of Borrowings

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

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

Table 51: MBRR Table SA17 - Details of borrowings

Borrowing - Categorised by type R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Parent municipality										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)		597 207	542 574	496 477	496 477	496 477	496 477	514 234	651 791	769 097
Local registered stock										
Instalment Credit										
Financial Leases		3 623	3 425	767	3 941	3 941	3 941	3 941	3 425	3 425
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	600 830	545 999	497 244	500 418	500 418	500 418	518 175	655 216	772 522
Entities										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	600 830	545 999	497 244	500 418	500 418	500 418	518 175	655 216	772 522

2.6.5 Capital Transfers and Grant Receipts

Table 52: MBRR Table SA 18 - Capital transfers and grant receipts

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital Transfers and Grants										
National Government:		542 474	619 676	664 712	742 884	702 762	702 762	741 969	842 151	969 510
Urban Settlement Development Grant		499 474	569 797	639 025	679 784	659 542	659 542	656 054	710 976	708 935
Infrastructure Skills Development Grant		-	100	100	100	100	100	100	100	100
Energy Efficiency and Demand Management		10 000	4 579	-	13 000	13 000	13 000	-	5 000	3 000
Public Transport Network Grant		3 000	20 000	-	-	-	-	35 289	60 167	166 393
Neighbourhood Development Partnership		-	-	5 000	20 000	-	-	19 346	24 979	49 525
Integrated National Electrification Programme		30 000	25 000	20 587	30 000	30 000	30 000	25 000	30 000	30 000
Finance Management		-	200	-	-	120	120	100	100	100
Integrated City Development Grant		-	-	-	-	-	-	6 080	10 829	11 457
Other capital transfers/grants [insert desc]										
Provincial Government:		20 880	29 025	-	107 469	86 850	86 850	106 300	50 635	-
Human Settlement Development Grant		20 880	29 025	-	94 400	69 800	69 800	106 300	50 635	-
Human Settlement Development Grant - MPCC		-	-	-	13 069	-	-	-	-	-
Dept Sport, Recreation, Arts and Culture (DSRAC)		-	-	-	-	8 014	8 014	-	-	-
Dept of Local Government and Traditional Affairs		-	-	-	-	9 036	9 036	-	-	-
Dept of Economic Development, Environmental Affairs and Tourism (DEDEAT)		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Health Subsidy - Environmental Health										
Other grant providers:		272	340	-	-	459	459	-	-	-
Public Funding		272	340	-	-	-	-	-	-	-
European Commission		-	-	-	-	-	-	-	-	-
BCMET Funding										
Lieden						459	459	-	-	-
Total Capital Transfers and Grants	5	563 626	649 041	664 712	850 353	790 071	790 071	848 269	892 786	969 510
TOTAL RECEIPTS OF TRANSFERS & GRANTS		1 231 087	1 464 529	1 472 015	2 099 564	1 868 165	1 868 165	2 162 528	2 340 167	2 672 562

2.6.6 Cash Flow Management

BCMM is projecting a favourable cash position of R2.5 billion at 30 June 2017 and it is projected to be R2.65 billion at 30 June 2018 (2019: R2.9 billion).

Table 53: MBRR Table A7 – Budgeted cash flow

R thousand	Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
	CASH FLOW FROM OPERATING ACTIVITIES													
	Receipts													
	Property rates, penalties & collection charges		580 100	672 957	794 519	831 140	884 767	884 767	884 767	1 038 701	1 113 488	1 191 432		
	Service charges		1 965 059	2 198 960	2 424 753	2 471 802	2 644 096	2 644 096	2 644 096	2 708 964	2 916 030	3 137 087		
	Other revenue		287 662	447 934	84 777	657 180	651 758	651 758	651 758	330 305	354 087	378 873		
1	Government - operating		723 457	812 186	948 263	1 149 387	1 078 556	1 078 556	1 078 556	1 319 728	1 450 381	1 703 052		
1	Government - capital		506 406	734 503	615 492	850 353	812 071	812 071	812 071	848 269	892 786	969 510		
	Interest		106 184	123 654	159 221	152 531	165 794	165 794	165 794	178 426	189 946	201 719		
	Dividends		-	-	-	0	0	0	0	-	-	-		
	Payments													
	Suppliers and employees		(2 808 957)	(3 821 719)	(3 718 728)	(4 448 581)	(4 304 041)	(4 304 041)	(4 304 041)	(4 430 013)	(4 791 638)	(5 290 190)		
	Finance charges		(67 259)	(65 777)	(60 674)	(54 313)	(55 813)	(55 813)	(55 813)	(57 105)	(70 938)	(85 887)		
	Transfers and Grants		(115 922)	(144 964)	(234 175)	(258 568)	(258 568)	(258 568)	(258 568)	(288 468)	(310 163)	(333 178)		
	NET CASH FROM/(USED) OPERATING ACTIVITIES	1	1 176 732	957 735	1 013 447	1 350 929	1 618 620	1 618 620	1 618 620	1 648 807	1 743 978	1 872 417		
	CASH FLOWS FROM INVESTING ACTIVITIES													
	Receipts													
	Proceeds on disposal of PPE		18 168	766	6 364									
	Decrease (increase) in non-current debtors		-	-	-									
	Decrease (increase) other non-current receivables		13	14	16									
	Decrease (increase) in non-current investments		(36)	892	-									
	Payments													
	Capital assets		(608 431)	(588 536)	(930 050)	(1 275 354)	(1 390 877)	(1 390 877)	(1 390 877)	(1 558 134)	(1 720 823)	(1 777 999)		
	NET CASH FROM/(USED) INVESTING ACTIVITIES		(590 266)	(586 864)	(923 670)	(1 275 354)	(1 390 877)	(1 390 877)	(1 390 877)	(1 558 134)	(1 720 823)	(1 777 999)		
	CASH FLOWS FROM FINANCING ACTIVITIES													
	Receipts													
	Short term loans													
	Borrowing long term/refinancing		(278 943)	-	-									
	Increase (decrease) in consumer deposits		8 599	(681)	3 657					69 582	189 352	176 867		
	Payments													
	Repayment of borrowing		5 243	(49 072)	(57 336)	(46 097)	(46 097)	(46 097)	(46 097)	(51 825)	(51 794)	(59 561)		
	NET CASH FROM/(USED) FINANCING ACTIVITIES		(265 100)	(49 753)	(53 669)	(46 097)	(46 097)	(46 097)	(46 097)	(17 757)	137 558	117 306		
	NET INCREASE/(DECREASE) IN CASH HELD	2	321 346	321 118	36 108	29 477	181 645	181 645	181 645	108 430	160 713	211 724		
	Cash/cash equivalents at the year begin:		1 521 969	1 843 315	2 184 433	2 353 956	2 198 797	2 198 797	2 198 797	2 380 443	2 488 873	2 649 586		
	Cash/cash equivalents at the year end:	2	1 843 315	2 164 433	2 200 541	2 383 434	2 380 443	2 380 443	2 380 443	2 488 873	2 649 586	2 861 310		

2.6.6.1 Cash Backed Reserves/Accumulated Surplus Reconciliation

The table below indicates the cash and investments available after some provisions which increases from R2.2 billion in the 2016/17 financial year to R2.5 billion in the 2018/19 financial year. With the introduction of GRAP the institution was required to account for all assets, including those which had been implemented historically by both pre and post 1994 Governments. This resulted in a significant increase in the accumulated surplus associated with the take on of assets. Furthermore, the institution has implemented the revaluation model for accounting for roads and storm water as well as municipal properties which has contributed further to additional surpluses. In analysing the accumulated depreciation associated with the identified infrastructure assets and comparing that to the net asset position of the institution it has been determined that there is currently a funding deficit of R10 billion required for the future replacement of infrastructure assets.

Table 54: MBRR Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation

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
Cash and investments available										
Cash/cash equivalents at the year end	1 843 315	2 164 433	2 200 541	2 383 434	2 380 443	2 380 443	2 380 443	2 488 873	2 649 586	2 861 310
Other current investments > 90 days	0	0	0	0	80 000	80 000	80 000	-	-	-
Non current assets - Investments	892	-	-	-	-	-	-	-	-	-
Cash and investments available:	1 844 207	2 164 433	2 200 541	2 383 434	2 460 443	2 460 443	2 460 443	2 488 873	2 649 586	2 861 310
Application of cash and investments										
Unspent conditional transfers	460 596	213 718	205 715	112 800	112 800	112 800	112 800	124 080	136 488	150 137
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements										
Other working capital requirements	(29 673)	42 927	(129 460)	(41 821)	(57 441)	(57 441)	(146 120)	(124 706)	(122 981)	(128 817)
Other provisions	180 396	184 142	176 668	251 610	251 610	251 610	251 610	276 800	304 480	304 480
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments										
Total Application of cash and investments:	611 319	440 786	252 922	322 589	306 969	306 969	218 290	276 174	317 987	325 800
Surplus(shortfall)	1 232 888	1 723 647	1 947 619	2 060 845	2 153 474	2 153 474	2 242 153	2 212 699	2 331 599	2 535 509

2.6.6.2 Funding compliance measurement

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

Table 55: MBRR Table SA10 – Funding compliance measurement

Description	MFMA section	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	1 843 315	2 164 433	2 200 541	2 383 434	2 380 443	2 380 443	2 380 443	2 488 873	2 649 586	2 861 310
Cash + investments at the yr end less applications - R'000	18(1)b	2	1 232 888	1 723 647	1 947 619	2 060 845	2 153 474	2 153 474	2 242 153	2 212 699	2 331 599	2 535 509
Cash year end/monthly employee/supplier payments	18(1)b	3	8,5	8,5	7,8	7,6	7,5	7,5	7,5	7,4	7,3	7,2
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	458 800	604 192	349 126	851 275	851 275	851 275	851 275	849 347	894 454	972 266
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	6,8%	6,1%	5,5%	(1,7%)	(6,0%)	(6,0%)	2,2%	1,5%	1,4%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	90,7%	92,8%	85,2%	91,3%	93,3%	93,3%	93,3%	91,8%	91,8%	91,8%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	4,2%	8,4%	11,3%	6,8%	6,8%	6,8%	6,8%	7,5%	7,5%	7,5%
Capital payments % of capital expenditure	18(1)c,19	8	102,5%	70,5%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	(358 0%)	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	9,8%	22,9%	21,9%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100,0%	100,0%	100,0%
Current consumer debtors % change - incr/decr	18(1)a	11	N.A.	(2,8%)	21,0%	(1,3%)	0,0%	0,0%	12,3%	20,6%	8,3%	9,3%
Long term receivables % change - incr/decr	18(1)a	12	N.A.	(37,2%)	(65 0%)	535,6%	0,0%	0,0%	0,0%	10,0%	10,0%	10,0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	2,6%	2,4%	2,4%	3,3%	3,3%	3,3%	3,3%	3,1%	3,2%	3,3%
Asset renewal % of capital budget	20(1)(vi)	14	23,2%	10 0%	54,0%	58,4%	61,9%	61,9%	0,0%	51,6%	56,0%	52,6%

2.6.6.3 Cash/cash equivalent position

BCMM is also projecting a favourable cash position, which currently projected to be R2.38 billion at 30 June 2016 and is projected to be R2.5 billion at 30 June 2017 (2018: R2.65 billion and 2019: R2.9 billion).

2.6.6.4 Cost Coverage

The projected cost coverage, including conditional grants is projected to be 7.4 months at 30 June 2016 and is projected to remain around 7 months over the MTREF period. BCMM maintains a cost coverage of at least 3 months.

2.6.6.5 Surplus/deficit

The City has adopted the approach to cash back its depreciation on a year-to-year basis in order to renew and/or refurbish its existing infrastructure assets. The projected surplus for the 2016/17 financial year is R1.1 million (2017/18: R1.7 million and 2018/19 R2.8 million).

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

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

2.6.6.7 Cash receipts as a percentage of ratepayer and other revenue

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

2.6.6.8 Debt impairment expense as a percentage of billable revenue

An amount of R304 million contribution towards bad debts has been provided for in the 2016/17 financial year of the MTREF and is based on an average collection ratio of 92.5%.

2.6.6.9 Repairs and maintenance expenditure level

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

2.6.6.10 Asset renewal/rehabilitation expenditure level

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

2.7 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS

Table 56: MBRR Table SA19 - Expenditure on transfers and grant programmes

R thousand	Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19		
EXPENDITURE:														
Operating expenditure of Transfers and Grants														
	National Government:													
	Local Government Equitable Share		661 669	683 033	86 533	714 196	776 722	776 722	1 177 431	1 236 281	1 389 682			
	Urban Settlement Development Grant		6 232	20 855	78 087	655 141	655 141	655 141	678 197	703 602	760 226			
	Finance Management		1 500	1 294	1 474	1 300	1 180	1 180	1 200	1 200	1 200			
	EPWP Incentive		930	3 278	1 596	1 149	1 149	1 149	1 188	—	—			
	Infrastructure Skills Development Grant		1 265	3 946	5 376	8 400	8 400	8 400	8 900	10 900	11 900			
	Water Services Operating Subsidy		1 126	—	—	—	—	—	—	—	—			
	Integrated City Development Grant		—	—	—	5 605	5 605	5 605	—	—	—			
	Municipal Human Settlement Capacity Grant		—	—	—	9 253	9 253	9 253	—	—	—			
	Department of Public Works		—	—	—	—	—	—	2 470	—	—			
	General Fuel Levy		—	—	—	—	—	—	410 031	457 353	512 256			
	Provincial Government:		55 722	125 579	200 665	531 687	298 252	298 252	138 802	211 100	313 370			
	Roads Subsidy - Provincial Roads		—	1 871	—	1 871	1 871	1 871	—	—	—			
	Dept of Economic Development, Environmental Affairs		—	—	—	—	—	—	—	—	—			
	Department of Water Affairs		7 730	2 313	3 462	—	—	—	—	—	—			
	Local Government & Traditional Affairs		—	—	5 587	2 000	3 770	3 770	—	—	—			
	Health Subsidy - ATIC		73	2 522	—	2 522	2 522	2 522	—	—	—			
	DSRAC - Library Subsidy		—	3 638	—	3 638	3 638	3 638	15 000	15 000	15 870			
	Reclaim Land Claims Commission(RLCC		—	228	63	—	—	—	—	—	—			
	Dept Sport, Recreation, Arts and Culture (DSRAC)		—	—	—	—	—	—	—	—	—			
	Dept of Land Affairs		1	318	19	—	766	766	—	—	—			
	Human Settlement Development Grant		47 918	114 688	191 535	521 656	283 154	283 154	123 802	196 100	297 500			
	Human Settlement Development Grant - MPCC		—	—	—	—	—	—	—	—	—			
0														
	District Municipality:		1 754	—	—	—	—	—	—	—	—			
	Health Subsidy - Environmental Health		1 754	—	—	—	—	—	—	—	—			
	Other grant providers:		4 312	3 003	1 039	3 329	3 120	3 120	3 496	3 000	—			
	SETA - Skills Development		3 890	2 795	—	2 989	2 989	2 989	—	—	—			
	Donor Funding - Leiden & Galve		414	209	41	—	—	—	—	—	—			
	Salauda		9	—	—	—	—	—	—	—	—			
	Transnet		—	—	—	—	—	—	—	—	—			
	Trust Funds		—	—	522	—	—	—	—	3 000	—			
	Umsobomvu Youth Fund		—	—	467	—	131	131	—	—	—			
	BCMETS Funding		—	—	—	—	—	—	—	—	—			
	Donor Funding - European Commission		—	—	—	340	—	—	—	—	—			
	City of Oldenburg		—	—	—	—	—	—	—	—	—			
	Vuna Awards		—	—	9	—	—	—	496	—	—			
	Total operating expenditure of Transfers and Grants:		723 457	811 614	286 236	1 249 211	1 078 093	1 078 093	1 319 728	1 450 381	1 703 052			

