

ANNUAL BUDGET OF MKHAMBATHINI MUNICIPALITY



2019/20 TO 2021/22 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Abbreviations and Acronyms

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

Part 1 – Annual Budget

1.1 Mayor's Report

SPEECH BY THE MAYOR OF MKHAMBATHINI MUNICIPALITY

**CLLR. E. NGCONGO PRESENTED TO THE MUNICIPAL COUNCIL ON THE OCCASION OF THE
TABLING OF THE 2019/2020, 2020/2021 and 2021/2022 FINAL ANNUAL BUDGET IN THE
COUNCIL CHAMBERS, CAMPERDOWN,**

ON THURSDAY, 30 MAY 2019

Speaker of the Council,

Deputy Mayor,

Executive Committee Members,

Councillors,

Traditional leaders,

Acting Municipal Manager,

All Senior Managers,

Chief Financial Officer,

All Staff members present,

Members of the media if any are present and Public,

Distinguish guest, Ladies and Gentlemen.

It is a great honour to present to you the multi-year budget for Mkhambathini Municipality in respect of the 2019/20, 2020/21 and 2021/22 financial years.

Speaker and members of Council, this multi-year budget is tabled in terms of the Municipal Finance Management Act (MFMA), No 56 of 2003 and in terms of the Municipal Budget & Reporting Regulations. The MFMA requires that the budget be tabled ninety (90) days before the start of the financial year and we are fully complying with this requirement. In terms of section 16 (1) of the Municipal Finance management Act, the council of a municipality must for each financial year approve an annual Budget for the municipality before the start of that financial year.

Inflation is forecast to remain within the target range of 6.1 to 5.8 percent as per MFMA circular 93 and 94 issued by National Treasury. This was taken into account when the budget was compiled.

The parties, SALGA, IMATU and SAMWU agreed on the salary increment to be implemented for in 2019/20 Financial Year. The salary increment will be 6.5% which is in line with the collective agreement and the municipal official's salary has been increased by 6.5% in line with the agreement.

Speaker, Council's reviewed IDP for 2019/20 Financial year was used when preparing the Final Annual Budget which is tabled in today's meeting. I am pleased to announce that this Final budget is aligned to the draft revised IDP. Due to the current financial situation of Mkhambathini Municipality, the municipality will only be able to fund the capital projects through the Municipal Infrastructure Grant which amounts to R 16, 076 million and own generated revenue of R4, 9 million. The municipality is trying to ensure that the Municipal reserves are not depleted.

Governance

The Internal Audit Activity stills operate as an outsourced Internal Audit Services which is an indication of a commitment in promoting good governance. Internal Audit Activity has formed a working relationship with the Provincial Internal Audit Unit and National Treasury Risk and Internal Audit Support Unit for skills and resources sharing and to strengthen the Internal Audit Activities operations. A risk based audit plan has been developed and systems of internal control were tested to effectively monitor the vulnerability of operations within the municipality. Internal Audit also meets on a regular basis as well MPAC.

Mkhambathini Municipality Youth Advisory Centre continues to service the youth who are seeking advice on careers, receiving vouchers for small businesses, life skills, and basic computer skills. The centre of gender issues also resides in the youth development office. The municipality have also established the Youth Council which was elected in 2018 and it is currently functional when it comes to youth programs.

Housing

Speaker, we have 4 housing projects within the Mkhambathini Municipality. To date, low income houses have been constructed. These include areas such as Mbambangalo, Maqongqo, KwaNjobokazi, KwaMahleka and Ward 7 Rural Housing. Furthermore, there are projects that are in the planning and packaging stage, which include Stockdale and Poortjie Project and the Council recently took a resolution to include Ward 2 and Ward 5 house projects.

Property Rates

- The current General Valuation Roll validity period is coming to an end on 30 June 2019. The municipality appointed a service provider to prepare the New General Valuation Roll to be implemented as from 01 July 2019 with a validity period being 5 years. The new General Valuation Roll will be implemented as from 01 July 2019 and the objection period have lapsed, 30 April 2019.
- The currently year's Supplementary valuation roll has been received and is going to be advertised for comment in April 2019 for comment before being implemented. The Rates Policy has been amended to make provision for the changes in the amendments to the Property rates act and regulations.
- There will be rates exemption up to R285 000 of the valuation for residential properties in 2019/20 as granted in the previous years.

I must mention Speaker that the municipality have conducted an intensive public participation process to that IDP and Budget includes the views of the community and this Final Budget tabled today incorporates the comments received during the public participation.

Back to basics

Speaker, we all aware of the concept of Back to basics and the importance of implementing a back to basic plan. We are fortunate that through the COGTA assessment, Mkhambathini Municipality was found to be functional, but we must still make every effort to improve on upholding the 5 pillars of the Back to Basics concept and improve the lives of our citizens. We continue to align ourselves to the programmes rolled out by National and Provincial Government. We have provided an amount in our budget to deal with some priorities of Back to basics.

mSCOA

Speaker, Local Government has seen many reforms since the Implementation of the Municipal Management Finance Act over the years. Recently National Treasury has commenced with the roll out of programmes to implement the Municipal standard chart of accounts – mSCOA. A lot more needs to be done to implement this new reform as we go live on 1 July 2017. Funding for implementation mSCOA is from the Financial Management Grant and Municipal System Improvement Grant and own funding. Reports have been coming to Council during the last 2 years on the implementation and readiness towards mSCOA.

Current Economic Conditions and Funding

Speaker, as you are aware, the Country is experiencing harsh economic times and is experiencing a severe drought. As a result of this, food prices and other essential commodities are rising rapidly.

This prompted National and Provincial Government to introduce cost cutting and saving measures in order to deliver services and sacrifice effectively. As the result of this funding to Local Government has been being reduced. Grant funding has been reduced and affects, Equitable Share and MIG. The effect of Governments austerity measures, has placed the Municipal budget under pressure and the Municipality has also embarked on cost saving measures and introduced them in this budget. Prudent Financial Management and constant monitoring of the budget must take place during the year through in year monitoring.

I THANK YOU

1.2 Council Resolutions

1. That in terms of section 24 of the Municipal Finance Management Act, 56 of 2003, the annual budget of Mkhambathini Municipality for the financial year 2019/2020 and indicative allocations for the two projected outer years 2020/2021 and 2021/2022, and the multi-year and single year capital appropriations are approved as set out in the following tables:
 - 1.1 Budgeted Financial Performance (revenue & expenditure by standard classification)
 - 1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote)
 - 1.3 Budgeted Financial Performance (revenue by source and expenditure by type)
 - 1.4 Single year capital appropriations by municipal vote and standard classification and associated funding by source
2. That the Final Annual budget and Medium-Term Revenue and Expenditure Framework (MTEF) for the three-year period commencing in 2019/2020 financial year be approved.
3. To take note of the operational and Capital budget for the outer years 2020/2021 and 2021/2022.
4. That the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables
 - 4.1 Budgeted Financial Position
 - 4.2 Budgeted Cash Flows
 - 4.3 Cash backed reserves and accumulated surplus reconciliation
 - 4.4 Asset Management

4.5 Basic service delivery measurement

5. That in terms of section 24(2)(c)(ii) 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 be adopted
6. To take note that provision was made for a general increase of 6.5% on Employee Related Costs and 5% provision for the Upper limits for Remuneration and allowances for Councillors, implementation being subject to the confirmation by the SALGBC for employees and approval by MEC for Co-operative Governance and Traditional Affairs for Councillors.
7. To take note that the Municipal Budget related policies, mSCOA Regulations, Integrated Development Plan, MFMA Budget Circular (93 & 94) was observed and taken into account in the compilation of the budget.
8. Those copies of the approved Final Annual budget are submitted to National Treasury, COGTA, and Provincial Treasury as per the requirements of the MFMA.
9. That in terms of section 5 of the Municipal Property Rates Act, 6 of 2004, the rates policy as amended be approved.
10. That in terms of section 24(2) (c) (v) of the Municipal Finance Management Act, 56 of 2003 the various budget-related policies as amended be approved.
11. That in terms of section 14 of the Municipal Property Rates Act, 6 of 2004 the rate randage and conditions as set out in other Supporting Documents be approved.
12. That the tabled budget for the year 2019/2020 & indicative figures for the 2 projected outer years be approved by Council as set out in the following schedules:
 - Table A1 Budget Summary
 - Table A2 Budgeted Financial Performance (By Standard Classification)
 - Table A3 Budgeted Financial Performance (By Municipal Vote)
 - Table A4 Budgeted Financial Performance (Revenue & Expenditure)
 - Table A5 Budgeted Capital Expenditure
 - Table A6 Budgeted Financial Position
 - Table A7 Budgeted Cash Flows
 - Table A8 Cash Backed Reserves
 - Table A9 Asset Management
 - Table A10 Basic Service Delivery Measurement
- Supporting documents from SA1 – SA37

That once this budget is approved, the information be uploaded to the LG Portal with the necessary MSCOA information and also be placed on municipal website.

1.3 Executive Summary

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

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on non-core and 'nice to have' items. Key areas where savings were realized were on telephone and internet usage, printing, workshops, travel, accommodation, and catering.

The Municipality has embarked on implementing a revenue collection strategies to optimize the collection of debt owed by ratepayers. In addition to supplementing the declining revenue base, and reduction in grant funding the Municipality has introduced a refuse tariff to areas within the Municipality which refuse is being collected. The tariff which is being introduced will be reviewed during the course of the year to ensure that it is cost reflective and sustainable, however this is still a challenge as the service is only be carried out in the urban area of Camperdown

National Treasury's MFMA No. 93 and 94 were used to guide the compilation of the 2019/20 MTREF.

The main challenges experienced during the compilation of the 2019/20 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained roads infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and limited cash position of the municipality;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – allocations had to be reduced to grant funded projects and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2019/20 MTREF process; and
- The implementation of a sustainable refuse tariff

The following budget principles and guidelines directly informed the compilation of the 2019/20 MTREF:

- The 2018/19 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2019/20 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;

- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the NT.
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2018/19 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2019/20 MTREF

Description	Adjusted Budget 2018/19	Final Budget 2019/20	Year 1 Budget 2020/21	Year 2 Budget 2021/22
Total Operating Revenue	87 281 909	104 658 193	108 699 057	115 758 818
Total Operating Expenditure	(91 651 391)	(102 075 486)	(104 079 876)	110 147 124
Surplus/ Deficit	(4 369 482)	2 582 707	4 619 181	5 611 695
Total Capital Expenditure	28 369 825	20 476 000	20 387 000	21 392 940

Total operating revenue has increased by 20 per cent or R 17, 376 million for the 2019/20 financial year when compared to the 2018/19 Adjustments Budget. For the two outer years, operational revenue will increase in 2020/21 financial year by 4 percent or R 4,1 million and increase in 2021/22 financial year by 6.5 per cent or R 7,065 million equating to a total revenue growth of R28,476 million over the MTREF when compared to the 2018/19 financial year.

Total operating expenditure for the 2019/20 financial year has been appropriated at R102, 075 million and translates into a budgeted surplus of R 2, 583 million which is a huge improvement from the deficit incurred on the Adjusted Budget of R4 369 million. When compared to the 2018/19 Adjusted Budget, operational expenditure has increased by 11 per cent in the 2019/20 budget and will increase by 4 per cent in 2020/21 financial year and further increased by 6.4 per cent in 2021/22 compared to 2020/21 financial year.

The capital budget of R20 476 million for 2019/20 is 29 per cent less when compared to the 2018/19 Adjusted Budget. The decrease is due to the reduction on the own funding available to fund projects compared to 2018/19 Adjusted budget where the municipality had to fund over-

commitment of R11 million from own funding for Capital Projects. Capital projects funded through the Municipal Infrastructure Grant is included in the 2018/19 capital budget and a portion of essential expenditure from own funding for Municipal Building renovation, server room upgrade and purchase of new Generator to address the load shedding challenges. The projected capital expenditure will decrease to R20, 387 million in the 2020/21 financial year and increase to R21, 393 million in 2021/22.

1.4 Operating Revenue Framework

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

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges over the next two financial years.
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2019/20 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source**KZN 226 Mkhambathini - Table A4 Budgeted Financial Performance (revenue management)**

Description R thousand	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Type			
Property rates	22 114 206	23 219 916	24 380 912
Service charges - refuse revenue	541 780	563 451	585 989
Interest earned - external investments	3 408 647	3 544 993	3 686 793
Licences and permits	6 717 274	6 985 965	7 265 404
Transfers recognised - operational	69 072 000	72 785 000	77 396 000
Other revenue	2 804 286	2 916 458	3 033 115
Total Revenue (excluding capital transfers and contributions)	104 658 193	110 015 783	116 348 214

Table 3 Percentage growth in revenue by main revenue source

Revenue generated from rates forms a minor part of income generated by the Municipality. The majority of Municipal revenue come from equitable share. Operating Grants & Subsidies are also a source.

The format prescribed by National Treasury has been used to prepare the above schedule and the operating statement has excluded the capital transfers to allow the user to see whether the operating activities of municipality results to the deficit or surplus.

The municipality depends on grants mostly. The total projected income of R104 658 million will be received from grants (66%), Property Rates (21%), licences and permits (6%), interest earned from investment (3%), other revenue (3%) and Service charges – refuse (1%).

The revenue as per chart is as follows:

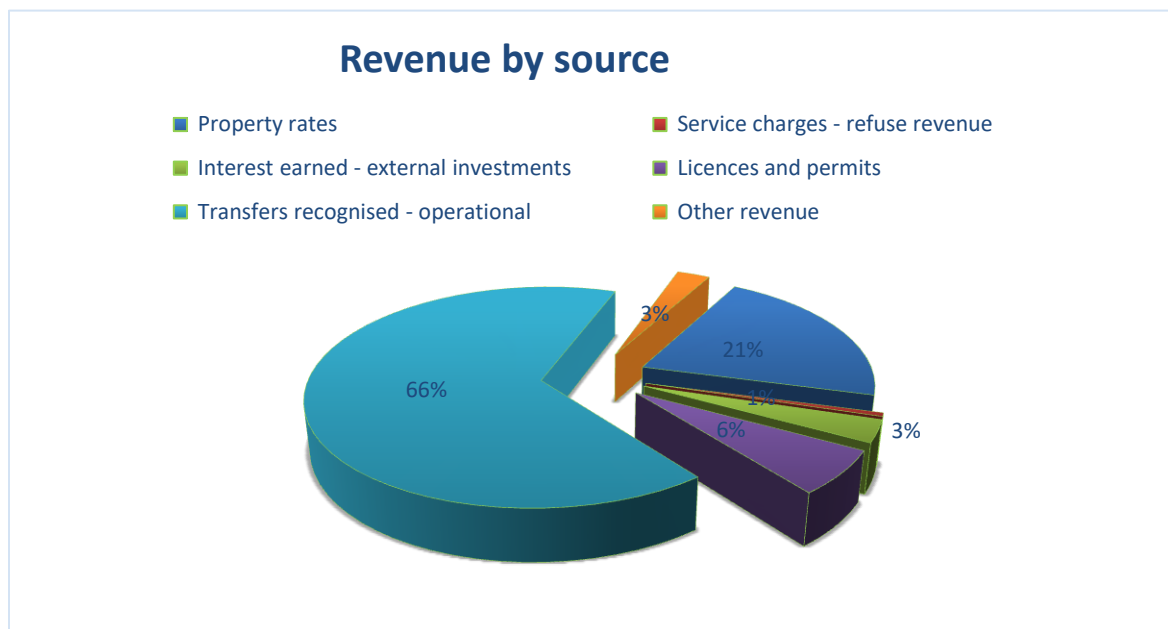


Table 4 Operating Transfers and Grant Receipts

Choose name from list - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		59,010	63,405	64,326	66,550	58,550	58,550	66,608	70,218	75,579
Local Government Equitable Share		51,341	50,183	51,173	55,546	55,546	55,546	62,733	67,351	72,448
Finance Management		1,800	1,826	1,900	1,970	1,970	1,970	2,435	2,867	3,131
Municipal Systems Improvement		930	-	-						
Integrated National Electrification Programme		2,194	10,105	10,000	8,000	-	-			
EPWP Incentive		1,012	1,291	1,253	1,034	1,034	1,034	1,440	-	-
Roll Overs		1,733								
Provincial Government:		801	668	1,264	1,617	1,617	1,617	2,464	2,567	1,817
Library Grant		801	668	1,264	1,617	1,617	1,617	1,714	1,817	1,817
Spatial Development Framework Support									750	
Planning Scheme Support								750		
Sports and recreation Subsidy								-		
Roll Overs										
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Total Operating Transfers and Grants	5	59,811	64,073	65,590	68,167	60,167	60,167	69,072	72,785	77,396
Capital Transfers and Grants										
National Government:		16,851	12,486	16,285	15,835	15,835	15,835	16,076	17,201	18,405
Municipal Infrastructure Grant (MIG)		16,851	12,486	16,285	15,835	15,835	15,835	16,076	17,201	18,405
Other capital transfers/grants <i>[insert desc]</i>										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants <i>[insert description]</i>										
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Total Capital Transfers and Grants	5	16,851	12,486	16,285	15,835	15,835	15,835	16,076	17,201	18,405
TOTAL RECEIPTS OF TRANSFERS & GRANTS		76,662	76,559	81,875	84,002	76,002	76,002	85,148	89,986	95,801

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

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

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

1.4.1 Property Rates

Property rates cover the cost of the provision of general services and repairs and maintenance. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. The implementation of new General Valuation Roll was considered when calculating the tariffs. This was done to ensure that the bill of customers is not increased drastically. The comparison between 2018/19 Financial year revenue and 2019/20 Financial year revenue shows a huge increase of 55% however the reasons for the huge increase was the implementation of the new General Valuation roll which increased the market values. The implementation of new categories as per the regulations also had an impact on the increase in revenue. The tariffs charge (rand randage) increase compared to last year was within the acceptable norm which is 5 to 6 percent. The tariffs charge for residential was decreased to accommodate the increase on market values.

National Treasury's MFMA Circulars No.58 and 59 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0.25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. The first R15 000 of the market value of a property used for residential purposes is excluded from the

rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R285 000 reduction on the market value of a property will be granted in terms of Mkhambathini Municipality's proposed draft Property Rates Policy to be implemented in 2019/2020 to address the value of the properties for indigent household taking into account the RDP House value.