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

R thousand	Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19			
	EXPENDITURE:	1												
	Capital expenditure of Transfers and Grants													
	National Government:		509 146	722 854	565 914	742 884	702 762	702 762	702 762	702 762	741 969	842 151	969 510	
	Urban Settlement Development Grant		465 008	693 162	540 452	679 784	659 542	659 542	659 542	659 542	656 054	710 976	708 935	
	Infrastructure Skills Development Grant		655	23	-	100	100	100	100	100	100	100	100	
	Energy Efficiency and Demand Management		10 071	4 578	-	13 000	13 000	13 000	13 000	13 000	-	5 000	3 000	
	Public Transport Network Grant		133	-	-	-	-	-	-	-	35 289	60 167	166 393	
	Neighbourhood Development Partnership		-	-	4 885	20 000	-	-	-	-	19 346	24 979	49 525	
	Integrated National Electrification Programme		33 278	24 997	20 577	30 000	30 000	30 000	30 000	30 000	25 000	30 000	30 000	
	Finance Management		-	-	-	-	120	120	120	100	100	100	100	
	Integrated City Development Grant		-	94	-	-	-	-	-	6 080	10 829	11 457	-	
	Other capital transfers/grants [insert desc]													
	Provincial Government:		6 220	10 506	49 322	107 469	86 850	86 850	86 850	106 300	106 300	50 635	-	
	Human Settlement Development Grant		6 220	9 460	46 985	94 400	69 800	69 800	69 800	106 300	106 300	50 635	-	
	Human Settlement Development Grant - MPCC		-	-	665	13 069	-	-	-	-	-	-	-	
	Dept Sport, Recreation, Arts and Culture (DSRAC)		-	1 046	1 377	-	8 014	8 014	8 014	-	-	-	-	
	Dept of Local Government and Traditional Affairs		-	-	179	-	9 036	9 036	9 036	-	-	-	-	
	Dept of Economic Development, Environmental Affairs and Tourism (DEDEAT)		-	-	117	-	-	-	-	-	-	-	-	
	District Municipality:													
	Health Subsidy - Environmental Health		-	-	-	-	-	-	-	-	-	-	-	
	Other grant providers:		205	1 143	256	-	459	459	459	-	-	-	-	
	Public Funding		-	-	-	-	-	-	-	-	-	-	-	
	European Commission		-	-	-	-	-	-	-	-	-	-	-	
	BCMETS Funding		205	1 143	256	-	459	459	459	-	-	-	-	
	Lieden		-	-	-	-	-	-	-	-	-	-	-	
	Total capital expenditure of Transfers and Grants		515 570	734 503	615 492	850 353	790 071	790 071	790 071	848 269	892 786	969 510		
	TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		1 239 027	1 546 117	903 729	2 099 564	1 868 165	1 868 165	1 868 165	2 167 997	2 343 167	2 672 562		

Table 57: MBRR Table SA20 - Reconciliation between of transfers, grant receipts and unspent funds

R thousand	Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19		
	Operating transfers and grants:	1,3												
	National Government:													
	Balance unspent at beginning of the year		67 401	(20 847)	2 975	-	13 201	13 201	-	-	-	-	-	-
	Current year receipts		647 124	706 873	738 687	714 196	763 520	763 520	1 174 961	1 236 281	1 389 682	1 389 682	1 389 682	1 389 682
	Conditions met - transferred to revenue		712 891	683 033	741 256	714 196	776 722	776 722	1 174 961	1 236 281	1 389 682	1 389 682	1 389 682	1 389 682
	Conditions still to be met - transferred to liabilities		1 634	2 994	407	-	-	-	-	-	-	-	-	-
	Provincial Government:													
	Balance unspent at beginning of the year		169 490	172 729	119 146	-	6 068	6 068	-	-	-	-	-	-
	Current year receipts		5 831	103 141	106 798	531 687	292 183	292 183	144 272	214 400	313 370	313 370	313 370	313 370
	Conditions met - transferred to revenue		6 439	126 131	205 945	531 687	298 252	298 252	144 272	214 400	313 370	313 370	313 370	313 370
	Conditions still to be met - transferred to liabilities		168 882	149 739	20 000	-	-	-	-	-	-	-	-	-
	District Municipality:													
	Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-	-	-	-
	Current year receipts		-	1 288	-	-	-	-	-	-	-	-	-	-
	Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-	-	-	-
	Conditions still to be met - transferred to liabilities		-	1 288	-	-	-	-	-	-	-	-	-	-
	Other grant providers:													
	Balance unspent at beginning of the year		17 229	16 052	1 949	-	131	131	-	-	-	-	-	-
	Current year receipts		3 656	4 186	2 911	3 451	3 111	3 111	496	-	-	-	-	-
	Conditions met - transferred to revenue		4 127	3 003	4 860	3 451	3 242	3 242	496	-	-	-	-	-
	Conditions still to be met - transferred to liabilities		16 758	17 234	-	-	-	-	-	-	-	-	-	-
	Total operating transfers and grants revenue		723 457	812 167	952 060	1 249 333	1 078 216	1 078 216	1 319 728	1 450 681	1 703 052	1 703 052	1 703 052	1 703 052
	Total operating transfers and grants - CTBM	2	187 274	171 255	20 407	-	-	-	-	-	-	-	-	-

MBRR Table SA20 - Reconciliation between of transfers, grant receipts and unspent funds (continued)

R thousand	Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
	Capital transfers and grants:	1,3										
	National Government:											
	Balance unspent at beginning of the year		227 220	112 078	8 900	-	-	-	-	-	-	-
	Current year receipts		542 474	619 676	655 590	742 884	702 762	702 762	741 969	842 151	969 510	969 510
	Conditions met - transferred to revenue		509 146	722 854	565 914	742 884	702 762	702 762	741 969	842 151	969 510	969 510
	Conditions still to be met - transferred to liabilities		260 548	8 900	98 577	-	-	-	-	-	-	-
	Provincial Government:											
	Balance unspent at beginning of the year		10 727	16 687	74 009	-	17 050	17 050	-	-	-	-
	Current year receipts		6 220	29 025	-	107 469	69 800	69 800	106 300	50 635	-	-
	Conditions met - transferred to revenue		6 220	10 506	49 322	107 469	86 850	86 850	106 300	50 635	-	-
	Conditions still to be met - transferred to liabilities		10 727	35 207	24 687	-	-	-	-	-	-	-
	District Municipality:											
	Balance unspent at beginning of the year		1 979	1 979	-	-	-	-	-	-	-	-
	Current year receipts		-	-	-	-	-	-	-	-	-	-
	Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-	-
	Conditions still to be met - transferred to liabilities		1 979	1 979	-	-	-	-	-	-	-	-
	Other grant providers:											
	Balance unspent at beginning of the year		67	18	256	-	-	-	-	-	-	-
	Current year receipts		205	340	102	-	459	459	-	-	-	-
	Conditions met - transferred to revenue		205	1 143	358	-	-	-	-	-	-	-
	Conditions still to be met - transferred to liabilities		67	(785)	-	-	459	459	-	-	-	-
	Total capital transfers and grants revenue		515 570	734 503	615 594	850 353	789 612	789 612	848 269	892 786	969 510	969 510
	Total capital transfers and grants - CTBM	2	273 322	45 301	123 264	-	459	459	-	-	-	-
	TOTAL TRANSFERS AND GRANTS REVENUE		1 239 027	1 546 670	1 567 654	2 099 686	1 867 828	1 867 828	2 167 997	2 343 467	2 672 562	2 672 562
	TOTAL TRANSFERS AND GRANTS - CTBM		460 596	216 555	143 670	-	459	459	-	-	-	-

2.8 COUNCILLOR AND EMPLOYEE BENEFITS

Table 58: MBRR Table SA22 - Summary of councillor and staff benefits

Summary of Employee and Councilor remuneration R thousand	2012/13		2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
Councillors (Political Office Bearers plus Other)												
Basic Salaries and Wages	26 569	27 566	29 335	31 903	32 074	31 903	32 074	32 074	33 999	36 447	39 220	
Pension and UIF Contributions	2 627	2 833	3 047	3 328	3 297	3 328	3 297	3 297	3 495	3 747	3 968	
Medical Aid Contributions	1 031	1 368	1 539	1 856	1 874	1 856	1 874	1 874	1 987	2 130	2 256	
Motor Vehicle Allowance	10 414	10 796	11 247	12 944	12 653	12 944	12 653	12 653	13 412	14 378	15 226	
Cellphone Allowance	—	—	—	—	2 150	—	2 150	2 150	2 279	2 443	2 587	
Housing Allowances	2 690	2 525	2 515	2 879	2 762	2 879	2 762	2 762	2 927	3 138	3 323	
Other benefits and allowances	—	—	—	—	—	—	—	—	—	—	—	
Sub Total - Councillors	43 331	45 088	47 682	52 910	54 810	52 910	54 810	54 810	58 099	62 262	66 579	
% increase		4,1%	5,8%	11,0%	3,6%				6,0%	7,2%	6,8%	
Senior Managers of the Municipality												
Basic Salaries and Wages	4 154	3 537	4 086	15 026	11 501	15 026	11 501	11 501	12 192	13 069	13 971	
Pension and UIF Contributions	590	667	662	2 734	2 147	2 734	2 147	2 147	2 216	2 374	2 536	
Medical Aid Contributions	48	103	94	266	254	266	254	254	262	270	278	
Overtime	—	—	—	—	—	—	—	—	—	—	—	
Performance Bonus	—	—	—	—	—	—	—	—	—	—	—	
Motor Vehicle Allowance	651	808	755	2 738	2 481	2 738	2 481	2 481	2 630	2 820	3 014	
Cellphone Allowance	—	—	—	—	391	—	391	391	414	444	475	
Housing Allowances	4	—	2	83	—	83	—	—	—	—	—	
Other benefits and allowances	1 267	959	1 188	2 273	1 242	2 273	1 242	1 242	2 202	2 360	2 523	
Payments in lieu of leave	—	—	—	—	—	—	—	—	—	—	—	
Long service awards	—	—	—	36	0	36	0	0	—	—	—	
Post-retirement benefit obligations	—	—	—	—	—	—	—	—	—	—	—	
Sub Total - Senior Managers of Municipality	6 715	6 074	6 788	23 187	18 017	23 187	18 017	18 017	19 916	21 337	22 797	
% increase		(9,5%)	11,8%	241,2%	(22,2%)				10,5%	7,1%	6,8%	
Other Municipal Staff												
Basic Salaries and Wages	606 290	654 048	705 601	851 398	850 039	851 398	850 039	850 039	913 258	990 771	1 062 709	
Pension and UIF Contributions	118 568	126 980	134 721	155 271	163 908	155 271	163 908	163 908	174 823	184 670	197 132	
Medical Aid Contributions	42 170	46 769	52 819	96 719	79 727	96 719	79 727	79 727	81 759	86 738	88 738	
Overtime	62 099	80 707	107 200	60 348	60 348	60 348	60 348	60 348	72 218	74 401	79 534	
Performance Bonus	—	—	—	—	—	—	—	—	—	—	—	
Motor Vehicle Allowance	16 766	17 823	19 718	26 800	27 860	26 800	27 860	27 860	30 051	32 215	34 438	
Cellphone Allowance	—	—	—	—	3 665	—	3 665	3 665	3 884	4 164	4 451	
Housing Allowances	3 504	3 219	3 505	10 185	12 205	10 185	12 205	12 205	14 767	15 832	16 926	
Other benefits and allowances	92 356	162 063	116 479	139 402	171 170	139 402	171 170	171 170	179 077	189 815	202 913	
Payments in lieu of leave	20 868	22 084	29 230	7 307	15 291	7 307	15 291	15 291	16 209	17 376	18 574	
Long service awards	13 225	14 840	16 270	17 033	17 509	17 033	17 509	17 509	18 925	19 887	21 259	
Post-retirement benefit obligations	—	—	—	—	5 831	—	5 831	5 831	6 181	6 626	7 083	
Sub Total - Other Municipal Staff	975 846	1 128 523	1 185 543	1 364 462	1 407 555	1 364 462	1 407 555	1 407 555	1 511 153	1 619 968	1 731 758	
% increase		15,6%	5,1%	15,1%	3,2%				7,4%	7,2%	6,9%	
Total Parent Municipality	1 025 851	1 178 634	1 240 013	1 440 529	1 480 382	1 440 529	1 480 382	1 480 382	1 589 167	1 703 587	1 821 135	
		15,0%	5,1%	16,2%	2,8%				7,3%	7,2%	6,9%	

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

R thousand	Summary of Employee and Councillor remuneration						2016/17 Medium Term Revenue & Expenditure Framework			
	2012/13	2013/14	2014/15	Current Year 2015/16		Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	F	G	H	I	
				D	E					
Board Members of Entities										
Basic Salaries and Wages		174	665	96	96	96	103	111	118	
Pension and Ujf Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance										
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances										
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
Sub Total - Board Members of Entities		174	665	96	96	96	103	111	118	
% increase			283,4%	(85,6%)			7,6%	7,2%	6,9%	
Senior Managers of Entities										
Basic Salaries and Wages				1 004	1 004	1 004	1 081	1 159	1 238	
Pension and Ujf Contributions				184	184	184	198	213	227	
Medical Aid Contributions				91	91	91	98	105	113	
Overtime										
Performance Bonus										
Motor Vehicle Allowance				310	310	310	333	357	382	
Cellphone Allowance										
Housing Allowances				25	25	25	27	29	30	
Other benefits and allowances				104	104	104	111	119	128	
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
Sub Total - Senior Managers of Entities				1 718	1 718	1 718	1 849	1 982	2 119	
% increase							7,6%	7,2%	6,9%	
Other Staff of Entities										
Basic Salaries and Wages				180	180	180	193	207	222	
Pension and Ujf Contributions				34	34	34	37	40	42	
Medical Aid Contributions				91	91	91	98	105	113	
Overtime										
Performance Bonus										
Motor Vehicle Allowance										
Cellphone Allowance										
Housing Allowances				16	16	16	18	19	20	
Other benefits and allowances				19	19	19	20	21	23	
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
Sub Total - Other Staff of Entities				341	341	341	366	383	420	
% increase							7,6%	7,2%	6,9%	
Total Municipal Entities		174	665	2 155	2 155	2 155	2 319	2 485	2 657	
TOTAL SALARY, ALLOWANCES & BENEFITS	1 025 891	1 179 858	1 240 678	1 442 684	1 482 537	1 482 537	1 591 486	1 706 073	1 823 792	
% increase		15,0%	5,2%	16,3%	2,8%		7,3%	7,2%	6,9%	
TOTAL MANAGERS AND STAFF	982 560	1 134 586	1 192 331	1 389 678	1 427 631	1 427 631	1 533 283	1 643 680	1 757 084	