Property Category	Budget 2018/2019		Budget 2019/2020
Agricultural	0.00217		0.00220
Clinic	0.01658		-
Commercial	0.00994		0.01110
Education	0.01658		-
Grees	0.00664		-
Industrial	0.00828		0.00890
Magistrate	0.01658		-
Other	0.00828		-
Public Benefit	0.00168		-
Public Service Purpose	0.01658		0.01690
Public Service Infrastructure	0.00217		-
Quarry	0.00828		-
Race Track	0.00828		-
Residential	0.01205		0.00890
Police Station	0.01658		-
Smallholdings	0.00335		-
Sport facility	0.00828		-
Sectional Tittles	0.01500		-
Vacant Land	-		0.01330
Illegal Use	-		0.01330
State and Trust Land	0.01205		-
Municipal	Exempted 100%		
Communal Land			
Rural Commercial			
Place of Worship			

The approved property rates tariff for 2019/2020 financial year has been calculated in compliance with the MPRA regulations which stipulate the ratios of tariffs per category. It must be noted that the previous year's tariffs were not complying with the MPRA regulations when it comes to ratios per category. The revenue forgone has been calculated to R 1 737 312 based on the R285 000 reduction amount on all residential properties and 20% rebate for all properties owned by pensioners.

Table 5 MBRR Table SA14 – Household bills

Choose name from list - Supporting Table SA14 Household bills

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20 % incr.	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		431.00	560.00	593.00	593.00	593.00	593.00	6.1%	629.17	666.29	704.94
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
sub-total		431.00	560.00	593.00	593.00	593.00	593.00	6.1%	629.17	666.29	704.94
VAT on Services											
Total large household bill:		431.00	560.00	593.00	593.00	593.00	593.00	6.1%	629.17	666.29	704.94
% increase/-decrease			29.9%	5.9%	-	-	-		6.1%	5.9%	5.8%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates									451.25	477.42	505.11
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
sub-total		-	-	-	-	-	-	-	451.25	477.42	505.11
VAT on Services											
Total small household bill:		-	-	-	-	-	-	-	451.25	477.42	505.11
% increase/-decrease			-	-	-	-	-	-	-	5.8%	5.8%

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2019/20 budget and MTREF is informed by the following:

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

The following table is a high level summary of the 2019/20 budget and MTREF (classified per main type of operating expenditure):

MKHAMBATHINI Municipality 2019/20 Final Annual Budget and MTREF

Choose name from list - Table A4 Budgeted Financial Performance (revenue and expenditure)

Table 14: Budgeted Financial Performance (Revenue and Expenditure)									2019/20 Medium Term Revenue & Expenditure Framework		
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				Budget Year	Budget Year	Budget Year
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	2019/20	+1 2020/21	+2 2021/22
Revenue By Source											
Property rates	2	11,281	11,961	14,219	14,272	14,272	14,272	14,272	22,114	23,220	24,381
Service charges - electricity revenue	2	-	-	-	(282)	(282)	(282)	-	(296)	(308)	(320)
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	-	466	498	562	562	562	562	542	563	586
Rental of facilities and equipment		1,875	3,004		307	307	307	307	326	339	352
Interest earned - external investments		2,073	2,686	3,484	3,016	3,216	3,216	3,216	3,409	3,545	3,687
Interest earned - outstanding debtors				3,601	1,285	1,708	1,708	1,708	1,811	1,883	1,959
Dividends received		93	38								
Fines, penalties and forfeits		3,861	4,694	26	77	77	77	77	28	29	30
Licences and permits		-		4,603	5,331	6,397	6,397	6,397	6,717	6,986	7,265
Agency services		58,121	64,122	-							
Transfers and subsidies				55,612	68,167	60,217	60,217	60,217	69,072	72,785	77,396
Other revenue	2	604	625	2,616	559	525	525	525	640	665	692
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		77,908	87,598	84,659	93,295	87,000	87,000	87,282	104,362	109,708	116,028
Expenditure By Type											
Employee related costs	2	21,595	23,995	34,408	32,227	32,227	32,227	32,227	38,327	40,924	43,701
Remuneration of councillors		4,620	4,798	5,173	5,864	5,864	5,864	5,864	5,989	6,258	6,540
Debt impairment	3	2,093	2,681	2,985	700	700	700	700	2,755	3,030	3,333
Depreciation & asset impairment	2	5,588	6,756	8,690	6,466	7,113	7,113	7,113	8,294	9,124	10,036
Finance charges				-	196	196	196	196	205	214	222
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8			-	8,300	8,300	8,300	8,300	4,485	4,664	4,851
Contracted services		-	-	22,916	11,815	11,815	11,815	11,815	23,987	22,607	23,511
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	26,428	33,696	9,781	47,082	53,525	53,525	53,525	17,737	19,199	19,190
Loss on disposal of PPE											
Total Expenditure		60,324	71,926	83,953	112,650	119,739	119,739	119,739	101,779	106,020	111,384
Surplus/(Deficit)		17,584	15,672	706	(19,355)	(32,739)	(32,739)	(32,457)	2,583	3,688	4,644
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		16,851	12,485	17,725	15,835	15,835	15,835	15,835	16,076	16,745	17,706
allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)											
Transfers and subsidies - capital (in-kind - all)	6	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		34,435	28,157	18,431	(3,520)	(16,904)	(16,904)	(16,622)	18,659	20,433	22,350
Taxation											
Surplus/(Deficit) after taxation		34,435	28,157	18,431	(3,520)	(16,904)	(16,904)	(16,622)	18,659	20,433	22,350
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		34,435	28,157	18,431	(3,520)	(16,904)	(16,904)	(16,622)	18,659	20,433	22,350
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		34,435	28,157	18,431	(3,520)	(16,904)	(16,904)	(16,622)	18,659	20,433	22,350

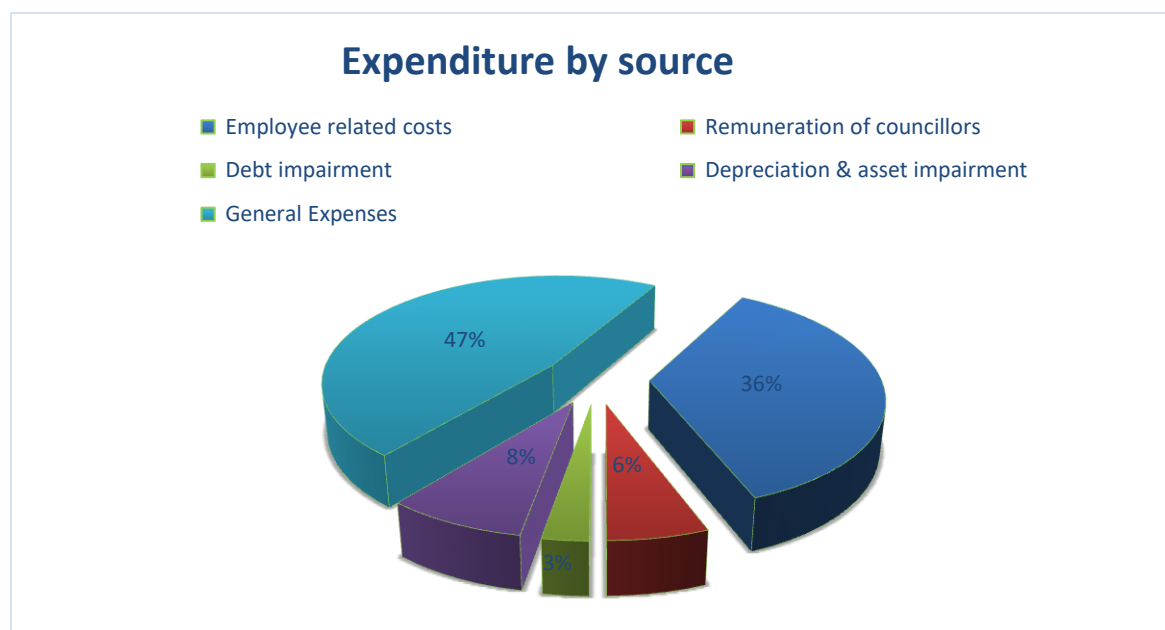
Table 6 Summary of operating expenditure by standard classification item

The budgeted allocation for employee related costs for the 2019/20 financial year totals R36.886 million, which equals 36 per cent of the total operating expenditure. Salary increases have been factored into this budget at a percentage increase of 6.5 per cent for the 2019/20 financial year. An annual increase on salaries of 5 per cent and 6.5 per cent has been included in the two outer years of the MTREF to be conservative and implement cost cutting measures. The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R8,294 million for the 2019/20 financial and equates to 8 per cent of the total operating expenditure.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 3 per cent for 2019/20 and curbed at 4 per cent for the two outer years, indicating that significant cost savings have been already realised.