Table 59: MBRR Table SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum		1.						2.
Councillors	3							
Speaker	4	1	638 158	110 286	359 482			1 107 926
Chief Whip		1	598 272	121 948	299 020			1 019 240
Executive Mayor		1	790 172	34 550	536 561			1 361 283
Deputy Executive Mayor		1	638 157	40 266	429 501			1 107 924
Executive Committee		1	6 001 217	780 770	3 402 324			10 184 311
Total for all other councillors		114	25 332 837	4 394 036	13 591 245			43 318 118
Total Councillors	8	119	33 998 813	5 481 856	18 618 133			58 098 802
Senior Managers of the Municipality	5							
Municipal Manager (MM)		1	1 214 370	220 463	570 794	-		2 005 627
Chief Finance Officer		1	1 011 975	249 433	409 071	-		1 670 479
Director of Engineering Services		1	1 004 237	215 853	437 888	-		1 657 978
Director of Public Safety and Health		1	1 004 237	214 289	475 739	-		1 694 265
Director Of Community Services		1	1 004 237	214 289	475 739	-		1 694 265
Other		7	6 952 525	1 481 020	2 759 410	-		11 192 955
<i>List of each official with packages >= senior manager</i>								
Total Senior Managers of the Municipality	8,10	12	12 191 581	2 595 347	5 128 641	-		19 915 569
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	10	131	46 190 394	8 077 203	23 746 774	-		78 014 371

Table 60: MBRR Table SA24 – summary of personnel numbers

Summary of Personnel Numbers	Ref	2014/15		2015/16		2016/17	
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities	1,2	117	-	117	119	-	119
Councillors (Political Office Bearers plus Other Councillors)	4	-	-	-	-	-	-
Board Members of municipal entities	5	-	-	-	-	-	-
Municipal employees	3	11	1	10	12	11	11
Municipal Manager and Senior Managers	7	40	23	17	40	23	17
Other Managers		160	160	-	160	160	-
Professionals		65	65	-	65	65	-
Finance		10	10	-	10	10	-
Spatial/town planning		3	3	-	3	3	-
Information Technology		3	3	-	3	3	-
Roads		8	8	-	8	8	-
Electricity		5	5	-	5	5	-
Water		4	4	-	4	4	-
Sanitation		1	1	-	1	1	-
Refuse		61	61	-	61	61	-
Other		285	285	-	285	285	-
Technicians		9	9	-	9	9	-
Finance		15	15	-	15	15	-
Spatial/town planning		13	13	-	13	13	-
Information Technology		6	6	-	6	6	-
Roads		10	10	-	10	10	-
Electricity		27	27	-	27	27	-
Water		16	16	-	16	16	-
Sanitation		7	7	-	7	7	-
Refuse		182	182	-	182	182	-
Other		1 204	1 172	32	1 204	1 172	32
Clerks (Clerical and administrative)		891	879	12	1 276	1 264	12
Service and sales workers		212	212	-	212	212	-
Skilled agricultural and fishery workers		381	381	-	381	381	-
Craft and related trades		750	750	-	750	750	-
Plant and Machine Operators		1 408	1 408	-	1 408	1 408	-
Elementary Occupations		5 459	5 271	188	5 847	5 666	181
TOTAL PERSONNEL NUMBERS	9						
% Increase		5 342	5 271	71	7,1%	5 666	(3,7%)
Total municipal employees headcount	6, 10	643	631	12	5 728	5 666	62
Finance personnel headcount	8, 10	197	193	4	745	733	12
Human Resources personnel headcount	8, 10				216	212	4

2.9 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

Table 61: MBRR Table SA28 - Budgeted monthly capital expenditure (municipal vote)

R thousand	Description	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
	Multi-year expenditure to be appropriated																
	Vote 1 - Directorate - Executive Support Services	-	31	64	68	226	101	274	326	467	673	186	3 083	5 500	500	500	
	Vote 2 - Directorate - Municipal Manager	-	25	15	-	-	-	-	4	8	35	110	17 324	17 522	31 678	19 000	
	Vote 3 - Directorate - Human Settlement	-	6 364	2 851	3 615	2 040	6 772	354	920	2 459	3 699	5 645	167 723	202 441	190 530	198 127	
	Vote 4 - Directorate - Chief Financial Officer	6	347	358	467	626	47	261	1 731	1 705	1 096	2 824	1 131	10 600	10 600	10 600	
	Vote 5 - Directorate - Corporate Services	-	612	194	586	679	1 901	425	1 421	322	1 657	1 617	(2 315)	7 100	2 100	600	
	Vote 6 - Directorate - Infrastructure Services	2 797	25 782	21 551	43 852	40 118	40 348	31 286	24 552	49 985	66 282	57 854	483 263	887 671	1 059 353	1 010 629	
	Vote 7 - Directorate - Spatial Planning	118	1 484	2 943	2 732	5 728	7 843	2 155	4 909	4 994	7 755	8 919	180 710	230 290	259 450	331 918	
	Vote 8 - Directorate - Health & Public Safety	48	639	577	2 756	2 714	5 975	2 476	4 292	774	3 281	4 512	1 990	30 032	19 817	11 619	
	Vote 9 - Directorate - Municipal Services	69	3 175	2 729	520	814	2 668	277	978	1 044	967	1 740	107 498	122 478	101 294	137 506	
	Vote 10 - Directorate - Economic Development	3 708	3 708	3 708	3 708	3 708	3 708	3 708	3 708	3 708	3 708	3 708	3 708	44 500	45 500	57 500	
	Capital multi-year expenditure sub-total	6 746	42 169	34 991	58 305	56 652	69 364	41 215	42 842	65 464	89 153	87 115	964 116	1 558 134	1 720 823	1 777 999	
	Single-year expenditure to be appropriated																
	Vote 1 - Directorate - Executive Support Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Vote 2 - Directorate - Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Vote 3 - Directorate - Human Settlement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Vote 4 - Directorate - Chief Financial Officer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Vote 5 - Directorate - Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Vote 6 - Directorate - Infrastructure Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Vote 7 - Directorate - Spatial Planning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Vote 8 - Directorate - Health & Public Safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Vote 9 - Directorate - Municipal Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Vote 10 - Directorate - Economic Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Capital single-year expenditure sub-total	6 746	42 169	34 991	58 305	56 652	69 364	41 215	42 842	65 464	89 153	87 115	964 116	1 558 134	1 720 823	1 777 999	
	Total Capital Expenditure	6 746	42 169	34 991	58 305	56 652	69 364	41 215	42 842	65 464	89 153	87 115	964 116	1 558 134	1 720 823	1 777 999	

Table 62: MBRR Table SA29 - Budgeted monthly capital expenditure (standard classification)

R thousand	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		
			1	Capital Expenditure - Standard															
	<i>Governance and administration</i>																		
	Executive and council		6	1 022	1 462	2 332	1 707	4 528	989	3 748	3 034	3 598	7 601	10 694	40 722	44 878	30 700		
	Budget and treasury office		-	651	892	714	979	2 518	282	1 734	958	2 099	4 050	8 144	23 022	32 178	19 500		
	Corporate services		-	358	370	998	645	1 081	269	787	759	1 130	2 914	1 283	10 600	10 600	10 600		
	<i>Community and public safety</i>																		
	Community and social services		123	10 358	4 588	6 608	4 799	11 662	2 479	5 567	5 592	7 548	12 068	205 106	276 498	255 695	255 748		
	Sport and recreation		-	145	329	514	650	1 205	1 377	1 603	2 421	2 222	3 944	8 890	23 300	24 300	24 300		
	Public safety		114	1 382	1 441	1 877	1 247	2 985	520	2 171	374	571	841	7 200	20 725	21 047	21 702		
	Housing		-	2 265	694	509	797	2 577	213	823	167	929	1 434	19 623	30 032	19 817	11 619		
	Health		9	6 567	2 123	3 707	2 105	4 896	369	970	2 629	3 825	5 848	169 392	202 441	190 530	198 127		
	<i>Economic and environmental services</i>																		
	Planning and development		560	8 725	16 236	12 375	22 223	20 522	8 552	9 864	26 064	32 711	37 778	346 358	541 969	578 779	678 875		
	Road transport		122	1 543	2 940	2 819	5 745	8 140	2 141	5 415	5 190	8 040	7 923	224 771	274 790	304 950	388 418		
	Environmental protection		438	7 182	13 296	9 556	16 477	12 382	6 411	4 449	20 874	24 671	29 856	121 586	267 179	273 829	289 457		
	<i>Trading services</i>																		
	Electricity		-	(0)	(0)	0	0	(0)	(0)	0	(0)	0	(0)	1	-	-	-		
	Water		2 349	18 341	8 874	32 229	23 936	28 863	23 818	19 751	26 298	35 555	23 617	437 314	680 946	821 471	792 676		
	Waste water management		35	33	285	7 862	5 105	7 573	6 926	8 031	5 543	14 703	8 937	77 967	143 000	163 000	171 000		
	Waste management		1 660	8 960	4 430	1 793	4 130	13 893	13 502	6 095	9 452	10 764	9 164	3 655	87 500	95 000	140 000		
	<i>Other</i>																		
	Other		655	9 221	3 246	22 165	13 831	7 002	2 708	5 063	10 903	9 501	5 469	282 228	371 992	507 524	380 172		
	Total Capital Expenditure - Standard		2	3 037	31 283	54 597	52 945	65 655	37 506	39 133	61 757	85 445	83 407	1 004 907	1 558 134	1 720 823	1 777 999		
	Funded by:																		
	National Government																		
	Provincial Government																		
	District Municipality																		
	Other transfers and grants																		
	<i>Transfers recognised - capital</i>																		
	Public contributions & donations																		
	Borrowing																		
	Internally generated funds																		
	Total Capital Funding																		

Table 63: MBRR Table SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	Budget Year 2016/17												Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash Receipts By Source															
Property rates	47 292	76 646	69 356	70 416	68 725	68 985	73 559	84 876	90 635	96 193	107 510	184 608	1 038 701	1 113 488	1 191 432
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	4 900	248 046	9 669	134 153	114 361	99 041	134 388	155 063	165 400	173 713	196 413	243 964	1 679 112	1 807 396	1 945 481
Service charges - water revenue	42 982	31 211	26 883	30 907	36 465	27 473	26 587	30 678	32 723	36 618	38 859	49 583	410 969	443 395	478 512
Service charges - sanitation revenue	22 548	31 440	27 119	28 811	22 614	26 867	24 422	25 754	27 402	26 073	24 945	25 679	313 674	337 200	361 478
Service charges - refuse revenue	20 443	20 045	18 559	20 316	20 267	20 319	21 211	24 474	26 105	27 737	31 000	34 771	285 247	306 641	328 719
Service charges - other	1 435	2 001	1 726	1 833	1 439	1 710	1 554	1 639	1 744	1 659	1 587	1 634	19 962	21 399	22 897
Rental of facilities and equipment	700	1 428	138	962	821	822	1 607	1 854	1 978	2 101	2 348	3 782	18 542	19 877	21 268
Interest earned - external investments	10 793	17 827	10 254	9 430	9 180	8 592	11 414	13 170	14 048	14 925	16 682	7 460	143 775	152 689	161 698
Interest earned - outstanding debtors	2 485	2 562	2 007	2 844	2 898	3 005	2 390	2 758	2 942	3 125	3 494	4 140	34 651	37 257	40 021
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	137	579	43	208	290	240	1 043	1 204	544	1 364	1 525	580	7 756	8 315	8 897
Licences and permits	796	1 339	325	1 127	927	866	1 078	1 386	1 540	1 694	1 077	756	12 911	13 841	14 810
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	72 372	100 912	87 043	16 399	17 157	235 525	93 590	107 989	115 188	122 387	136 786	214 380	1 319 728	1 450 381	1 703 052
Other revenue	16 586	31 135	1 934	12 822	6 308	35 209	42 148	30 133	42 625	27 367	33 851	10 978	291 095	312 054	333 898
Cash Receipts by Source	243 470	565 172	255 055	330 228	301 452	528 655	434 992	480 976	522 773	534 959	596 076	782 316	5 576 124	6 023 931	6 612 162
Other Cash Flows by Source															
Transfer receipts - capital	70 689	70 689	70 689	70 689	70 689	70 689	70 689	70 689	70 689	70 689	70 689	70 689	848 269	892 786	969 510
Contributions recognised - capital & Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	314 159	635 861	325 744	400 917	372 141	599 344	505 681	551 665	593 462	628 642	689 959	876 199	6 493 975	7 106 969	7 758 539

MBRR Table SA30 - Budgeted monthly cash flow (Continued)

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
		<u>Cash Payments by Type</u>														
Employee related costs	123 015	123 015	123 015	123 015	123 015	123 015	123 015	123 015	123 015	123 015	123 015	101 347	1 454 515	1 559 240	1 666 028	
Remuneration of councillors	4 915	4 915	4 915	4 915	4 915	4 915	4 915	4 915	4 915	4 915	4 915	4 038	58 099	62 282	66 579	
Finance charges	4 759	5 959	6 259	5 759	2 345	3 959	4 418	5 459	6 259	3 759	4 759	3 413	57 105	70 938	85 987	
Bulk purchases - Electricity	109 731	109 731	109 731	109 731	109 731	109 731	109 731	109 731	109 731	109 731	109 731	109 731	1 316 772	1 420 270	1 531 993	
Bulk purchases - Water & Sewer	17 068	17 068	17 068	17 068	17 068	17 068	17 068	17 068	17 068	17 068	17 068	17 068	204 816	225 297	247 827	
Other materials													-	-	-	
Contracted services	859	1 150	937	953	986	1 761	1 291	3 171	3 212	2 889	3 002	924	21 137	22 448	23 772	
Transfers and grants - other municipalities																
Transfers and grants - other	24 039	24 039	24 039	24 039	24 039	24 039	24 039	24 039	24 039	24 039	24 039	24 042	289 468	310 163	333 178	
Other expenditure	106 504	61 504	41 504	51 504	106 504	106 504	106 504	106 504	106 504	113 581	106 504	361 056	1 374 675	1 502 101	1 753 281	
Cash Payments by Type	390 889	347 381	327 467	336 983	388 603	390 992	390 990	393 902	394 742	398 997	393 032	621 619	4 775 586	5 172 739	5 709 255	
<u>Other Cash Flows/Payments by Type</u>																
Capital assets	129 844	129 844	129 844	129 844	129 844	129 844	129 844	129 844	129 844	129 844	129 844	129 844	1 558 134	1 720 823	1 777 999	
Repayment of borrowing	-	-	10 370	-	-	12 076	-	-	11 747	-	-	17 632	51 825	51 794	59 561	
Other Cash Flows/Payments																
Total Cash Payments by Type	520 734	477 225	467 681	466 828	518 447	532 912	520 825	523 746	536 334	526 842	522 877	769 095	6 395 545	6 945 356	7 546 815	
NET INCREASE/(DECREASE) IN CASH HELD	(206 575)	158 636	(141 937)	(65 910)	(146 306)	66 432	(15 144)	27 919	57 128	100 000	167 082	107 104	108 430	160 713	211 724	
Cash/cash equivalents at the monthly year begin:	2 380 443	2 173 868	2 332 504	2 190 567	2 124 656	1 978 350	2 044 782	2 029 638	2 057 557	2 114 686	2 214 686	2 381 768	2 380 443	2 488 873	2 649 586	
Cash/cash equivalents at the monthly year end:	2 173 868	2 332 504	2 190 567	2 124 656	1 978 350	2 044 782	2 029 638	2 057 557	2 114 686	2 214 686	2 381 768	2 488 873	2 488 873	2 649 586	2 861 310	

2.10 ANNUAL BUDGET AND SDBIP'S – INTERNAL DEPARTMENTS

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

Once the budget has been approved by Council on 31 May 2016, the Service Delivery Budget and Implementation Plan will be submitted to the Mayor for consideration and approval by Council.