The expenditure as per chart is as follows:



1.5.1 Other Expenditure and Contracted Services

The total annual budget constitute a total amount **R41 723 948** (of the total operating expenditure) and according to mSCOA it is categories in Statement of Financial Performance as operating expenditure and contracted services. The detailed listing for the general expenditure is as follows:

ITEM DESCRIPTION	AMOUNT
Legal Advice and Litigation	630 000.00
Security Services	400 000.00
Medical Examinations	26 250.00
ICT Management	1 300 000.00
Maintenance of Unspecified Assets	400 000.00
Rent on Land	126 000.00
Community Participation	1 355 000.00
Machinery and Equipment	430 500.00
Remuneration to Ward Committees	840 000.00
Telephone, Fax, Telegraph and Telex	726 250.00
Internet Charge	315 000.00
Software Licences	700 000.00
Bursaries (Employees)	150 000.00
Uniform and Protective Clothing	300 000.00
Wet Fuel	700 000.00
Cellular Contract (Subscription and Calls)	78 750.00
Seating Allowance for Traditional Leaders	18 900.00
Internal Auditors Fees	900 000.00
Communications	1 550 000.00
Audit Committee	260 000.00
Municipal Branding	930 000.00

IDP/Budget Imbizo	1 810 000.00
Travel, subsistence and Accommodation	690 000.00
National	345 000.00
Asset Management Project	771 680.00
Valuation Roll Maintenance	750 000.00
External Auditors	1 540 572.00
Municipal Services	630 000.00
Bank Charges and security services	275 483.60
SALGA Membership fees	525 000.00
Finance Management Grant Expenses	1 675 000.00
Indigent Relief (Social Relief)	296 100.00
Postage/Stamps/Franking Machines	73 500.00
Insurance Premium	420 000.00
Corporate and Municipal Activities	100 000.00
Consultants Fees - Accounting	616 000.00
Licences Agency Fees	1 450 000.00
Library Services Awareness Campaigns	446 215.96
Documents storage (professional fees)	600 000.00
HIV/ aids awareness programme	253 000.00
Sports development programme	1 458 000.00
Youth development programme	1 970 000.00
Special programmes	2 170 000.00
Led, tourism and arts and culture	1 784 100.00
Waste management programmes	680 000.00
Disaster management programmes	320 000.00

Indigent support programme	460 000.00
EPWP programme (grant)	1 440 000.00
EPWP programme (internal funding)	560 000.00
General Expenses	2 652 084
master Plan	1 500 000.00
Shared Services	200 000.00
Planning Scheme Support	750 000.00
Workmen's Compensation Fund	375 562.91
	41 723 948.14

1.5.2 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2019/20 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. The municipality have budgeted an amount R8, 4 million for the repairs and maintenance of municipal assets which is equivalent to 8% of the operating expenditure as per the norm. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance.

1.5.3 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act. And takes the form of social relief for the family of deceased persons who are destitute without income.

Table 7 Operational repairs and maintenance

Choose name from list - Supporting Table SA34c Repairs and maintenance expenditure by asset class										
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		150	2,000	2,600	2,759	2,759	2,759	2,000	2,080	2,163
Roads Infrastructure		150	2,000	2,600	2,759	2,759	2,759	2,000	2,080	2,163
Roads		150	2,000	2,600	2,759	2,759	2,759	2,000	2,080	2,163
Community Assets		1,500	1,500	1,400	3,122	3,122	3,122	6,000	6,240	6,490
Community Facilities		1,500	1,500	1,400	3,122	3,122	3,122	6,000	6,240	6,490
Halls		1,500	1,500	1,400	3,122	3,122	3,122	6,000	6,240	6,490
		1	1	1	1	1	1	1	1	1
Heritage assets		-	-	-	-	-	-	-	-	-
Other assets		320	1,600	1,600	1,695	695	695	-	-	-
Operational Buildings		320	1,600	1,600	1,000	-	-	-	-	-
Municipal Offices		320	800	700	1,000					
Workshops			800	900						
Housing		-	-	-	695	695	695	-	-	-
Capital Spares					695	695	695			
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Total Repairs	1	1,970	5,100	5,600	7,576	6,576	6,576	8,000	8,320	8,653
R&M as a % of PPE		2.1%	4.8%	4.7%	6.1%	4.9%	4.9%	5.9%	5.3%	5.7%
R&M as % Operating Expen		3.3%	7.1%	6.7%	6.7%	5.5%	5.5%	6.7%	8.2%	8.2%

Capital expenditure

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

Table 8 2019/20 Medium-term capital budget per vote

Total Capital Expenditure - Vote		12,715	19,301	20,397	19,285	30,820	30,820	30,820	20,976	20,387	21,393
Capital Expenditure - Functional											
Governance and administration		1,500	35	780	2,450	2,750	2,750	2,750	4,900	3,642	3,687
Executive and council			35	500	400	400	400	400			
Finance and administration		1,500		280	2,050	2,350	2,350	2,350	4,900	3,642	3,687
Internal audit											
Community and public safety		-	630	15,091	7,452	15,821	15,821	15,821	9,645	2,800	-
Community and social services		-	630	15,091	7,452	15,821	15,821	15,821	9,645	2,800	-
Sport and recreation											
Public safety											
Housing											
Health											
Economic and environmental services		16,427	12,139	25,139	9,383	12,249	12,249	12,249	6,431	13,945	17,706
Planning and development				6,028							
Road transport		16,427	12,139	19,110	9,383	12,249	12,249	12,249	6,431	13,945	17,706
Environmental protection											
Trading services		-	-	-	-	-	-	-	-	-	-
Energy sources											
Water management											
Waste water management											
Waste management											
Other											
Total Capital Expenditure - Functional	3	17,927	12,804	41,009	19,285	30,820	30,820	30,820	20,976	20,387	21,393
Funded by:											
National Government		14,427	12,139	15,626	15,835	15,835	15,835	15,835	16,076	16,745	17,706
Provincial Government											
District Municipality											
Other transfers and grants				20,612							
Transfers recognised - capital	4	14,427	12,139	36,238	15,835	15,835	15,835	15,835	16,076	16,745	17,706
Borrowing	6										
Internally generated funds		3,500	665	4,771	3,450	14,985	14,985	14,985	4,900	3,642	3,687
Total Capital Funding	7	17,927	12,804	41,009	19,285	30,820	30,820	30,820	20,976	20,387	21,393

For 2019/20 an amount of R 20, 976 million has been appropriated for the development of infrastructure. In the outer years this amount totals R20, 387 million, and R21, 392 million, respectively for each of the financial years.

Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2019/20 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 9 MBRR Table A1 - Budget Summary

Choose name from list - Table A1 Budget Summary

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousands										
Financial Performance										
Property rates	11,281	11,961	14,219	14,272	14,272	14,272	14,272	22,114	23,220	24,381
Service charges	–	466	498	280	280	280	562	246	256	266
Investment revenue	2,073	2,686	3,484	3,016	3,216	3,216	3,216	3,409	3,545	3,687
Transfers recognised - operational	–	–	55,612	68,167	60,217	60,217	60,217	69,072	72,785	77,396
Other own revenue	64,553	72,484	10,847	7,560	9,014	9,014	9,014	9,522	9,902	10,299
Total Revenue (excluding capital transfers and contributions)	77,908	87,598	84,659	93,295	87,000	87,000	87,282	104,362	109,708	116,028
Employee costs	21,595	23,995	34,408	32,227	32,227	32,227	32,227	38,327	40,924	43,701
Remuneration of councillors	4,620	4,798	5,173	5,864	5,864	5,864	5,864	5,989	6,258	6,540
Depreciation & asset impairment	5,588	6,756	8,690	6,466	7,113	7,113	7,113	8,294	9,124	10,036
Finance charges	–	–	–	196	196	196	196	205	214	222
Materials and bulk purchases	–	–	–	8,300	8,300	8,300	8,300	4,485	4,664	4,851
Transfers and grants	–	–	–	–	–	–	–	–	–	–
Other expenditure	28,522	36,377	35,682	59,597	66,040	66,040	66,040	44,478	44,836	46,034
Total Expenditure	60,324	71,926	83,953	112,650	119,739	119,739	119,739	101,779	106,020	111,384
Surplus/(Deficit)	17,584	15,672	706	(19,355)	(32,739)	(32,739)	(32,457)	2,583	3,688	4,644
Transfers and subsidies - capital (monetary allocation)	16,851	12,485	17,725	15,835	15,835	15,835	15,835	16,076	16,745	17,706
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	34,435	28,157	18,431	(3,520)	(16,904)	(16,904)	(16,622)	18,659	20,433	22,350
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	34,435	28,157	18,431	(3,520)	(16,904)	(16,904)	(16,622)	18,659	20,433	22,350
Capital expenditure & funds sources										
Capital expenditure	17,927	12,804	41,009	19,285	30,820	30,820	30,820	20,976	20,387	21,393
Transfers recognised - capital	14,427	12,139	36,238	15,835	15,835	15,835	15,835	16,076	16,745	17,706
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	3,500	665	4,771	3,450	14,985	14,985	14,985	4,900	3,642	3,687
Total sources of capital funds	17,927	12,804	41,009	19,285	30,820	30,820	30,820	20,976	20,387	21,393
Financial position										
Total current assets	24,938	46,821	76,610	63,847	57,557	57,557	57,557	59,859	62,254	64,744
Total non current assets	99,727	111,564	123,675	129,946	140,483	140,483	140,483	160,959	158,326	159,575
Total current liabilities	12,749	11,840	11,603	4,340	4,340	4,340	4,340	4,514	4,694	4,882
Total non current liabilities	2,200	2,816	–	–	–	–	–	–	–	–
Community wealth/Equity	109,764	144,428	189,241	193,793	193,700	193,700	193,700	216,305	215,886	219,437
Cash flows										
Net cash from (used) operating	41,559	34,468	28,172	23,690	23,690	23,690	23,690	27,125	18,669	20,944
Net cash from (used) investing	(18,912)	(18,912)	(22,014)	(12,785)	(24,320)	(24,320)	(24,320)	(20,476)	(17,843)	(19,092)
Net cash from (used) financing	–	–	–	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	37,260	52,816	58,973	58,573	47,038	47,038	47,038	53,687	54,513	56,364
Cash backing/surplus reconciliation										
Cash and investments available	14,614	37,260	58,973	54,737	54,737	54,737	54,737	56,926	59,204	61,572
Application of cash and investments	12,707	12,126	119	(536)	4,901	4,901	4,928	4,750	5,182	5,212
Balance - surplus (shortfall)	1,907	25,134	58,854	55,273	49,836	49,836	49,809	52,177	54,022	56,360
Asset management										
Asset register summary (WDV)	12,542	43,733	25,777	37,921	49,156	49,156	49,156	20,976	20,387	21,393
Depreciation	4,418	4,700	4,800	6,100	6,100	6,100	6,100	8,294	9,124	10,036
Renewal and Upgrading of Existing Assets	–	–	300	–	–	–	–	–	–	–
Repairs and Maintenance	1,970	5,100	5,600	7,576	6,576	6,576	6,576	8,000	8,320	8,653
Free services										
Cost of Free Basic Services provided	–	–	–	282	282	282	296	296	308	320
Revenue cost of free services provided	1,927	1,462	464	1,608	1,608	1,608	1,737	1,737	1,824	1,915
Households below minimum service level										
Water:	1	1	1	1	1	1	1	1	1	1
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	0	0	0	0	0	0	0	0	0	0

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. 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.