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

The Buffalo City Metropolitan Municipality entity being Buffalo City Metro Development Agency (BCMDA) is currently being resuscitated after it was not operational for some time. The Board of Directors have been appointed and core staff has also been appointed. The entity's (BCMDA) budget summary table (D1) for the MTREF period as presented below reflects that, the entity has budgeted a balanced budget for the MTREF period. Its revenue and expenditure is projected to be R18.4 million in 2016/17, R22 million in 2017/18 and R24.5 million in the 2018/19 financial year. Its cash and cash equivalent is projected to be R2 million as at 30 June 2017, increasing R2.1 million at 30 June 2018 and further increase to R2.2 million at 30 June 2019. The financial position of the entity reflect that it Community Wealth is R1.4m in the 2016/17 financial year, it decreases to R1.1 million in the 2017/18 financial year and further decrease to R0.9 million in the 2018/19 financial year. The entity does not have capital budget as yet as it is still at formation stage. The other relevant D budget table are presented below as required by the MBRR.

Table 64: MBRR Table D1 – Budget Summary – (BCMDA)

Description	2012/13	2013/14	2014/15	Current Year 2015/16			Medium Term Revenue and 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 thousands									
Financial Performance									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-
Investment revenue	40	45	56	65	65	65	69	73	77
Transfers recognised - operational	411	907	1 647	7 585	7 585	7 585	18 116	19 402	20 799
Other own revenue	3	-	-	-	-	-	200	2 478	3 668
Total Revenue (excluding capital transfers and contributions)	454	953	1 703	7 650	7 650	7 650	18 385	21 953	24 544
Employee costs	-	-	-	2 547	2 547	1 595	12 225	15 807	18 206
Remuneration of Board Members	-	174	665	900	900	900	566	600	636
Depreciation & asset impairment	4	-	-	-	-	-	-	-	-
Finance charges	-	2	4	5	5	5	8	8	8
Materials and bulk purchases	-	-	-	-	-	-	-	-	-
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	361	349	1 015	2 803	2 803	2 862	5 586	5 539	5 695
Total Expenditure	365	524	1 684	6 255	6 255	5 362	18 385	21 953	24 544
Surplus/(Deficit)	89	429	19	1 395	1 395	2 288	-	-	-
Transfers recognised - capital	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	89	429	19	1 395	1 395	2 288	-	-	-
Taxation	25	121	18	391	391	641	-	-	-
Surplus/ (Deficit) for the year	64	308	2	1 004	1 004	1 647	-	-	-
Capital expenditure & funds sources									
Capital expenditure	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	-	-	-	-	-	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-
Total sources of capital funds	-	-	-	-	-	-	-	-	-
Financial position									
Total current assets	1 626	1 889	1 771	1 771	1 771	1 771	2 040	2 152	2 270
Total non current assets	4	0	0	0	0	0	688	315	40
Total current liabilities	1 023	612	466	100	100	100	1 287	1 359	1 434
Total non current liabilities	103	100	100	-	-	-	-	-	-
Community wealth/Equity	504	1 177	1 205	1 671	1 671	1 671	1 441	1 108	876
Cash flows									
Net cash from (used) operating	330	70	50	-	-	-	269	112	118
Net cash from (used) investing	3	-	-	-	-	-	-	-	-
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	1 623	1 693	1 744	1 744	1 744	1 744	2 013	2 125	2 243

Table 65: MBRR Table D2 – Budgeted Financial Performance (revenue and expenditure) – (BCMDA)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			Medium Term Revenue and 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 thousands										
Revenue by Source	1									
Property rates										
Property rates - penalties & collection charges										
Service charges - electricity revenue										
Service charges - water revenue										
Service charges - sanitation revenue										
Service charges - refuse revenue										
Service charges - other										
Rental of facilities and equipment										
Interest earned - external investments		40	45	56	65	65	65	69	73	77
Interest earned - outstanding debtors										
Dividends received										
Fines										
Licences and permits										
Agency services							200			
Transfers recognised - operational		411	907	1 647	7 585	7 585	7 585	18 116	19 402	20 799
Other revenue		3						2 478	3 668	
Gains on disposal of PPE										
Total Revenue (excluding capital transfers and contributions)		454	953	1 703	7 650	7 650	7 650	18 385	21 953	24 544
Expenditure By Type										
Employee related costs					2 547	2 547	1 595	12 225	15 807	18 206
Remuneration of Directors			174	665	900	900	900	566	600	636
Debt impairment	4									
Depreciation & asset impairment		4	3				59	393	393	393
Finance charges			2	4	5	5	5	8	8	8
Bulk purchases	2									
Other materials	5									
Contracted services										
Transfers and grants										
Other expenditure	3	361	346	1 015	2 803	2 803	2 803	5 192	5 145	5 302
Loss on disposal of PPE										
Total Expenditure		365	524	1 684	6 255	6 255	5 362	18 385	21 953	24 544
Surplus/(Deficit)		89	429	19	1 395	1 395	2 288	-	-	-
Transfers recognised - capital										
Contributions recognised - capital										
Contributed assets										
contributions		89	429	19	1 395	1 395	2 288	-	-	-
Taxation		25	121	18	391	391	641			
Surplus/ (Deficit) for the year		64	308	2	1 004	1 004	1 647	-	-	-

Table 66: MBRR Table D4 – Budgeted Financial Position – (BCMDA)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			Medium Term Revenue and 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 thousands										
ASSETS										
Current assets										
Cash		453	480	480	444	444	444	644	682	723
Call investment deposits		1 170	1 213	1 264	1 300	1 300	1 300	1 369	1 442	1 519
Consumer debtors		3	196							
Other debtors				27	27	27	27	27	27	27
Current portion of long-term receivables										
Inventory										
Total current assets		1 626	1 889	1 771	1 771	1 771	1 771	2 040	2 152	2 270
Non current assets										
Long-term receivables	3									
Investments										
Investment property										
Investment in Associate										
Property, plant and equipment	1	3	0	0	0	0	0	220	100	-
Agricultural										
Biological										
Intangible		0	0	0	0	0	0	469	215	40
Other non-current assets		0	0	-						
Total non current assets		4	0	0	0	0	0	688	315	40
TOTAL ASSETS		1 630	1 889	1 771	1 771	1 771	1 771	2 728	2 467	2 310
LIABILITIES										
Current liabilities										
Bank overdraft										
Borrowing										
Consumer deposits					100	100	100	100	100	100
Trade and other payables		1 023	612	466	-	-	-	1 187	1 259	1 334
Provisions	3									
Total current liabilities		1 023	612	466	100	100	100	1 287	1 359	1 434
Non current liabilities										
Borrowing										
Provisions	3	103	100	100						
Total non current liabilities		103	100	100	-	-	-	-	-	-
TOTAL LIABILITIES		1 125	712	566	100	100	100	1 287	1 359	1 434
NET ASSETS	2	504	1 177	1 205	1 671	1 671	1 671	1 441	1 108	876
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)		504	1 177	1 205	1 671	1 671	1 671	1 441	1 108	876
Reserves										
Share capital										
TOTAL COMMUNITY WEALTH/EQUITY	2	504	1 177	1 205	1 671	1 671	1 671	1 441	1 108	876

Table 67: MBRR Table D4 – Budgeted Cash Flow – (BCMDA)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			Medium Term Revenue and 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 thousands										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates, penalties & collection charges										
Service charges										
Other revenue									2 478	3 668
Government - operating		468	839	1 851	7 585	7 585	7 585	18 116	19 402	20 799
Government - capital								200		
Interest		40	45	56	65	65	65	69	73	77
Dividends										
Payments										
Suppliers and employees	2	(179)	(812)	(1 853)	(7 645)	(7 645)	(7 645)	(18 108)	(21 833)	(24 418)
Finance charges		(0)	(2)	(4)	(5)	(5)	(5)	(8)	(8)	(8)
Dividends paid										
Transfers and Grants										
NET CASH FROM/(USED) OPERATING ACTIVITIES		330	70	50	-	-	-	269	112	118
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		3								
Decrease (Increase) in non-current debtors										
Decrease (increase) other non-current receivables										
Decrease (increase) in non-current investments										
Payments										
Capital assets					-	-	-	-	-	-
NET CASH FROM/(USED) INVESTING ACTIVITIES		3	-	-	-	-	-	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans										
Borrowing long term/refinancing										
Increase (decrease) in consumer deposits										
Payments										
Repayment of borrowing										
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD	1	333	70	50	-	-	-	269	112	118
Cash/cash equivalents at the year begin:	2	1 290	1 623	1 693	1 744	1 744	1 744	1 744	2 013	2 125
Cash/cash equivalents at the year end:	2	1 623	1 693	1 744	1 744	1 744	1 744	2 013	2 125	2 243

Table 68: MBRR Table SD2 – Financial and Non-Financial Indicators (BCMDA)

Description of indicator	Basis of calculation	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			Medium Term Revenue and 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
Borrowing Management											
Borrowing to Asset Ratio	Total Long-term Borrowing/ Total Assets		0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Capital Charges to Operating Expenditure	Finance charges & Depreciation / Operating Expenditure		0%	0%	0%	0%	0%	0%	0%	0%	0%
Borrowed funding of capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions		0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Safety of Capital											
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision / Funds & Reserves		202,9%	52,0%	38,7%	0,0%	0,0%	0,0%	82,4%	113,6%	152,4%
Gearing	Long Term Borrowing / Funds & Reserves		0%	0%	0%	0%	0%	0%	0%	0%	0%
Liquidity											
Current Ratio	Current assets / current liabilities		1,59	3,09	3,80	17,71	17,71	17,71	1,58	1,58	1,58
Current Ratio adjusted for debtors	Current assets/current liabilities less debtors > 90 days		1,59	3,09	3,80	17,71	17,71	17,71	1,58	1,58	1,58
Liquidity Ratio	Monetary Assets / Current Liabilities		1,59	2,77	3,74	17,44	17,44	17,44	1,56	1,56	1,56
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts / Last 12 Mths Billing			0%	0%	0%	0%	0%	0%	0%	0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue		1%	21%	2%	0%	0%	0%	0%	0%	0%
Longstanding Debtors Reduction Due To Recovery	Debtors > 12 Mths Recovered / Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))										
Funding of Provisions											
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions										
Other Indicators											
Electricity Distribution Losses	% Volume (Total units purchased + generated less total units sold)/Total units purchased + generated	1									
Water Distribution Losses	% Volume (Total units purchased + own source less total units sold)/Total units purchased + own source	2									
Employee costs	Employee costs/Total Revenue - capital revenue		0,0%	0,0%	0,0%	33%	33%	21%	66%	72%	74%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		0,0%	0,0%	0,0%	0%	0%	0%	0%	0%	0%
Interest & Depreciation	I&D/Total Revenue - capital revenue		0,0%	0,2%	0,2%	0%	0%	0%	0%	0%	0%
Financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)		28,6	12,9	11,2	13,0	13,0	8,7	33,8	302,7	-
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services		0%	0,0%	0,0%	0%	0%	0%	0%	0%	0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure		742%	5,4	1,7	0,5	0,5	0,5	0,2	0,2	0,2

Table 69: MBRR Table SD4 – Board member allowances and staff benefits (BCMDA)

Summary of Employee and Board Member remuneration	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			Medium Term Revenue and 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
		A	B	C	D	E	F	G	H	I
R thousands										
Remuneration										
Board Members of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance										
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances										
Board Fees		174	665	900	900	900	566	600	636	
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
Sub Total - Board Members of Entities		-	174	665	900	900	900	566	600	636
% increase			#DIV/0!	0	0	0	0	(0)	0	6,0%
Senior Managers of Entities										
Basic Salaries and Wages					1 353	1 353	1 353	5 580	6 027	6 509
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus							135	558	603	
Motor Vehicle Allowance										
Cellphone Allowance					20	20	20	74	74	74
Housing Allowances										
Other benefits and allowances										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
Sub Total - Senior Managers of Entities		-	-	-	1 373	1 373	1 373	5 790	6 659	7 186
% increase					#DIV/0!	#DIV/0!	#DIV/0!	0	0	7,9%
Other Staff of Entities										
Basic Salaries and Wages					222	222	222	6 322	8 412	10 063
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus							22	632	841	
Motor Vehicle Allowance										
Cellphone Allowance					1	1	1	91	103	115
Housing Allowances										
Other benefits and allowances										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
Sub Total - Other Staff of Entities		-	-	-	222	222	222	6 435	9 148	11 020
% increase					#DIV/0!	#DIV/0!	#DIV/0!	0	0	20,5%
Total Municipal Entities remuneration		-	174	665	2 495	2 495	2 495	12 791	16 407	18 842

Table 70: MBRR Table SD5 – Board member allowances and staff benefits (BCMDA)

Summary of Personnel Numbers	Ref	2014/15			Current Year 2015/16			Budget Year 2016/17		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)										
Board Members of municipal entities	3	5	-	5	5	-	5	5	-	5
Municipal entity employees	4									
CEO and Senior Managers	2	-	-	-	4	-	4	4	-	4
Other Managers	6	-	-	-	7	-	7	7	-	7
Professionals		-	-	-	-	-	-	-	-	-
Finance										
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Technicians		-	-	-	-	-	-	-	-	-
Finance										
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Clerks (Clerical and administrative)		-	-	-	2	-	2	4	-	4
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
Total Personnel Numbers		5	-	5	18	-	18	20	-	20
% Increase			(100,0%)	-	260,0%	(100,0%)	260,0%	11,1%	(100,0%)	-
Total entity employees headcount	5									
Finance personnel headcount	7									
Human Resources personnel headcount	7									

Table 71: MBRR Table SD6 – Budget Monthly Cash and Revenue/Expenditure - (BCMDA)

Description	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework			
													Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
	July	August	Sept.	October	November	December	January	February	March	April	May	June	2016/17	+1 2017/18	+2 2018/19	
Revenue By Source																
Property rates																
Property rates - penalties & collection charges																
Service charges - electricity revenue																
Service charges - water revenue																
Service charges - sanitation revenue																
Service charges - refuse revenue																
Service charges - other																
Rental of facilities and equipment	6	6	6	6	6	6	6	6	6	6	6	69	73	77		
Interest earned - external investments																
Interest earned - outstanding debtors																
Dividends received																
Fines																
Licences and permits																
Agency services	50			50			50									
Transfers recognised - operational	3 019	3 019	3 019		3 019		3 019	3 019			100	18 116	19 402	20 799		
Other revenue													2 478	3 668		
Gains on disposal of PPE	3 875	6	3 025	56	3 025	6	3 075	6	3 025	56	2 925	18 385	21 953	24 544		
Total Revenue (excluding capital transfers and contributions)	1 019	1 019	1 019	1 019	1 019	1 019	1 019	1 019	1 019	1 019	1 019	12 225	15 807	18 206		
Expenditure By Type																
Employee related costs		142			142											
Remuneration of Board Members																
Debt impairment	33	33	33	33	33	33	33	33	33	33	33	393	393	393		
Depreciation & asset impairment	2			2												
Finance charges																
Bulk purchases																
Other materials																
Contracted services																
Transfers and grants																
Other expenditure	554	636	126	554	816	56	511	404	586	404	488	5 192	5 145	5 302		
Loss on disposal of PPE																
Total Expenditure	1 808	1 829	1 179	1 808	2 009	1 183	1 584	1 458	1 752	1 458	1 654	16 385	21 953	24 544		
Capital expenditure																
Capital assets																
Total capital expenditure																
Cash flow																
Ratepayers and other																
Grants	3 019		3 019		3 019		3 019		3 019							
Interest	6	6	6	6	6	6	6	6	6	6	6	69	73	77		
Suppliers, employees and other	(1 415)	(1 415)	(1 415)	(1 415)	(1 415)	(1 415)	(1 415)	(1 415)	(1 415)	(1 415)	(1 415)	(16 106)	(21 833)	(24 418)		
Finance charges	(2)			(2)			(2)		(2)				(8)	(8)		
Dividends paid																
NET CASH FROM/(USED) OPERATING ACTIVITIES	1 808	(1 409)	1 810	(1 411)	1 810	(1 409)	1 808	(1 409)	972	(2 049)	1 464	268	112	118		
Decrease (increase) other non-current receivables																
Decrease (increase) in non-current investments																
Proceeds on disposal of PPE																
Capital assets																
NET CASH FROM/(USED) INVESTING ACTIVITIES																
Borrowing long term/financing/short term																
Repayment of borrowing																
Increase in consumer deposits																
NET CASH FROM/(USED) FINANCING ACTIVITIES																
NET (INCREASE/ DECREASE) IN CASH HELD	1 808	(1 409)	1 810	(1 411)	1 810	(1 409)	1 808	(1 409)	972	(2 049)	344	268	112	118		

2.12 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

In terms of the City's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years) unless MFMA Section 33 has been complied with. In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Chief Financial Officer.

2.13 CAPITAL EXPENDITURE DETAILS

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

Table 72: MBRR Table SA34a – Capital expenditure on new assets by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand	1										
Capital expenditure on new assets by Asset Class/Sub-class											
Infrastructure		380 551	592 952	213 161	158 210	187 162	187 162	417 323	427 443	508 854	
Infrastructure - Road transport		114 859	282 801	116 893	20 000	20 000	20 000	106 080	105 829	56 457	
Roads, Pavements & Bridges		114 859	282 801	116 893	20 000	20 000	20 000	106 080	105 829	56 457	
Storm water		-	-	-	-	-	-	-	-	-	
Infrastructure - Electricity		76 432	103 228	38 944	66 500	66 500	66 500	43 000	53 000	51 000	
Transmission & Reticulation		76 432	103 228	38 944	66 500	66 500	66 500	43 000	53 000	51 000	
Infrastructure - Water		12 852	-	-	-	-	-	-	-	-	
Reticulation		12 852	-	-	-	-	-	-	-	-	
Infrastructure - Sanitation		132 510	177 056	-	-	-	-	-	-	-	
Reticulation		132 510	177 056	-	-	-	-	-	-	-	
Infrastructure - Other		43 898	29 867	57 324	71 710	100 662	100 662	268 243	268 614	401 397	
Waste Management		-	2 037	30 727	21 710	34 662	34 662	78 454	55 947	91 504	
Transportation	2	338	22 513	25 256	30 000	42 000	42 000	145 789	167 667	252 893	
Other	3	43 560	5 317	1 341	20 000	24 000	24 000	44 000	45 000	57 000	
Community		6 028	48 041	20 706	35 069	18 300	18 300	21 000	21 000	21 000	
Parks & gardens		160	1 078	3 576	-	-	-	500	500	500	
Sportsfields & stadia		-	-	-	-	-	-	500	500	500	
Community halls		207	4 729	7 392	27 069	10 300	10 300	10 000	10 000	10 000	
Cemeteries		-	-	9 738	-	-	-	10 000	10 000	10 000	
Other		5 662	42 234	-	8 000	8 000	8 000	-	-	-	

MBRR Table SA34a -- Capital expenditure on new assets by asset class (Continued)

R thousand	Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19		
	Capital expenditure on new assets by Asset Class/Sub-class													
	Heritage assets													
	Buildings		-	-	-	-	-	-	-	-	-	-	-	-
	Other	9	-	-	-	-	-	-	-	-	-	-	-	-
	Investment properties													
	Housing development		-	58 680	145 316	145 316	211 274	195 880	195 880	201 941	190 030	197 627	197 627	197 627
	Other		-	-	-	-	-	-	-	-	-	-	-	-
	Other assets		69 451	51 706	48 568	125 375	128 256	128 256	128 256	113 570	118 949	115 614	115 614	115 614
	General vehicles		25 300	6 211	25 117	48 450	48 450	48 450	48 450	18 200	20 000	20 000	20 000	20 000
	Specialised vehicles		-	2 875	-	7 600	5 588	5 588	5 588	11 000	4 000	4 000	4 000	4 000
	Plant & equipment		334	2 230	688	8 675	43 105	43 105	43 105	14 966	16 229	16 229	16 229	16 229
	Computers - hardware/equipment		-	-	1 718	40 650	31 113	31 113	31 113	20 700	30 000	30 000	30 000	30 000
	Furniture and other office equipment		22 667	21 568	10 178	-	-	-	-	23 972	18 928	18 928	18 928	18 928
	Markets		-	452	-	-	-	-	-	-	-	-	-	-
	Civic Land and Buildings		304	10 412	4 821	-	-	-	-	5 286	4 712	5 499	5 499	5 499
	Other Buildings		20 847	-	1 161	-	-	-	-	-	-	-	-	-
	Other		-	7 959	4 885	20 000	-	-	-	19 446	25 079	49 625	49 625	49 625
	Agricultural assets													
	List sub-class													
	Biological assets													
	List sub-class													
	Intangibles													
	Computers - software & programming		-	-	-	-	-	-	-	-	-	-	-	-
	Other (list sub-class)		-	-	-	-	-	-	-	-	-	-	-	-
	Total Capital Expenditure on new assets	1	456 030	751 379	427 751	529 928	529 598	529 598	529 598	753 834	757 422	843 094	843 094	843 094
	Specialised vehicles													
	Refuse		-	2 875	-	7 600	5 588	5 588	5 588	11 000	4 000	4 000	4 000	4 000
	Fire		-	2 875	-	7 600	5 588	5 588	5 588	11 000	4 000	4 000	4 000	4 000
	Conservancy		-	-	-	-	-	-	-	-	-	-	-	-
	Ambulances		-	-	-	-	-	-	-	-	-	-	-	-

Table 73: MBRR Table SA34b – Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19		
Capital expenditure on renewal of existing assets by Asset Class/Sub-class													
Infrastructure		136 129	80 525	490 455	686 056	791 000	791 000	791 000	720 091	880 024	882 172		
Infrastructure - Road transport		93 681	-	212 002	245 000	320 649	320 649	320 649	161 099	168 000	233 000		
Roads, Pavements & Bridges		93 681	-	212 002	245 000	320 649	320 649	320 649	161 099	168 000	233 000		
Infrastructure - Electricity		-	-	79 994	92 000	98 000	98 000	98 000	100 000	110 000	120 000		
Transmission & Reticulation		-	-	79 994	92 000	98 000	98 000	98 000	100 000	110 000	120 000		
Infrastructure - Water		39 887	68 763	90 752	91 000	110 000	110 000	110 000	87 500	95 000	140 000		
Reticulation		39 887	68 763	90 752	91 000	110 000	110 000	110 000	87 500	95 000	140 000		
Infrastructure - Sanitation		2 561	-	-	-	-	-	-	371 492	507 024	389 172		
Reticulation		2 561	-	-	-	-	-	-	371 492	507 024	389 172		
Infrastructure - Other		-	11 762	107 707	258 056	262 352	262 352	262 352	-	-	-		
Waste Management		-	11 762	107 707	258 056	262 352	262 352	262 352	-	-	-		
Community		1 060	2 345	4 788	30 700	27 759	27 759	27 759	19 855	20 177	20 832		
Parks & gardens		-	-	-	-	-	-	-	-	-	-		
Sportsfields & stadia		-	2 343	4 495	22 700	19 009	19 009	19 009	10 000	10 000	10 000		
Swimming pools		-	-	-	-	-	-	-	2 500	2 000	2 000		
Recreational facilities		1 060	-	293	8 000	8 750	8 750	8 750	7 355	8 177	8 832		
Heritage assets		-	-	-	-	-	-	-	-	-	-		
Buildings		-	-	-	-	-	-	-	-	-	-		
Other	9	-	-	-	-	-	-	-	-	-	-		
Investment properties		-	-	-	-	-	-	-	-	-	-		
Housing development		-	-	-	-	-	-	-	-	-	-		
Other		-	-	-	-	-	-	-	-	-	-		

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

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	1													
Capital expenditure on renewal of existing assets by Asset Class/Sub-class														
Other assets		266	390	7 056	28 671	42 519	64 355	63 200	31 900					
General vehicles		-	-	-	-	-	-	-	-					
Specialised vehicles	10	-	-	-	-	-	-	-	-					
Plant & equipment		-	-	-	-	-	-	-	-					
Civic Land and Buildings		266	390	7 056	24 221	41 519	62 655	61 400	30 000					
Other Buildings		-	-	-	-	-	-	-	-					
Other Land		-	-	-	-	-	-	-	-					
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-					
Other		-	-	-	4 450	1 000	1 000	1 000	1 000					
Agricultural assets		-	-	-	-	-	-	-	-					
List sub-class														
Biological assets		-	-	-	-	-	-	-	-					
List sub-class														
Intangibles		-	-	-	-	-	-	-	-					
Computers - software & programming														
Other (list sub-class)														
Total Capital Expenditure on renewal of existing	1	137 455	83 260	502 299	745 427	861 279	804 300	963 401	934 904					
Specialised vehicles														
Refuse		-	-	-	-	-	-	-	-					
Fire		-	-	-	-	-	-	-	-					
Conservancy		-	-	-	-	-	-	-	-					
Ambulances		-	-	-	-	-	-	-	-					
Renewal of Existing Assets as % of total capex		23,2%	10,0%	54,0%	58,4%	61,9%	51,6%	56,0%	52,6%					
Renewal of Existing Assets as % of deprecn*		19,6%	13,2%	68,8%	104,7%	116,2%	107,5%	121,2%	111,1%					

Table 74: MBRR Table SA34c – Repairs and maintenance expenditure by asset class

Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19			
Repairs and maintenance expenditure by Asset Class/Sub-class	1	220 824	236 228	251 289	316 019	316 019	316 019	316 019	352 361	387 597	426 357			
Infrastructure														
Infrastructure - Road transport		62 067	62 764	84 037	108 529	108 529	108 529	108 529	121 010	133 111	146 422			
Roads, Pavements & Bridges		55 427	56 120	75 418	99 988	99 988	99 988	99 988	111 486	122 635	134 899			
Storm water		6 640	6 644	8 619	8 541	8 541	8 541	8 541	9 523	10 476	11 523			
Infrastructure - Electricity		100 347	103 884	90 862	112 550	112 550	112 550	112 550	125 493	138 042	151 846			
Transmission & Reticulation		97 551	100 033	6 812	108 099	108 099	108 099	108 099	120 530	132 563	145 842			
Street Lighting		2 796	3 850	84 050	4 451	4 451	4 451	4 451	4 963	5 459	6 005			
Infrastructure - Water		26 976	30 866	34 412	42 435	42 435	42 435	42 435	47 315	52 047	57 251			
Dams & Reservoirs		1 021	932	1 013	1 283	1 283	1 283	1 283	1 431	1 574	1 731			
Reticulation		25 955	29 933	33 398	41 152	41 152	41 152	41 152	45 885	50 473	55 520			
Infrastructure - Sanitation		19 486	23 221	24 862	29 620	29 620	29 620	29 620	33 027	36 329	39 962			
Reticulation		19 486	23 221	24 862	29 620	29 620	29 620	29 620	33 027	36 329	39 962			
Infrastructure - Other		11 948	15 494	17 116	22 885	22 885	22 885	22 885	25 517	28 068	30 875			
Waste Management		11 948	15 494	17 116	22 885	22 885	22 885	22 885	25 517	28 068	30 875			
Community		19 435	22 165	12 495	17 874	17 874	17 874	17 874	19 929	21 922	24 114			
Parks & gardens		-	-	1 818	-	-	553	553	617	678	746			
Sportsfields & stadia		407	11 248	335	553	553	413	413	460	506	557			
Swimming pools		328	298	-	413	-	-	-	-	-	-			
Community halls		398	405	526	585	585	585	585	652	718	789			
Libraries		155	126	128	253	253	253	253	282	310	341			
Recreational facilities		11 065	2 285	2 579	3 331	3 331	3 331	3 331	3 714	4 086	4 494			
Fire, safety & emergency		991	1 394	1 507	2 288	2 288	2 288	2 288	2 551	2 806	3 087			
Security and policing		1 518	1 995	1 144	2 005	2 005	2 005	2 005	2 236	2 459	2 705			
Buses		474	394	118	2 658	2 658	2 658	2 658	2 963	3 260	3 586			
Clinics		24	21	-	101	101	101	101	112	123	136			
Museums & Art Galleries		32	14	10	71	71	71	71	79	87	95			
Cemeteries		233	158	250	402	402	402	402	448	493	543			
Other		3 810	3 828	4 079	5 215	5 215	5 215	5 215	5 815	6 396	7 036			