Table 10 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Choose name from list - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional										
<i>Governance and administration</i>		74,288	77,310	82,970	47,413	41,118	41,118	92,878	100,010	106,017
Executive and council		1,132	1,058	-	6,110	6,110	6,110	-	-	-
Finance and administration		73,156	76,252	82,970	41,303	35,008	35,008	92,878	100,010	106,017
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		908	1,049	2,536	16,003	16,003	16,003	3,176	1,840	1,841
Community and social services		908	1,049	2,536	16,003	16,003	16,003	3,176	1,840	1,841
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		19,562	21,724	16,379	45,433	45,433	45,433	24,138	24,348	25,611
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		19,562	21,724	16,379	45,433	45,433	45,433	24,138	24,348	25,611
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	500	562	562	562	542	563	586
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	500	562	562	562	542	563	586
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	94,759	100,083	102,384	109,412	103,117	103,117	120,734	126,761	134,054
Expenditure - Functional										
<i>Governance and administration</i>		43,910	27,785	46,151	55,922	55,922	55,922	58,732	57,171	58,675
Executive and council		10,700	8,894	7,802	17,305	17,305	17,305	20,417	21,457	22,554
Finance and administration		33,210	18,890	38,349	38,616	38,616	38,616	38,315	35,715	36,121
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		5,865	6,423	17,860	15,259	15,259	15,259	19,253	19,361	20,336
Community and social services		5,865	6,423	17,860	15,259	15,259	15,259	19,253	19,361	20,336
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		10,549	37,718	19,942	41,470	48,841	48,841	24,091	29,795	32,694
Planning and development		-	-	-	-	-	-	867	6,098	7,703
Road transport		10,549	37,718	19,942	41,470	48,841	48,841	23,224	23,697	24,991
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	60,324	71,926	83,953	112,650	120,021	120,021	102,075	106,327	111,705
Surplus/(Deficit) for the year		34,435	28,157	18,431	(3,238)	(16,904)	(16,904)	18,659	20,433	22,350

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 9 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under Executive & Council.

Table 11 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Choose name from list - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		74,288	77,310	82,970	47,413	41,118	41,118	92,878	100,010	106,017
Executive and council		1,132	1,058	—	6,110	6,110	6,110	—	—	—
Finance and administration		73,156	76,252	82,970	41,303	35,008	35,008	92,878	100,010	106,017
Internal audit		—	—	—	—	—	—	—	—	—
<i>Community and public safety</i>		908	1,049	2,536	16,003	16,003	16,003	3,176	1,840	1,841
Community and social services		908	1,049	2,536	16,003	16,003	16,003	3,176	1,840	1,841
Sport and recreation		—	—	—	—	—	—	—	—	—
Public safety		—	—	—	—	—	—	—	—	—
Housing		—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>		19,562	21,724	16,379	45,433	45,433	45,433	24,138	24,348	25,611
Planning and development		—	—	—	—	—	—	—	—	—
Road transport		19,562	21,724	16,379	45,433	45,433	45,433	24,138	24,348	25,611
Environmental protection		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		—	—	500	562	562	562	542	563	586
Energy sources		—	—	—	—	—	—	—	—	—
Water management		—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—
Waste management		—	—	500	562	562	562	542	563	586
<i>Other</i>	4	—	—	—	—	—	—	—	—	—
Total Revenue - Functional	2	94,759	100,083	102,384	109,412	103,117	103,117	120,734	126,761	134,054
Expenditure - Functional										
<i>Governance and administration</i>		43,910	27,785	46,151	55,922	55,922	55,922	58,732	57,171	58,675
Executive and council		10,700	8,894	7,802	17,305	17,305	17,305	20,417	21,457	22,554
Finance and administration		33,210	18,890	38,349	38,616	38,616	38,616	38,315	35,715	36,121
Internal audit		—	—	—	—	—	—	—	—	—
<i>Community and public safety</i>		5,865	6,423	17,860	15,259	15,259	15,259	19,253	19,361	20,336
Community and social services		5,865	6,423	17,860	15,259	15,259	15,259	19,253	19,361	20,336
Sport and recreation		—	—	—	—	—	—	—	—	—
Public safety		—	—	—	—	—	—	—	—	—
Housing		—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>		10,549	37,718	19,942	41,470	48,841	48,841	24,091	29,795	32,694
Planning and development		—	—	—	—	—	—	867	6,098	7,703
Road transport		10,549	37,718	19,942	41,470	48,841	48,841	23,224	23,697	24,991
Environmental protection		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		—	—	—	—	—	—	—	—	—
Energy sources		—	—	—	—	—	—	—	—	—
Water management		—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—
Waste management		—	—	—	—	—	—	—	—	—
<i>Other</i>	4	—	—	—	—	—	—	—	—	—
Total Expenditure - Functional	3	60,324	71,926	83,953	112,650	120,021	120,021	102,075	106,327	111,705
Surplus/(Deficit) for the year		34,435	28,157	18,431	(3,238)	(16,904)	(16,904)	18,659	20,433	22,350

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

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

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

Choose name from list - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1										
Revenue By Source											
Property rates	2	11,281	11,961	14,219	14,272	14,272	14,272	14,272	22,114	23,220	24,381
Service charges - electricity revenue	2	-	-	-	(282)	(282)	(282)	-	(296)	(308)	(320)
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	-	466	498	562	562	562	562	542	563	586
Rental of facilities and equipment		1,875	3,004		307	307	307	307	326	339	352
Interest earned - external investments		2,073	2,686	3,484	3,016	3,216	3,216	3,216	3,409	3,545	3,687
Interest earned - outstanding debtors				3,601	1,285	1,708	1,708	1,708	1,811	1,883	1,959
Dividends received		93	38								
Fines, penalties and forfeits		3,861	4,694	26	77	77	77	77	28	29	30
Licences and permits		-		4,603	5,331	6,397	6,397	6,397	6,717	6,986	7,265
Agency services		58,121	64,122	-							
Transfers and subsidies				55,612	68,167	60,217	60,217	60,217	69,072	72,785	77,396
Other revenue	2	604	625	2,616	559	525	525	525	640	665	692
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		77,908	87,598	84,659	93,295	87,000	87,000	87,282	104,362	109,708	116,028
Expenditure By Type											
Employee related costs	2	21,595	23,995	34,408	32,227	32,227	32,227	32,227	38,327	40,924	43,701
Remuneration of councillors		4,620	4,798	5,173	5,864	5,864	5,864	5,864	5,989	6,258	6,540
Debt impairment	3	2,093	2,681	2,985	700	700	700	700	2,755	3,030	3,333
Depreciation & asset impairment	2	5,588	6,756	8,690	6,466	7,113	7,113	7,113	8,294	9,124	10,036
Finance charges				-	196	196	196	196	205	214	222
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8			-	8,300	8,300	8,300	8,300	4,485	4,664	4,851
Contracted services		-	-	22,916	11,815	11,815	11,815	11,815	23,987	22,607	23,511
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	26,428	33,696	9,781	47,082	53,525	53,525	53,525	17,737	19,199	19,190
Loss on disposal of PPE											
Total Expenditure		60,324	71,926	83,953	112,650	119,739	119,739	119,739	101,779	106,020	111,384
Surplus/(Deficit)		17,584	15,672	706	(19,355)	(32,739)	(32,739)	(32,457)	2,583	3,688	4,644
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		16,851	12,485	17,725	15,835	15,835	15,835	15,835	16,076	16,745	17,706
allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)											
Surplus/(Deficit) after capital transfers & contributions		34,435	28,157	18,431	(3,520)	(16,904)	(16,904)	(16,622)	18,659	20,433	22,350
Taxation											
Surplus/(Deficit) after taxation		34,435	28,157	18,431	(3,520)	(16,904)	(16,904)	(16,622)	18,659	20,433	22,350
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		34,435	28,157	18,431	(3,520)	(16,904)	(16,904)	(16,622)	18,659	20,433	22,350
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		34,435	28,157	18,431	(3,520)	(16,904)	(16,904)	(16,622)	18,659	20,433	22,350

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

1. Total revenue is R104, 658 million in 2019/20 and escalates to R 116, 348 million by 2021/22.
2. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.
3. Employee related costs is the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage increases in future years.

Table 127 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

MKHAMBATHINI Municipality 2019/20 Final Annual Budget and MTREF

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury Office		-	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Library		-	-	-	-	-	-	-	-	-	-
Vote 7 - Vehicle Registration and Testing		-	-	-	-	-	-	-	-	-	-
Vote 8 - Solid Waste		-	-	-	-	-	-	-	-	-	-
Vote 9 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 10 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		60	200	500	400	400	400	400	-	-	-
Vote 2 - Municipal Manager		-	-	140	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury Office		-	-	140	-	-	-	-	-	-	-
Vote 4 - Corporate Services		-	1,250	140	2,050	2,350	2,350	2,350	4,900	3,642	3,687
Vote 5 - Community Services		600	-	140	10,097	15,821	15,821	15,821	9,645	2,800	-
Vote 6 - Library		-	-	-	-	-	-	-	-	-	-
Vote 7 - Vehicle Registration and Testing		-	-	-	-	-	-	-	-	-	-
Vote 8 - Solid Waste		-	-	-	-	-	-	-	-	-	-
Vote 9 - Technical Services		12,055	17,851	19,337	6,738	12,249	12,249	12,249	6,431	13,945	17,706
Vote 10 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		12,715	19,301	20,397	19,285	30,820	30,820	30,820	20,976	20,387	21,393
Total Capital Expenditure - Vote		12,715	19,301	20,397	19,285	30,820	30,820	30,820	20,976	20,387	21,393
Capital Expenditure - Functional											
Governance and administration		1,500	35	780	2,450	2,750	2,750	2,750	4,900	3,642	3,687
Executive and council		-	35	500	400	400	400	400	-	-	-
Finance and administration		1,500	-	280	2,050	2,350	2,350	2,350	4,900	3,642	3,687
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		-	630	15,091	7,452	15,821	15,821	15,821	9,645	2,800	-
Community and social services		-	630	15,091	7,452	15,821	15,821	15,821	9,645	2,800	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		16,427	12,139	25,139	9,383	12,249	12,249	12,249	6,431	13,945	17,706
Planning and development		-	-	6,028	-	-	-	-	-	-	-
Road transport		16,427	12,139	19,110	9,383	12,249	12,249	12,249	6,431	13,945	17,706
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	-	-	-	-	-	-	-
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	17,927	12,804	41,009	19,285	30,820	30,820	30,820	20,976	20,387	21,393
Funded by:											
National Government		14,427	12,139	15,626	15,835	15,835	15,835	15,835	16,076	16,745	17,706
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	20,612	-	-	-	-	-	-	-
Transfers recognised - capital	4	14,427	12,139	36,238	15,835	15,835	15,835	15,835	16,076	16,745	17,706
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		3,500	665	4,771	3,450	14,985	14,985	14,985	4,900	3,642	3,687
Total Capital Funding	7	17,927	12,804	41,009	19,285	30,820	30,820	30,820	20,976	20,387	21,393

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

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (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.

Table 138 MBRR Table A6 - Budgeted Financial Position

Choose name from list - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure - Municipal Vote											
Capital multi-year expenditure sub-total	1	-	-	-	-	-	-	-	-	-	-
Capital expenditure - Municipal Vote											
Single-year expenditure appropriation	2										
Vote 1 - Executive and Council		60	200	500	400	400	400	400	-	-	-
1.1 - Executive and Council		60	200	500	400	400	400	400			
Vote 2 - Municipal Manager		-	-	140	-	-	-	-	-	-	-
2.2 - Municipal Manager				140							
Vote 3 - Budget and Treasury Office		-	-	140	-	-	-	-	-	-	-
3.3 - Budget and Treasury Office				140							
Vote 4 - Corporate Services		-	1,250	140	2,050	2,350	2,350	2,350	4,900	3,642	3,687
4.4 - Corporate Services			1,250	140	2,050	2,350	2,350	2,350	1,200	642	687
4.5 - Information Technology									1,800		
4.10 - Other Admin									1,900	3,000	3,000
Vote 5 - Community Services		600	-	140	10,097	15,821	15,821	15,821	9,645	2,800	-
5.5 - Community Services		600		140	10,097	15,821	15,821	15,821	9,645	2,800	-
Vote 6 - Library		-	-	-	-	-	-	-	-	-	-
6.6 - Library											
Vote 7 - Vehicle Registration and Testing		-	-	-	-	-	-	-	-	-	-
7.7 - Vehicle Registration and Testing											
Vote 8 - Solid Waste		-	-	-	-	-	-	-	-	-	-
8.8 - Solid Waste											
Vote 9 - Technical Services		12,055	17,851	19,337	6,738	12,249	12,249	12,249	6,431	13,945	17,706
9.9 - Technical Services				2,211	6,738	12,249	12,249	12,249	6,431	13,945	17,706
MIG Projects		12,055	17,851	15,626							
Vehicles				1,500							
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
11.1 - [Name of sub-vote]											
Capital single-year expenditure sub-total		12,715	19,301	20,397	19,285	30,820	30,820	30,820	20,976	20,387	21,393
Total Capital Expenditure		12,715	19,301	20,397	19,285	30,820	30,820	30,820	20,976	20,387	21,393

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. 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.
4. 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.

Table 19 MBRR Table A7 - Budgeted Cash Flow Statement

Choose name from list - Table A7 Budgeted Cash Flows

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		8,566	9,169	14,718	11,846	11,846	11,846	11,846	18,614	14,843	15,437
Service charges		—	—	—	481	481	481	481	542	563	586
Other revenue		6,761	7,761	6,302	6,274	6,274	6,274	6,274	7,711	7,967	8,286
Government - operating	1	60,106	64,073	60,095	68,167	68,167	68,167	68,167	69,122	66,347	71,402
Government - capital	1	16,851	12,486	17,725	15,835	15,835	15,835	15,835	16,076	16,745	17,706
Interest		2,353	2,353	3,484	4,237	4,237	4,237	4,237	5,220	5,428	5,645
Dividends		—	—	—	—	—	—	—	—	—	—
Payments											
Suppliers and employees		(52,938)	(61,233)	(74,151)	(82,943)	(82,943)	(82,943)	(82,943)	(89,954)	(93,011)	(97,896)
Finance charges		(140)	(140)	—	(207)	(207)	(207)	(207)	(205)	(214)	(222)
Transfers and Grants	1	—	—	—	—	—	—	—	—	—	—
NET CASH FROM/(USED) OPERATING ACTIVITIES		41,559	34,468	28,172	23,690	23,690	23,690	23,690	27,125	18,669	20,944
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		37	37	—	—	—	—	—	—	—	—
Decrease (Increase) in non-current debtors		—	—	—	6,500	6,500	6,500	6,500	—	—	—
Decrease (increase) other non-current receivables		—	—	—	—	—	—	—	—	—	—
Decrease (increase) in non-current investments		—	—	—	—	—	—	—	—	—	—
Payments											
Capital assets		(18,949)	(18,949)	(22,014)	(19,285)	(30,820)	(30,820)	(30,820)	(20,476)	(17,843)	(19,092)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(18,912)	(18,912)	(22,014)	(12,785)	(24,320)	(24,320)	(24,320)	(20,476)	(17,843)	(19,092)
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		22,647	15,556	6,158	10,905	(630)	(630)	(630)	6,649	826	1,851
Cash/cash equivalents at the year begin:	2	14,613	37,260	52,816	47,668	47,668	47,668	47,668	47,038	53,687	54,513
Cash/cash equivalents at the year end:	2	37,260	52,816	58,973	58,573	47,038	47,038	47,038	53,687	54,513	56,364

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

Choose name from list - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	37,260	52,816	58,973	58,573	47,038	47,038	47,038	53,687	54,513	56,364
Other current investments > 90 days		(22,646)	(15,556)	—	(3,836)	7,699	7,699	7,699	3,239	4,691	5,208
Non current assets - Investments	1	—	—	—	—	—	—	—	—	—	—
Cash and investments available:		14,614	37,260	58,973	54,737	54,737	54,737	54,737	56,926	59,204	61,572
Application of cash and investments											
Unspent conditional transfers		—	—	—	—	—	—	—	—	—	—
Unspent borrowing		—	—	—	—	—	—	—	—	—	—
Statutory requirements	2	239	239	387	387	387	387	387	387	387	387
Other working capital requirements	3	8,978	8,004	(5,013)	(5,323)	114	114	141	(37)	395	425
Other provisions		3,490	3,883	4,745	4,400	4,400	4,400	4,400	4,400	4,400	4,400
Long term investments committed	4	—	—	—	—	—	—	—	—	—	—
Reserves to be backed by cash/investments	5	—	—	—	—	—	—	—	—	—	—
Total Application of cash and investments:		12,707	12,126	119	(536)	4,901	4,901	4,928	4,750	5,182	5,212
Surplus(shortfall)		1,907	25,134	58,854	55,273	49,836	49,836	49,809	52,177	54,022	56,360

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.

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.