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

R thousand	Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19		
	Repairs and maintenance expenditure by Asset Class/Sub-class	1												
	Heritage assets													
	Buildings													
	Other	9												
	Investment properties													
	Housing development													
	Other													
	Other assets		23 443	27 293	20 271	38 117	38 117	42 501	46 751	51 426				
	General vehicles		764	940	1 022	1 821	1 821	2 030	2 233	2 457				
	Computers - hardware/equipment		816	604	671	1 065	1 065	1 188	1 307	1 437				
	Furniture and other office equipment		3	0	2	16	16	18	19	21				
	Markets		738	721	679	1 009	1 009	1 126	1 238	1 362				
	Other Buildings		8 091	8 852	5 031	10 554	10 554	11 768	12 945	14 240				
	Other		13 031	16 176	12 865	23 651	23 651	26 371	29 008	31 909				
	Agricultural assets													
	List sub-class													
	Biological assets													
	List sub-class													
	Intangibles													
	Computers - software & programming													
	Other (list sub-class)													
	Total Repairs and Maintenance Expenditure	1	263 702	285 686	284 054	372 010	372 010	414 791	456 270	501 897				
	Specialised vehicles													
	Refuse													
	Fire													
	Conservancy													
	Ambulances													
	R&M as a % of PPE		2,6%	2,4%	2,4%	3,3%	3,3%	3,1%	3,2%	3,3%				
	R&M as % Operating Expenditure		6,6%	6,2%	5,4%	6,5%	6,5%	7,0%	7,2%	7,2%				

Table 75: MBRR Table SA34d – Depreciation by Asset Class

R thousand	Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19		
	Depreciation by Asset Class/Sub-class													
	Infrastructure													
	Infrastructure - Road transport		328 496	274 621	278 062	301 370	301 370	330 087	330 087	330 087	227 033	241 109	255 335	
	Roads, Pavements & Bridges		305 868	252 045	255 241	301 370	301 370	330 087	330 087	227 033	241 109	255 335		
	Storm water		22 628	22 576	22 821	-	-	-	-	-	-	-	-	
	Infrastructure - Electricity		95 303	96 875	106 450	73 815	73 815	73 815	73 815	100 075	106 280	112 551		
	Generation		-	-	-	-	-	-	-	-	-	-		
	Transmission & Reticulation		92 376	93 974	106 450	73 815	73 815	73 815	73 815	100 075	106 280	112 551		
	Street Lighting		2 927	2 901	-	-	-	-	-	-	-	-		
	Infrastructure - Water		58 425	57 007	140 312	64 133	64 133	64 133	64 133	93 715	99 526	105 398		
	Dams & Reservoirs		2 508	2 508	26 485	-	-	-	-	-	-	-		
	Water purification		9 372	7 433	3 171	11 195	11 195	11 195	11 195	20 606	21 884	23 175		
	Reticulation		46 545	47 066	110 657	52 939	52 939	52 939	52 939	73 109	77 642	82 223		
	Infrastructure - Sanitation		106 676	106 083	90 437	123 418	123 418	123 418	123 418	156 147	165 828	175 612		
	Reticulation		75 012	74 401	71 132	88 155	88 155	88 155	88 155	105 772	112 329	118 957		
	Sewerage purification		31 664	31 683	19 305	35 263	35 263	35 263	35 263	50 375	53 499	56 655		
	Infrastructure - Other		-	-	-	4 676	4 676	4 676	4 676	6 825	7 248	7 675		
	Transportation		-	-	-	4 676	4 676	4 676	4 676	6 825	7 248	7 675		
	Community		67 950	49 146	57 584	14 929	14 929	14 929	14 929	17 551	18 639	19 738		
	Parks & gardens		1 052	1 034	1 373	582	582	582	582	577	613	649		
	Sportsfields & stadia		9 919	9 665	16 273	3 218	3 218	3 218	3 218	4 666	4 956	5 248		
	Community halls		14 497	14 344	14 672	1 159	1 159	1 159	1 159	1 582	1 680	1 779		
	Libraries		2 197	2 197	2 641	-	-	-	-	-	-	-		
	Recreational facilities		10 889	998	1 011	-	-	-	-	-	-	-		
	Fire, safety & emergency		1 960	2 256	2 937	5 420	5 420	5 420	5 420	6 751	7 170	7 593		
	Clinics		2 284	2 341	2 341	951	951	951	951	607	645	683		
	Cemeteries		1 243	1 160	3 516	3 599	3 599	3 599	3 599	3 967	3 576	3 787		
	Other		23 810	15 152	12 819	-	-	-	-	-	-	-		

MBRR Table SA34d – Depreciation by Asset Class (Continued)

Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19		
R thousand	1												
Depreciation by Asset Class/Sub-class													
Heritage assets													
Buildings	9	-	-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-	-
Investment properties													
Housing development		-	-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-	-
Other assets		41 568	45 144	56 140	129 872	129 872	129 872	129 872	146 993	156 106	165 317		
General vehicles		12 027	12 814	5 902	4 646	4 646	4 646	4 646	7 616	8 088	8 565		
Specialised vehicles	10	-	-	4 237	3 544	3 544	3 544	3 544	-	-	-		
Plant & equipment		-	-	8 616	2 145	2 145	2 145	2 145	2 707	2 874	3 044		
Computers - hardware/equipment		-	-	2 514	18 284	18 284	18 284	18 284	19 867	21 099	22 344		
Furniture and other office equipment		-	-	3 158	14 054	14 054	14 054	14 054	21 649	22 991	24 347		
Other Buildings		29 541	32 330	31 713	82 457	82 457	82 457	82 457	91 574	97 252	102 989		
Other		-	-	-	4 741	4 741	4 741	4 741	3 581	3 803	4 027		
Agricultural assets													
List sub-class													
Biological assets													
List sub-class													
Intangibles		3 185	855	391	-	-	-	-	-	-	-		
Computers - software & programming		3 185	855	391	-	-	-	-	-	-	-		
Other (list sub-class)		-	-	-	-	-	-	-	-	-	-		
Total Depreciation	1	701 504	629 731	729 375	712 213	740 930	740 930	740 930	748 339	794 736	841 625		
Specialised vehicles													
Refuse		-	-	4 237	3 544	3 544	3 544	3 544	-	-	-		
Fire		-	-	3 392	2 034	2 034	2 034	2 034	-	-	-		
Conservancy		-	-	844	1 510	1 510	1 510	1 510	-	-	-		
Ambulances		-	-	-	-	-	-	-	-	-	-		

Table 76: MBRR Table SA35 – Future financial implications of the capital budget

Vote Description	Ref	2016/17 Medium Term Revenue & Expenditure Framework				Forecasts			
		Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Present value	
R thousand									
Capital expenditure	1								
Vote 1 - Directorate - Executive Support Services		5 500	500	500					
Vote 2 - Directorate - Municipal Manager		17 522	31 678	19 000					
Vote 3 - Directorate - Human Settlement		202 441	190 530	198 127					
Vote 4 - Directorate - Chief Financial Officer		10 600	10 600	10 600					
Vote 5 - Directorate - Corporate Services		7 100	2 100	600					
Vote 6 - Directorate - Infrastructure Services		887 671	1 059 353	1 010 629					
Vote 7 - Directorate - Spatial Planning		230 290	259 450	331 918					
Vote 8 - Directorate - Health & Public Safety		30 032	19 817	11 619					
Vote 9 - Directorate - Municipal Services		122 478	101 294	137 506					
Vote 10 - Directorate - Economic Development		44 500	45 500	57 500					
<i>List entity summary if applicable</i>									
Total Capital Expenditure		1 558 134	1 720 823	1 777 999	-	-	-	-	-
Future operational costs by vote	2								
Vote 1 - Directorate - Executive Support Services									
Vote 2 - Directorate - Municipal Manager									
Vote 3 - Directorate - Human Settlement									
Vote 4 - Directorate - Chief Financial Officer									
Vote 5 - Directorate - Corporate Services									
Vote 6 - Directorate - Infrastructure Services									
Vote 7 - Directorate - Spatial Planning									
Vote 8 - Directorate - Health & Public Safety									
Vote 9 - Directorate - Municipal Services									
Vote 10 - Directorate - Economic Development									
<i>List entity summary if applicable</i>									
Total future operational costs		-	-	-	-	-	-	-	-
Future revenue by source	3								
Property rates									
Property rates - penalties & collection charges									
Service charges - electricity revenue									
Service charges - water revenue									
Service charges - sanitation revenue									
Service charges - refuse revenue									
Service charges - other									
Rental of facilities and equipment									
<i>List entity summary if applicable</i>									
Total future revenue		-	-	-	-	-	-	-	-
Net Financial Implications		1 558 134	1 720 823	1 777 999	-	-	-	-	-

Table 77: MBRR Table SA36 - Detailed capital budget per municipal vote

Municipal Vote/Capital project R thousand	Program/Project description	Project number	IDP Goal code	Approved (Yest/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 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Ward location	New or renewal
Parent municipality:															
<i>List all capital projects grouped by Municipal Vote</i>															
Vote 1 - Executive Support Services															
	Office Furniture & Equipment	Various			Other Assets	Office Equipment	27.90766 -33.013943	3 553	1 321	3 239	5 500	500	500	Various	New
	Other Vehicles	Various			Other Assets	Other Assets	27.90766 -33.013944	-	-	459	-	-	-	Various	New
	Office Furniture & Equipment	Various			Other Assets	Office Equipment	27.90766 -33.013944	-	-	709	-	-	-	Various	New
	Computer Equipment	Various			Other Assets	Computers	27.90766 -33.013944	-	-	-	15 700	30 000	18 500	Various	New
	Other	Various			Other Assets	Other Assets	27.90766 -33.013944	-	5 452	-	1 822	1 678	500	Various	New
	Housing	Various			Housing	Housing	27.7799 -32.965061	-	144 650	195 880	201 941	190 030	197 627	Various	New
	Office Furniture & Equipment	Various			Other Assets	Office Equipment	27.90367 -33.0139	-	133	511	500	500	500	Various	New
Vote 2 - Human Settlement															
Vote 4 - Directorate of Finance															
	Computer Equipment	Various			Other Assets	Computers / CCTV Cameras	27.90479 -33.018711 27.90546 -33.0185	-	221	-	-	-	-	Various	New
	Office Furniture & Equipment	Various			Other Assets	Office Equipment	27.90479 -33.018711 27.90546 -33.0185	10 992	343	752	600	600	600	Various	New
	Asset Replacements	Various			Other Assets	Other Assets	27.90479 -33.018711 27.90546 -33.0185	-	2 718	10 000	10 000	10 000	10 000	Various	New
Vote 5 - Directorate of Corporate Services/Computer Equipment															
	Office Furniture & Equipment	Various			Other Assets	Computers	27.90546 -33.0185	33 670	4 211	29 598	-	-	-	Various	New
	Other	Various			Other Assets	Office Equipment	27.90546 -33.0185	-	662	713	600	600	600	Various	New
	Other	Various			Other Assets	Other Assets	27.90546 -33.0185	-	-	-	6 500	1 500	-	Various	New
Vote 6 - Directorate of Infrastructure Services															
	Roads	Various			Infrastructure	Roads	27.914219 -33.017366	349 727	322 624	340 649	267 179	273 829	289 457	Various	New & Renewal
	Sewerage	Various			Infrastructure	Sewerage	27.41162 -32.922372	-	107 707	262 362	371 992	507 524	390 172	Various	New & Renewal
	Electricity	Various			Infrastructure	Electricity reticulation	27.420754 -32.899332	105 583	119 307	164 500	143 000	163 000	171 000	Various	New & Renewal
	Street Lighting	Various			Infrastructure	Street Lighting	27.420754 -32.899332	-	6 270	-	-	-	-	Various	New & Renewal
	Water	Various			Infrastructure	Water reticulation	27.655071 -33.011893	84 058	90 752	110 000	87 500	95 000	140 000	Various	New & Renewal
	Office Furniture & Equipment	Various			Other Assets	Office Equipment	27.90476 -33.0187	-	358	-	-	-	-	Various	New
	BCMAM Fleet	Various			Vehicles	Vehicles	27.90476 -33.0187	4 863	24 889	48 000	18 000	20 000	20 000	Various	New