Table 141 MBRR Table A9 - Asset Management

Choose name from list - Table A9 Asset Management										
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CAPITAL EXPENDITURE										
Total New Assets	1	17,011	16,401	18,326	20,397	31,520	31,520	20,976	20,387	21,393
Roads Infrastructure		5,000	14,351	15,626	9,495	12,249	12,249	6,431	13,945	17,706
Infrastructure		5,000	14,351	15,626	9,495	12,249	12,249	6,431	13,945	17,706
Community Facilities		5,251	-	-	7,452	15,821	15,821	9,645	2,800	-
Community Assets		11,251	-	-	7,452	15,821	15,821	9,645	2,800	-
Operational Buildings		760	-	-	1,800	1,800	1,800	3,700	3,000	3,000
Other Assets		760	-	-	1,800	1,800	1,800	3,700	3,000	3,000
Computer Equipment		-	850	350	100	100	100	200	214	229
Furniture and Office Equipment		-	200	350	400	400	400	400	428	458
Machinery and Equipment		-	-	-	-	-	-	600	-	-
Transport Assets		-	1,000	2,000	1,150	1,150	1,150	-	-	-
Total Capital Expenditure	4	17,011	16,401	18,626	20,397	31,520	31,520	20,976	20,387	21,393
Roads Infrastructure		5,000	14,351	15,626	9,495	12,249	12,249	6,431	13,945	17,706
Infrastructure		5,000	14,351	15,626	9,495	12,249	12,249	6,431	13,945	17,706
Community Facilities		5,251	-	-	7,452	15,821	15,821	9,645	2,800	-
Sport and Recreation Facilities		6,000	-	-	-	-	-	-	-	-
Community Assets		11,251	-	-	7,452	15,821	15,821	9,645	2,800	-
Operational Buildings		760	-	300	1,800	1,800	1,800	3,700	3,000	3,000
Housing		-	-	-	-	-	-	-	-	-
Other Assets		760	-	300	1,800	1,800	1,800	3,700	3,000	3,000
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	850	350	100	100	100	200	214	229
Furniture and Office Equipment		-	200	350	400	400	400	400	428	458
Machinery and Equipment		-	-	-	-	-	-	600	-	-
Transport Assets		-	1,000	2,000	1,150	1,150	1,150	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		17,011	16,401	18,626	20,397	31,520	31,520	20,976	20,387	21,393
ASSET REGISTER SUMMARY - PPE (WDV)	5	12,542	43,733	25,777	37,921	49,156	49,156	20,976	20,387	21,393
Roads Infrastructure		7,242	14,351	15,626	15,835	15,835	15,835	-	-	-
Infrastructure		7,242	14,351	15,626	15,835	15,835	15,835	-	-	-
Community Assets			12,751	4,900	7,452	15,821	15,821	6,431	13,945	17,706
Heritage Assets			11,380		9,383	12,249	12,249	9,645	2,800	-
Investment properties		5,252	5,251	5,251	5,251	5,251	5,251	4,900	3,642	3,687
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	12,542	43,733	25,777	37,921	49,156	49,156	20,976	20,387	21,393
EXPENDITURE OTHER ITEMS		6,388	9,800	10,400	13,676	12,676	12,676	16,294	17,444	18,689
Depreciation	7	4,418	4,700	4,800	6,100	6,100	6,100	8,294	9,124	10,036
Repairs and Maintenance by Asset Class	3	1,970	5,100	5,600	7,576	6,576	6,576	8,000	8,320	8,653
Roads Infrastructure		150	2,000	2,600	2,759	2,759	2,759	2,000	2,080	2,163
Infrastructure		150	2,000	2,600	2,759	2,759	2,759	2,000	2,080	2,163
Community Facilities		1,500	1,500	1,400	3,122	3,122	3,122	6,000	6,240	6,490
Community Assets		1,500	1,500	1,400	3,122	3,122	3,122	6,000	6,240	6,490
Operational Buildings		320	1,600	1,600	1,000	-	-	-	-	-
Housing		-	-	-	695	695	695	-	-	-
Other Assets		320	1,600	1,600	1,695	695	695	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		6,388	9,800	10,400	13,676	12,676	12,676	16,294	17,444	18,689
Renewal and upgrading of Existing Assets as % of total capital expenditure		0.0%	0.0%	1.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal and upgrading of Existing Assets as % of depreciation		0.0%	0.0%	6.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE		2.1%	4.8%	4.7%	6.1%	4.9%	4.9%	5.1%	5.4%	5.6%
Renewal and upgrading and R&M as a % of PPE		16.0%	12.0%	23.0%	20.0%	13.0%	13.0%	38.0%	41.0%	40.0%

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. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the Municipality's strategy to address the maintenance backlog.

Table 23 MBRR Table A10 - Basic Service Delivery Measurement

MKHAMBATHINI Municipality 2019/20 Final Annual Budget and MTREF

Choose name from list - Table A10 Basic service delivery measurement

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Household service targets	1									
Water:										
Piped water inside dwelling		2,742	3,071	3,132	3,195	3,195	3,195	3,195	3,195	3,195
Piped water inside yard (but not in dwelling)		8,944	9,838	10,035	10,235	10,235	10,235	10,235	10,235	10,235
Using public tap (at least min.service level)	2	1,472	1,576	1,608	1,640	1,640	1,640	1,640	1,640	1,640
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		13,158	14,485	14,775	15,070	15,070	15,070	15,070	15,070	15,070
Using public tap (< min.service level)	3	340	204	208	212	212	212	212	212	212
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		544	299	305	311	311	311	311	311	311
<i>Below Minimum Service Level sub-total</i>		884	503	513	523	523	523	523	523	523
Total number of households	5	14,042	14,988	15,288	15,594	15,594	15,594	15,594	15,594	15,594
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		1,684	1,785	1,821	1,857	1,857	1,857	1,857	1,857	1,857
Flush toilet (with septic tank)		1,688	1,789	1,825	1,861	1,861	1,861	1,861	1,861	1,861
Chemical toilet		503	533	544	555	555	555	555	555	555
Pit toilet (ventilated)		8,138	8,627	8,800	8,976	8,976	8,976	8,976	8,976	8,976
Other toilet provisions (> min.service level)		45	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		12,058	12,734	12,989	13,248	13,248	13,248	13,248	13,248	13,248
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	12,058	12,734	12,989	13,248	13,248	13,248	13,248	13,248	13,248
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Refuse:										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		52	52	52	52	52	52	52	52	52
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		52	52	52	52	52	52	52	52	52
Total number of households	5	52	52	52	52	52	52	52	52	52
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	282	282	282	296	308	320
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		-	-	-	-	-	-	-	-	-
Total cost of FBS provided		-	-	-	282	282	282	296	308	320
Highest level of free service provided per household										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		1,927	1,462	464	1,608	1,608	1,608	1,737	1,824	1,915
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
Total revenue cost of subsidised services provided	6	1,927	1,462	464	1,608	1,608	1,608	1,737	1,824	1,915

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

2 Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

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

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

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

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

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2018) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule in August 2018. Key dates applicable to the process were noted and used in the compilation of the IDP and Budget process.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

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

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

The IDP has been taken into a business and financial planning process leading up to the 2019/20 MTREF, based on the approved 2018/19 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2019/20 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 2019/20 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2018/19 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 93 and 94 have been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The municipality conducted public participation from 07 to 12 April 2019 on the Draft 2019/20 MTREF as tabled before Council on 28 March 2019 for the community to provide its comments. All comments received from the community and Provincial Treasury was considered when finalising the Annual Budget.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA.

2.2 Overview of alignment of annual budget with IDP

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

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

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

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

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

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

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (PGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;

- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's strategic objectives for the 2019/20 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 15 IDP Strategic Objectives

IDP/PMS ALIGNMENT NO.	NKPAs	STRATEGIC OBJECTIVES	PILLARS OF BACK TO BASICS
BSD1	BASIC SERVICE DELIVERY	To ensure the provision, upgrade and construction of infrastructure and services that enhance socio-economic development within the municipality.	Delivering Basic Services (B2B_2)
BSD2		To ensure a safe and healthy environment	
BSD3		To ensure provision of free Basic Services for indigent residents of Mkhambathini Municipality	
BSD4		To ensure integrated housing development within the municipality	
BSD5		To ensure that the municipal infra-structure assets are maintained	
BSD6		To ensure the integrated electrification development project within the municipality	
MIDT1	Municipal Institutional Development and Transformation	To ensure that Policies and Procedures are up-to-date	Building Capable Local Government Institutions (B2B_5)
MIDT2		To ensure that municipal staff is skilled according to job requirements	

MIDT3		Create Job opportunities through Public Employment Programs	
MIDT4		To provide skills development Programme for Councilors to be able to play their oversight role	
MIDT5		To ensure that employment equity targets are met	
MIDT6		To ensure a functional Organizational structure	
MIDT7		To promote Occupational Health & Safety in the workplace	
MIDT8		To ensure efficient and effective Fleet Management	
MIDT9		To ensure that services provided to the Municipality by service providers is of high quality	
MIDT10		To provide youth skills development Programmes	
MIDT11		To ensure effective and efficient ICT Management	
FIN1	Municipal Financial Viability and Management	To Ensure efficient and effective budget management	Sound Financial Management (B2B_4)
FIN2		To improve reporting Management	
FIN3		To ensure effective and efficient Supply Chain Management system	
FIN4		To ensure compilation of credible Financial Statements	
FIN5		To ensure effective and efficient asset management	
FIN6		To ensure revenue enhancement	
FIN7		To ensure that the Municipal Liquidity status is managed	
FIN8		To ensure that VAT is accounted for	
FIN9		To ensure effective management of the payroll system	
FIN10		To ensure effective and efficient grants management	

FIN11		To improve management and implementation of Capital Budget in the Municipality	
FIN12		To ensure enforcement of sound financial management practices	
LED1	LOCAL ECONOMIC DEVELOPMENT	To create a conducive environment For Local Economic and Rural Development	Putting people first (B2B_1)
LED2		To promote emerging businesses	
LED3		To promote the rights of designated groups	
LED4		To Promote Sports and Recreation	
LED5		To create awareness and a conducive environment to promote healthy lifestyles	
LED6		To Promote Tourism within the Municipal Area	
LED7		To promote Arts and Culture Activities	
LED8		To ensure effective and efficient library services	
LED9		Effective implementation of Operation Sukuma Sakhe projects	

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

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

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide electricity;
 - Provide waste removal;
 - Provide housing;
 - Provide roads and storm water;
 - Provide Municipality planning services; and
 - Maintaining the infrastructure of the Municipality.
2. Economic growth and development that leads to sustainable job creation by:

- Ensuring there is a clear structural plan for the Municipality;
- Ensuring planning processes function in accordance with set timeframes;
- Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

3.1 Fight poverty and build clean, healthy, safe and sustainable communities:

- Effective implementation of the Indigent Policy;
- Working with the provincial department of health to provide primary health care services;
- Extending waste removal services and ensuring effective Municipality cleansing;
- Ensuring all waste water treatment works are operating optimally;
- Working with strategic partners such as SAPS to address crime;
- Ensuring safe working environments by effective enforcement of building and health regulations;
- Promote viable, sustainable communities through proper zoning; and
- Promote environmental sustainability by protecting wetlands and key open spaces.