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

Municipal Vote/Capital project	Program/Project description	Project number	IDP Goal code	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																				
Parent municipality: List all capital projects grouped by Municipal Vote	Vote 7 - Directorate of Spatial Planning	Various	2	6	3	3	5	16,035	-	-	-	-	-	-	-	-																			
																	Land	27,951,05 -32,94,939	11,000	159,135	-	-	Various	New & Renewal											
																	Transportation Infrastructure	27,912,074 -32,007,841	31,000	185,646	-	-	Various	New & Renewal											
																	Office Furniture & Equipment	27,904,76 -33,0187	500	500	500	500	Various	New											
																	Other	27,905,46 -33,0185	-	10,000	-	-	Various	New & Renewal											
																	Other	27,822,27 -32,9833	10,821	-	500	-	Various	New & Renewal											
																	Other	27,822,27 -32,9833	10,821	-	500	-	Various	New & Renewal											
																	Computer Equipment	27,822,27 -32,9833	10,821	-	500	-	Various	New & Renewal											
																	Land & Buildings	27,906,72 -33,019118	4,432	60,655	67,700	34,500	Various	New & Renewal											
																	Land & Buildings	27,906,72 -33,019118	4,400	-	4,104	-	Various	New											
																	Land & Buildings	27,906,72 -33,019118	384	-	-	-	Various	New & Renewal											
																	Land & Buildings	27,906,72 -33,019118	-	10,486	7,612	6,859	Various	New & Renewal											
																	Office Furniture & Equipment	27,906,72 -33,019118	-	500	500	500	Various	New & Renewal											
																	Plant & Equipment	27,906,72 -33,019118	7,800	700	800	900	Various	New & Renewal											
																	Disaster Management	27,906,72 -33,019118	-	390	905	1,320	Various	New & Renewal											
																	Other	27,906,72 -33,019118	-	5,956	5,000	2,000	Various	New & Renewal											
																	Specialised Vehicles	27,906,72 -33,019118	-	8,008	12,000	5,000	Various	New											
																	Vote 9 - Directorate of Municipal Services	Reuse Amenities Sports fields Halls Recreational Facilities Plant & equipment Computer Equipment Plant & equipment Sports fields Asset Replacements Zoo Aquarium Beaches Rescues	Various	-	-	-	-	-	173,657	30,951	66,480	78,454	55,947	91,504	0	New	-	-	
Waste Management	27,387,65 -32,8869	-	1,750	2,750	2,750	Various	New																												
Amenities	27,739,73 -32,9379	-	4,495	15,106	10,500	10,500	Various	Renewal																											
Sports fields	27,739,73 -32,9379	-	8,118	13,159	10,300	10,300	Various	Renewal																											
Halls	27,739,73 -32,9379	-	-	-	-	-	Various	Renewal																											
Recreational Facilities	27,739,73 -32,9379	-	-	-	-	-	Various	Renewal																											
Plant & equipment	27,739,73 -32,9379	-	-	-	-	-	Various	Renewal																											
Office Furniture & Equipment	27,739,73 -32,9379	-	-	-	-	-	Various	Renewal																											
Computer Equipment	27,739,73 -32,9379	-	-	-	-	-	Various	Renewal																											
Plant & equipment	27,739,73 -32,9379	-	-	-	-	-	Various	Renewal																											
Sports fields	27,739,73 -32,9379	-	-	-	-	-	Various	Renewal																											
Asset Replacements	27,739,73 -32,9379	-	-	-	-	-	Various	Renewal																											
Zoo	27,739,73 -32,9379	-	-	-	-	-	Various	Renewal																											
Aquarium	27,739,73 -32,9379	-	-	-	-	-	Various	Renewal																											
Beaches	27,739,73 -32,9379	-	-	-	-	-	Various	Renewal																											
Rescues	27,739,73 -32,9379	-	-	-	-	-	Various	Renewal																											
Vote 10 - Directorate of Economic Development	LED	Various	-	-	-	-	-	644,194	1,341	24,000	44,500	45,500	57,500	-	New & Renewal	-																			-
Parent Capital expenditure									930,050	1,300,877	1,550,134	1,720,823	1,777,999																						

Table 78: MBRR Table SA37 – Projects delayed from the previous financial year

Municipal Vote/Capital project	Rel. 1,2	Project name	Project number	Asset Class	Asset Sub-Class	GPS co-ordinates	Previous target year to complete	Current Year		2016/17 Medium Term Revenue & Expenditure Framework	
								2015/16 Original Budget	2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +2 2017/18
R thousand											
Parent municipality: List all capital projects grouped by Municipal Vote											
Vote 3 - Human Settlement		Examples									
		Reeston Phase 3 Stage 2 - P1 & P3	-	Housing	Housing	27.7799 -32.965061		5 000	-		
		Mdantsane Zone 1B CC Phase 2 - P1 & P3	-	Housing	Housing	27.7799 -32.965061		2 000	5 000		
		Manyano & Thembellille Phase 2 - P1 & P3	-	Housing	Housing	27.7799 -32.965061		4 000	2 000		
		Second Creek (Turn Key) - P1 & P3	-	Housing	Housing	27.7799 -32.965061		1 000	4 000		
		Block Yard TRA - P 1& P3	-	Housing	Housing	27.7799 -32.965061		300	1 000		
		DVRI Pilot Project (Meleni), Haven Hills, Competition Site) P1 & P3	-	Housing	Housing	27.7799 -32.965061		270	300		
		Cluster 3 (Fynbos Informal 1, Fynbos Informal 2, Ndancama) P1 & P3	-	Housing	Housing	27.7799 -32.965061		1 000	270		
								1 000	1 000		
Vote 6 - Directorate of Infrastructure Services		Examples									
		West Bank Restitution	Various	Floods	Roads	27.914219 -33.017356		2 000	2 000		
		Bufferstrip Sanitation	Various	Waste Water	Waste Water	27.441562 -32.932372		2 900	2 900		
		Eastern Beach Sewers	Various	Waste Water	Waste Water	27.441562 -32.932372		450	450		
		E.L Sewer Diversion Centre	Various	Waste Water	Waste Water	27.441562 -32.932372		10 000	10 000		
		Reeston Phase 3 Built Service Sewer	Various	Waste Water	Waste Water	27.441562 -32.932372		22 500	22 500		
		Waste Water Treatment Capacity Zwellisha	Various	Waste Water	Waste Water	27.441562 -32.932372		11 800	11 800		
Vote 9 - Directorate of Municipal Services		Examples									
		Development of Community Parks(Inland, Midlands and Coastal)	Various	Community and social services	Parks	27.73973 -32.9379		1 900	1 900		
		Development and Upgrading of Cemeteries(Inland, Midland and Coastal)	Various	Environmental Protection	Cemeteries	27.73973 -32.9379		2 500	2 500		
		Development and Upgrading of Community Halls	-	Community and social services	Halls	27.73973 -32.9379		800	800		
		Redevelopment of Mdantsane NU 2 Swimming Pools & Upgrading of Waterworld	-	Community and social services	Swimming Pool	27.73973 -32.9379		2 998	2 998		
		Upgrading of Esplanade	-	Community and social services	Amenities	27.73973 -32.9379		1 600	1 600		
		Upgrading of Aquarium	-	Community and social services	Amenities	27.73973 -32.9379		750	750		
Entities: List all capital projects grouped by Municipal Entity											
Entity Name Project name											

2.14 LEGISLATION COMPLIANCE STATUS

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

1. In year reporting

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

2. Internship programme

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

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

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

6. Annual Report

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

7. National Treasury Competency Programme

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

8. Policies

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

9. Councillors Remuneration

Remuneration of Councillors is determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the City's budget.

Table 79: MBRR Table SA1 – Supporting detail to budgeted financial performance

Ref	Description	2012/13				2013/14				2014/15				Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	2012/13	Audited Outcome	2013/14	Audited Outcome	2014/15	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19							
6	REVENUE ITEMS: Property rates Total Property Rates <i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i> Net Property Rates	602 867	689 173	817 717	937 143	987 143	987 143	987 143	987 143	987 143	987 143	1 161 166	1 246 415	1 335 583							
6	Service charges - electricity revenue <i>less Revenue Foregone (in excess of 50 kwh per indigent household per month)</i> <i>less Cost of Free Basis Services (50 kwh per indigent household per month)</i> Net Service charges - electricity revenue	22 767	26 216	23 198	34 301	34 301	34 301	34 301	34 301	34 301	34 301	38 246	42 644	47 549							
6	Service charges - water revenue Total Service charges - water revenue <i>less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)</i> <i>less Cost of Free Basis Services (6 kilolitres per indigent household per month)</i> Net Service charges - water revenue	580 100	672 957	794 519	902 842	952 842	952 842	952 842	952 842	952 842	952 842	1 122 920	1 203 770	1 288 034							
6	Service charges - sanitation revenue Total Service charges - sanitation revenue <i>less Revenue Foregone (in excess of one removal a week to indigent households)</i> <i>less Cost of Free Basis Services (removed once a week to indigent households)</i> Net Service charges - refuse revenue	1 268 660	1 383 884	1 465 814	1 658 671	1 758 671	1 658 671	1 758 671	1 758 671	1 758 671	1 758 671	1 815 256	1 953 942	2 103 223							
6	Service charges - sanitation revenue Total Service charges - sanitation revenue <i>less Revenue Foregone (in excess of free sanitation service to indigent households)</i> <i>less Cost of Free Basis Services (free sanitation service to indigent households)</i> Net Service charges - refuse revenue	271 026	325 380	384 282	411 381	411 381	411 381	411 381	411 381	411 381	411 381	444 281	479 346	517 310							
6	Service charges - refuse revenue Total refuse removal revenue Total landfill revenue <i>less Revenue Foregone (in excess of one removal a week to indigent households)</i> <i>less Cost of Free Basis Services (removed once a week to indigent households)</i> Net Service charges - refuse revenue	223 023	248 673	278 832	314 571	314 571	314 571	314 571	314 571	314 571	314 571	339 107	364 540	380 787							
6	Service charges - refuse revenue Total refuse removal revenue Total landfill revenue <i>less Revenue Foregone (in excess of one removal a week to indigent households)</i> <i>less Cost of Free Basis Services (removed once a week to indigent households)</i> Net Service charges - refuse revenue	198 898	228 895	261 807	286 063	286 063	286 063	286 063	286 063	286 063	286 063	308 375	331 504	355 372							
1	Other Revenue by source Fuel Levy Electricity vending station commission Fire levy charges Plan approval fees Reconnection fees Electricity service connection fees Vehicle registration Other revenue Total 'Other' Revenue	198 898	228 895	261 807	286 063	286 063	286 063	286 063	286 063	286 063	286 063	308 375	331 504	355 372							
1		317 781	343 412	361 639	370 461	370 461	370 461	370 461	370 461	370 461	370 461	23 247	24 921	26 986							
1		15 572	17 176	18 084	21 605	21 605	21 605	21 605	21 605	21 605	21 605	68 667	73 611	78 764							
1		46 279	52 485	58 358	63 817	63 817	63 817	63 817	63 817	63 817	63 817	10 585	11 347	12 142							
1		5 165	7 247	8 174	9 837	9 837	9 837	9 837	9 837	9 837	9 837	14 822	15 922	17 037							
1		3 446	4 261	5 165	6 174	6 174	6 174	6 174	6 174	6 174	6 174	13 804	14 822	15 922							
1		8 553	28 869	22 848	10 000	10 000	10 000	10 000	10 000	10 000	10 000	10 780	11 535	12 342							
1		30 696	32 939	31 342	42 352	42 352	42 352	42 352	42 352	42 352	42 352	45 571	48 852	52 272							
1		90 234	145 639	73 328	131 054	131 054	131 054	131 054	131 054	131 054	131 054	141 014	151 167	161 749							
1		517 756	642 030	586 595	662 931	662 931	662 931	662 931	662 931	662 931	662 931	314 698	337 358	360 871							

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

Ref	Description	2012/13		2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
	R thousand												
	EXPENDITURE ITEMS:												
	Employee related costs												
2	Basic Salaries and Wages	610 444	657 585	709 687	849 245	887 198	927 968	887 198	927 968	1 006 286	1 077 569		
	Pension and UIF Contributions	119 158	127 627	135 383	155 412	155 412	175 926	155 412	175 926	185 202	197 515		
	Medical Aid Contributions	42 218	46 872	52 913	96 231	96 231	84 290	96 231	84 290	90 022	96 144		
	Overtime	62 099	80 707	107 200	60 348	60 348	71 801	60 348	71 801	73 722	78 735		
	Performance Bonus	-	-	-	71 335	71 335	-	71 335	-	-	-		
	Motor Vehicle Allowance	17 417	18 631	20 473	29 885	29 885	32 334	29 885	32 334	34 532	36 880		
	Cellphone Allowance	-	-	-	-	-	4 276	-	4 276	4 587	4 878		
	Housing Allowances	3 509	3 219	3 508	10 145	10 145	13 739	10 145	13 739	13 739	13 739		
	Other benefits and allowances	93 623	163 021	117 667	90 647	90 647	179 633	90 647	179 633	189 733	202 635		
	Payments in lieu of leave	20 868	22 094	29 230	7 307	7 307	16 121	7 307	16 121	17 218	18 388		
	Long service awards	13 225	14 840	16 270	17 064	17 064	18 831	17 064	18 831	19 719	21 060		
4	Post-retirement benefit obligations	-	-	-	-	-	6 148	17 064	6 148	6 586	7 012		
5	sub-total	982 560	1 134 586	1 182 331	1 387 619	1 425 572	1 531 068	1 425 572	1 531 068	1 641 305	1 754 555		
	<u>Less: Employees costs capitalised to PPE</u>												
1	Total Employee related costs	982 560	1 134 586	1 182 331	1 387 619	1 425 572	1 531 068	1 425 572	1 531 068	1 641 305	1 754 555		
	Contributions recognised - capital												
	<u>List contributions by contract</u>												
	Total Contributions recognised - capital												
	Depreciation & asset impairment												
	<u>Depreciation of Property, Plant & Equipment</u>												
1	Total Depreciation & asset impairment	701 504	629 728	729 880	712 213	740 930	748 339	740 930	748 339	794 736	841 625		
	Bulk purchases												
	<u>Electricity Bulk Purchases</u>	900 089	952 084	1 043 186	1 190 815	1 220 815	1 316 772	1 220 815	1 316 772	1 420 270	1 531 903		
	<u>Water Bulk Purchases</u>	140 025	158 380	170 456	186 196	186 196	204 816	186 196	204 816	225 297	247 827		
1	Total bulk purchases	1 040 113	1 110 464	1 213 642	1 377 012	1 407 012	1 521 587	1 407 012	1 521 587	1 645 567	1 779 730		
	Transfers and grants												
	<u>Cash transfers and grants</u>	2 474	13 946	29 243	25 493	25 493	39 014	25 493	39 014	41 874	44 941		
	<u>Non-cash transfers and grants</u>	98 557	131 925	206 555	233 076	233 076	249 453	233 076	249 453	268 288	288 236		
1	Total transfers and grants	99 031	145 871	235 798	258 568	258 568	288 468	258 568	288 468	310 163	333 178		
	Contracted services												
	<u>Contractor Payments</u>	2 692	3 003	2 969	3 556	3 556	3 698	3 556	3 698	3 928	4 159		
	<u>Grass mowing</u>	2 515	2 757	2 969	3 265	3 265	3 395	3 265	3 395	3 606	3 819		
	<u>One-man contracts</u>	2 557	3 984	11 636	14 595	14 595	15 178	14 595	15 178	16 119	17 070		
	<u>Transfer Contract</u>	-	-	-	206	206	214	206	214	228	241		
1	sub-total	7 763	9 743	14 607	21 622	21 622	22 486	21 622	22 486	23 881	25 290		
	Allocations to organs of state:												
	<u>Electricity</u>												
	<u>Water</u>												
	<u>Sanitation</u>												
	<u>Other</u>												
	Total contracted services	7 763	9 743	14 607	21 622	21 622	22 486	21 622	22 486	23 881	25 290		

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

Table 80: MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Ref	Description	Vote 1 - Directorate - Executive Support	Vote 2 - Directorate - Municipal Manager	Vote 3 - Directorate - Human Settlement	Vote 4 - Directorate - Chief Financial	Vote 5 - Directorate - Corporate Services	Vote 6 - Directorate - Infrastructur e Services	Vote 7 - Directorate - Spatial Planning	Vote 8 - Directorate - Health & Public Safety	Vote 9 - Directorate - Municipal Services	Vote 10 - Directorate - Economic Development	Total
1	R thousand											
	Revenue By Source											
	Property rates	-	-	-	1 122 920	-	-	-	-	-	-	1 122 920
	Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-
	Service charges - electricity revenue	-	-	-	-	-	1 815 256	-	-	-	-	1 815 256
	Service charges - water revenue	-	-	-	-	-	444 291	-	-	-	-	444 291
	Service charges - sanitation revenue	-	-	-	-	-	339 107	-	-	-	-	339 107
	Service charges - refuse revenue	-	-	-	-	-	-	-	-	308 375	-	308 375
	Service charges - other	-	-	-	947	-	16 697	-	-	3 936	-	21 580
	Rental of facilities and equipment	-	-	105	-	-	-	12 953	-	6 988	-	20 045
	Interest earned - external investments	-	-	-	143 775	-	-	-	-	-	-	143 775
	Interest earned - outstanding debtors	-	-	-	34 650	-	-	-	-	-	-	34 650
	Dividends received	-	-	-	-	-	-	-	-	-	-	-
	Fines	-	-	-	-	-	-	-	8 189	197	-	8 385
	Licences and permits	-	-	-	-	-	-	-	13 814	144	-	13 958
	Agency services	-	-	-	-	-	-	-	-	-	-	-
	Other revenue	-	-	-	196 077	-	-	-	65 676	6 590	-	314 699
	Transfers recognised - operational	-	41 692	563 612	403 362	13 036	193 988	3 000	20 410	80 629	0	1 319 728
	Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-
	Total Revenue (excluding capital transfers and contributions)	-	41 692	563 717	1 901 731	13 036	2 824 217	47 430	108 089	406 859	0	5 906 770
	Expenditure By Type											
	Employee related costs	54 166	26 420	25 591	198 028	88 569	384 430	117 125	294 125	342 595	-	1 531 068
	Remuneration of councillors	58 099	-	-	-	-	-	-	-	-	-	58 099
	Debt impairment	-	-	-	73 623	-	191 196	-	7 246	31 799	-	303 865
	Depreciation & asset impairment	2 444	1 951	10 849	2 436	23 284	582 363	96 874	8 871	19 247	-	748 339
	Finance charges	-	-	-	-	-	50 039	2 435	2 395	2 235	-	57 105
	Bulk purchases	-	-	-	-	-	1 521 587	-	-	-	-	1 521 587
	Other materials	-	-	-	-	-	-	-	-	-	-	-
	Contracted services	-	-	-	-	-	5 613	-	-	16 874	-	22 486
	Transfers and grants	18 660	-	-	66 250	-	92 134	6 461	15 037	89 923	-	288 465
	Other expenditure	46 600	76 681	459 502	137 771	67 566	390 729	61 222	30 310	102 576	1 721	1 374 677
	Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-
	Total Expenditure	179 989	105 052	495 942	478 108	179 419	3 218 111	284 117	357 984	605 248	1 721	5 905 692
	Surplus/(Deficit)	(179 989)	(63 360)	67 774	1 423 623	(166 382)	(393 895)	(236 687)	(249 895)	(198 389)	(1 721)	1 079
	Transfers recognised - capital	-	-	-	-	-	-	-	-	-	848 269	848 269
	Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-
	Contributed assets	-	-	-	-	-	-	-	-	-	-	-
	Surplus/(Deficit) after capital transfers & contributions	(179 989)	(63 360)	67 774	1 423 623	(166 382)	(393 895)	(236 687)	(249 895)	(198 389)	846 548	849 348

Table 81: MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	Ref	2016/17 Medium Term Revenue & Expenditure Framework				Current Year 2015/16					
		Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Pre-audit outcome	Original Budget	Adjusted Budget	Full Year Forecast	Audited Outcome	2013/14 Audited Outcome	2014/15 Audited Outcome
R thousand											
ASSETS											
<u>Call investment deposits</u>											
Call deposits < 90 days		2 408 873	2 569 586	2 781 310	2 380 443	2 380 443	2 380 443	2 380 443	2 137 189	1 966 369	2 137 189
Other current investments > 90 days											
Total Call investment deposits	2	2 408 873	2 569 586	2 781 310	2 380 443	2 380 443	2 380 443	2 380 443	2 137 189	1 966 369	2 137 189
<u>Consumer debtors</u>											
Consumer debtors		1 929 405	2 122 346	2 334 580	1 754 005	1 512 900	1 512 900	1 512 900	1 594 550	1 263 496	1 594 550
Less: Provision for debt impairment		(1 108 770)	(1 235 112)	(1 365 662)	(987 058)	(840 954)	(840 954)	(840 954)	(899 745)	(686 126)	(899 745)
Total Consumer debtors	2	820 635	887 234	968 918	766 947	671 946	671 946	671 946	694 805	577 370	694 805
<u>Debt impairment provision</u>											
Balance at the beginning of the year		987 058	1 108 770	1 235 112	899 745	741 174	741 174	741 174	686 126	565 116	686 126
Contributions to the provision		305 045	328 008	352 382	253 979	245 009	245 009	245 009	365 110	241 034	365 110
Bad debts written off		(183 333)	(201 666)	(221 833)	(166 666)	(145 229)	(145 229)	(145 229)	(151 491)	(120 024)	(151 491)
Balance at end of year		1 108 770	1 235 112	1 365 662	987 058	840 954	840 954	840 954	899 745	686 126	899 745
<u>Property, plant and equipment (PPE)</u>											
PPE at cost/valuation (excl. finance leases)		29 717 585	31 398 408	33 136 407	28 207 451	24 839 611	24 839 611	24 839 611	26 816 574	25 988 187	26 816 574
Leases recognised as PPE											
Less: Accumulated depreciation		16 269 243	17 063 979	17 905 604	15 520 904	13 642 319	13 642 319	13 642 319	14 779 974	14 109 978	14 779 974
Total Property, plant and equipment (PPE)	2	13 448 342	14 334 429	15 230 803	12 686 547	11 197 292	11 197 292	11 197 292	12 036 600	11 878 209	12 036 600
LIABILITIES											
<u>Current liabilities - Borrowing</u>											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities		51 825	51 794	59 561	46 097	46 097	46 097	46 097	48 835	57 416	48 835
Total Current liabilities - Borrowing		51 825	51 794	59 561	46 097	46 097	46 097	46 097	48 835	57 416	48 835
<u>Trade and other payables</u>											
Trade and other creditors		727 650	800 415	880 457	661 500	661 500	661 500	661 500	535 473	641 526	535 473
Unspent conditional transfers		124 080	136 488	150 137	112 800	112 800	112 800	112 800	205 715	213 718	205 715
VAT									172	142	172
Total Trade and other payables	2	851 730	936 903	1 030 593	774 300	774 300	774 300	774 300	741 360	855 385	741 360
<u>Non current liabilities - Borrowing</u>											
Borrowing		514 234	651 791	769 097	496 477	496 477	496 477	496 477	496 477	542 574	496 477
Finance leases (including PPP asset element)		3 941	3 425	3 425	3 941	3 941	3 941	3 941	767	3 425	767
Total Non current liabilities - Borrowing	4	518 175	655 216	772 522	500 418	500 418	500 418	500 418	497 244	545 999	497 244
<u>Provisions - non-current</u>											
Retirement benefits		549 186	604 105	664 515	499 260	499 260	499 260	499 260	487 757	399 295	487 757
List other major provision items		109 813	120 794	132 874	99 830	99 830	99 830	99 830	10 433	57 756	10 433
Refuse landfill site rehabilitation									100	100	100
Other		658 999	724 899	787 389	599 090	599 090	599 090	599 090	498 291	457 151	498 291
Total Provisions - non-current		1 317 798	1 450 003	1 585 277	1 198 340	1 198 340	1 198 340	1 198 340	1 106 381	1 014 302	1 106 381

MBRR Table SA3 -- Supporting detail to Statement of Financial Position (Continued)

Description	Ref	2012/13		2013/14		2014/15		Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework				
		Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19				
R thousand																
CHANGES IN NET ASSETS																
Accumulated Surplus/(Deficit) - opening balance		7 913 290	8 390 445	8 948 495	8 238 798	8 238 798	8 238 798	8 238 798	8 238 798	11 772 123	14 069 492	16 231 172				
GRAP adjustments		7 308	84 832	6 946												
Restated balance		7 920 598	8 475 277	8 955 442	8 238 798	8 238 798	8 238 798	8 238 798	8 238 798	11 772 123	14 069 492	16 231 172				
Surplus/(Deficit)		458 227	604 192	349 126	851 275	851 275	851 275	851 275	851 275	849 347	894 454	972 266				
Appropriations to Reserves																
Transfers from Reserves																
Depreciation offsets		573														
Other adjustments		11 047	(130 973)	(2)	960 503	1 097 794	1 097 794	1 097 794	2 682 050	1 448 022	1 267 226	1 348 302				
Accumulated Surplus/(Deficit)	1	8 390 445	8 948 495	9 304 566	10 050 576	10 187 867	10 187 867	10 187 867	11 772 123	14 069 492	16 231 172	18 551 739				
Reserves																
Housing Development Fund																
Capital replacement																
Self-insurance		573														
Other reserves		11 047	(130 973)	(2)	960 503	1 097 794	1 097 794	1 097 794	2 682 050	(304 427)	(311 170)	(339 943)				
Revaluation		2 415 540	4 185 855	4 236 663	2 810 783	2 810 783	2 810 783	2 810 783	2 810 783	3 091 861	3 401 047	3 741 152				
Total Reserves	2	2 427 160	4 054 881	4 236 661	3 771 286	3 908 577	3 908 577	3 908 577	5 492 833	2 787 434	3 089 877	3 401 209				
TOTAL COMMUNITY WEALTH/EQUITY	2	10 817 606	13 003 377	13 541 227	13 821 862	14 096 444	14 096 444	14 096 444	17 264 956	16 856 926	19 321 049	21 952 948				

Table 82: MBRR Table SA9 – Social, Economic and Demographic Statistics and Assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2012/13		2013/14		2014/15		Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework	
						Outcome	Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome		
Demographics															
Population	0	724	660	702	724	724	724	724	724	724	724	724	724	724	724
Females aged 5 - 14		65	69	69	65	65	65	65	65	65	65	65	65	65	65
Males aged 5 - 14		66	69	66	66	66	66	66	66	66	66	66	66	66	66
Females aged 15 - 34		117	141	136	136	136	136	136	136	136	136	136	136	136	136
Males aged 15 - 34		130	129	146	146	146	146	146	146	146	146	146	146	146	146
Unemployment	0	112	158	112	112	112	112	112	112	112	112	112	112	112	112
Monthly household income (no. of households)	1, 12														
No income	0						38 023	38 023	38 023	38 023	38 023	38 023	38 023	38 023	38 023
R1 - R1 600	0						11 650	11 650	11 650	11 650	11 650	11 650	11 650	11 650	11 650
R1 601 - R3 200	0						15 660	15 660	15 660	15 660	15 660	15 660	15 660	15 660	15 660
R3 201 - R6 400	0						41 421	41 421	41 421	41 421	41 421	41 421	41 421	41 421	41 421
R6 401 - R12 800	0						38 047	38 047	38 047	38 047	38 047	38 047	38 047	38 047	38 047
R12 801 - R25 600							24 916	24 916	24 916	24 916	24 916	24 916	24 916	24 916	24 916
R25 601 - R51 200							19 986	19 986	19 986	19 986	19 986	19 986	19 986	19 986	19 986
R52 201 - R102 400							17 765	17 765	17 765	17 765	17 765	17 765	17 765	17 765	17 765
R102 401 - R204 800	0						11 058	11 058	11 058	11 058	11 058	11 058	11 058	11 058	11 058
R204 801 - R409 600	0						3 448	3 448	3 448	3 448	3 448	3 448	3 448	3 448	3 448
R409 601 - R819 200	0						918	918	918	918	918	918	918	918	918
> R819 200	0						668	668	668	668	668	668	668	668	668
Poverty profiles (no. of households)	13														
< R2 060 per household per month	2						54240,00	54240,00	54240,00	54240,00	54240,00	54240,00	54240,00	54240,00	54240,00
Household/demographics (000)															
Number of people in municipal area			659 531	701 889	724 309	755	755	755	755	755	755	755	755	755	755
Number of poor people in municipal area			174 611	166 874	136 833	189	189	189	189	189	189	189	189	189	189
Number of households in municipal area			155 728	194 065	208 389	224	224	224	224	224	224	224	224	224	224
Number of poor households in municipal area			N/A	N/A	N/A	54	54	54	54	54	54	54	54	54	54
Distribution of poor household (R per month)			N/A	N/A	N/A	<R2 400	<R2 400	<R2 400	<R2 400	<R2 400	<R2 400	<R2 400	<R2 400	<R2 400	<R2 400
Housing statistics	3														
Formal			120 566	156 679	162 310	162 310	162 310	162 310	162 310	162 310	162 310	162 310	162 310	162 310	162 310
Informal			58 090	45 601	49 856	49 856	49 856	49 856	49 856	49 856	49 856	49 856	49 856	49 856	49 856
Total number of households			178 656	202 280	212 166	212 166	212 166	212 166	212 166	212 166	212 166	212 166	212 166	212 166	212 166
Dwellings provided by province/s	4														
Dwellings provided by private sector	5														
Total new housing dwellings															
Economic	6														
Inflation outlook (CPIX)							-1,8%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Interest rate - borrowing							11,7%	11,5%	10,5%	10,5%	10,5%	10,5%	10,5%	10,5%	10,5%
Interest rate - investment							0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Remuneration increases							6,4%	8,3%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Consumption growth (electricity)							0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Consumption growth (water)							0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Collection rates	7														
Property tax/service charges							93,0%	93,0%	93,0%	93,0%	93,0%	93,0%	93,0%	93,0%	93,0%
Rental of fixtures & equipment							0,0%	101,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Interest - external investments							0,0%	134,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Interest - debtors							0,0%	69,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Revenue from agency services							0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%

Table 83: MBRR Table SA32 – List of External Mechanism

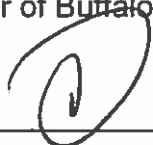
External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
Maitronic Media Management	Yrs	3	Printing of Statements	31 March 2018	3 807
Amabla Water	Yrs	30	Bulk Water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

2.15 CITY MANAGER'S QUALITY CERTIFICATE

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

Print Name NCEBA NCUNYANA

Acting City Manager of Buffalo City Metropolitan Municipality (BUF)

Signature  _____

Date 20-05-2016

ANNEXURES:

- C: 2016/17 MTREF Capital Projects
- D: 2016/17 MTREF Operating Projects
- E: 2016/17 Tariffs
- F: Tariff Policy
- G: Budget Virement Policy
- H: Budget Policy
- I: MFMA Circular 78, 79 and 82
- J: mSCOA Project Plan and Progress to Date
- K: Service Level Standards
- L: A Schedules
- M: 2016/17 Built Environment Performance Plan (BEPP)
- N: Long-Term Borrowings Policy