3.2 Integrated Social Services for empowered and sustainable communities

- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

4. Foster participatory democracy and MKHAMBATHINI principles through a caring, accessible and accountable service by:

- Optimising effective community participation in the ward committee system; and
- Implementing MKHAMBATHINI in the revenue management strategy.

5.1 Promote sound governance through:

- Publishing the outcomes of all tender processes on the municipal website

5.2 Ensure financial sustainability through:

- Reviewing the use of contracted services
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

- Review of the organizational structure to optimize the use of personnel;

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

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

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

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

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the 2019/20 revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2019/20 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.

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 Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the

integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance. At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

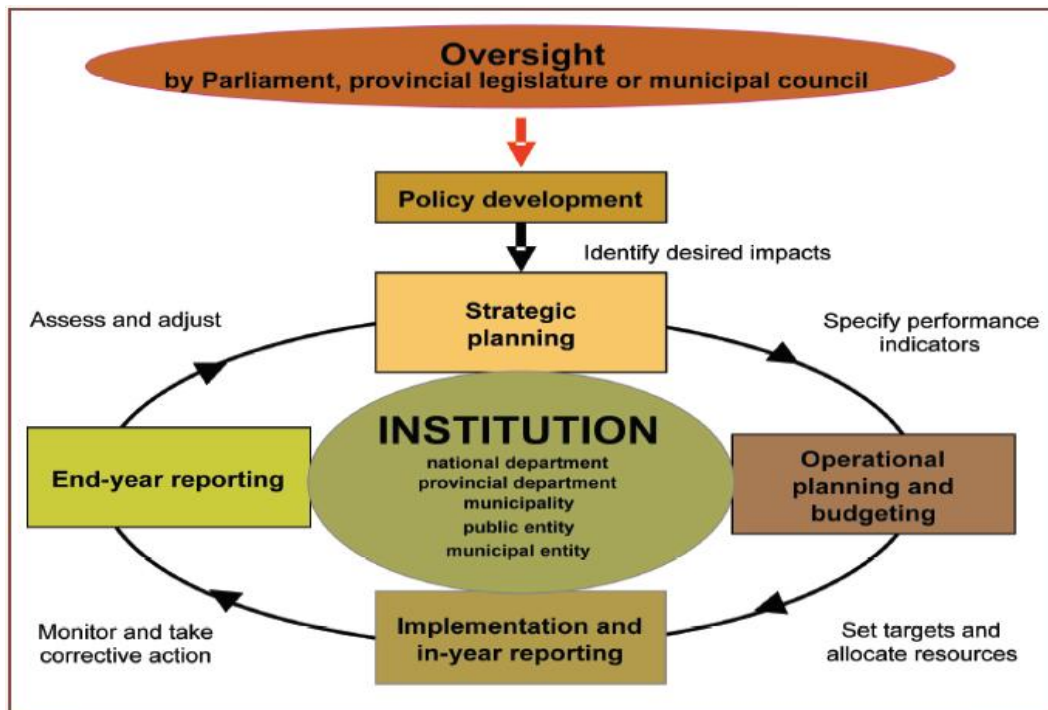


Figure 1 Planning, budgeting and reporting cycle

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

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

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

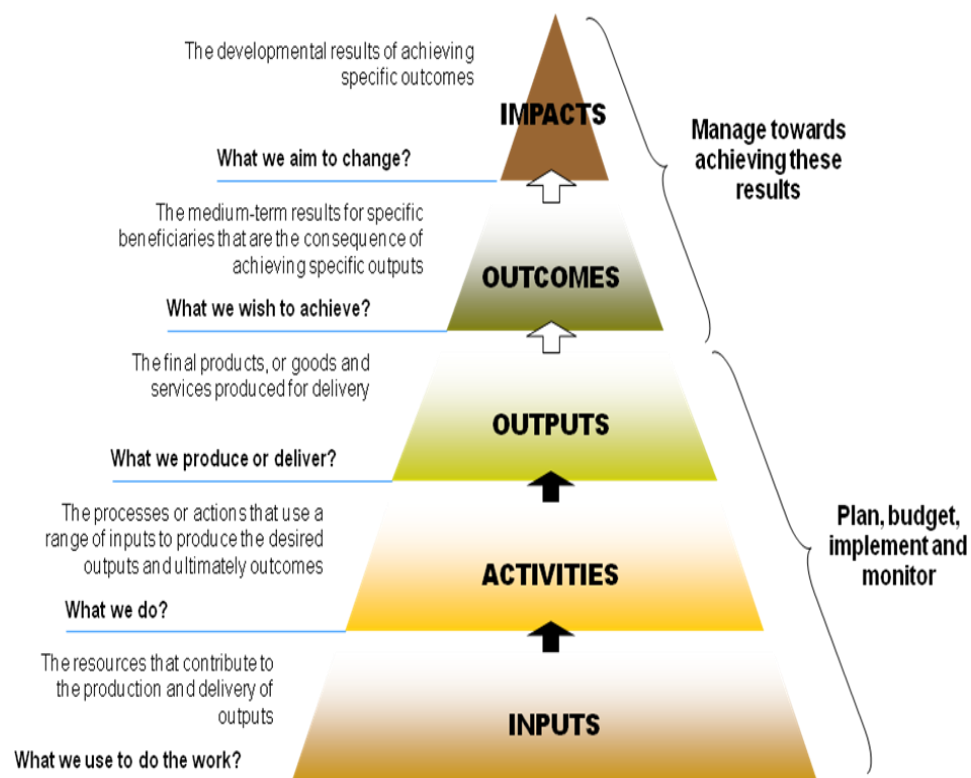


Figure 2 Definition of performance information concepts

Table 165 MBRR Table SA8 - Performance indicators and benchmarks

2.3.1 Performance indicators and benchmarks

KZN226 Mkhambathini - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	0.0%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.0%	0.0%	0.8%	0.7%	0.7%	0.7%	0.6%	0.6%	0.6%
Borrowed funding of 'own' 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%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	2.0	4.0	6.6	14.7	13.3	13.3	13.3	13.3	13.3	13.3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.0	4.0	6.6	14.7	13.3	13.3	13.3	13.3	13.3	13.3
Liquidity Ratio	Monetary Assets/Current Liabilities	1.1	3.1	5.1	12.6	12.6	12.6	12.6	12.6	12.6	12.6
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		75.9%	73.8%	100.0%	126.9%	126.9%	126.9%	126.9%	101.6%	78.5%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		75.9%	73.8%	100.0%	83.1%	83.1%	83.1%	83.1%	101.6%	78.5%	78.5%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	13.3%	10.9%	20.8%	9.7%	3.2%	3.2%	3.2%	2.9%	3.1%	3.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Creditors to Cash and Investments		18.8%	12.8%	16.1%	4.0%	5.0%	5.0%	5.0%	4.5%	4.6%	4.7%
Other Indicators											
	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	27.7%	27.4%	40.6%	34.4%	36.9%	36.9%	36.9%	35.7%	37.9%	38.1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	36.1%	34.9%	38.0%	40.7%	43.6%	43.6%		41.6%	44.2%	44.3%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	2.5%	5.8%	6.6%	8.1%	7.5%	7.5%		7.9%	8.4%	8.2%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	7.2%	7.7%	10.3%	7.1%	8.4%	8.4%	8.4%	8.4%	9.4%	9.7%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	33.1	25.1	6.9	6.0	6.0	6.0	5.2	5.9	5.8	6.1
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	78.5%	62.0%	119.8%	60.2%	18.6%	18.6%	18.6%	15.3%	15.3%	15.3%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	11.5	14.1	10.2	9.6	7.5	7.5	7.5	7.8	7.7	7.6

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. The following financial performance indicators have formed part of the compilation of the 2019/20 MTREF:

- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is nil per cent.

2.3.1.2 *Safety of Capital*

2.3.1.3 *Liquidity*

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2018/19 MTREF the current ratio is 2.6 in the 2019/20 financial year and 4.5 and 5.2 for the two outer years of the MTREF. These are only estimates at this stage
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations.

2.3.1.4 *Revenue Management*

- As part of the financial sustainability strategy, an aggressive revenue management framework is going to be implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection. For this purpose and exercise with Trans Union has commenced.

2.3.1.5 *Creditors Management*

- The Municipality managed to ensure that creditors are settled within the legislated 30 days of invoice.

2.4 **Overview of budget related-policies**

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies. The following budget-related policies have been approved by Council, or have been reviewed or amended and/or are currently being reviewed/amended in line with National Guidelines and other legislation. The policies are opened for inspection and comment and the final copies will be tabled when the budget is adopted in May 2019.

2.4.1 Budget Policy

2.4.2 Supply Chain Management Policy

2.4.3. Property Rates Policy

2.4.4 Tariff Policy

2.4.5 Credit Control & Debt Collection Policy

2.4.6 Subsistence & Travel Policy

2.4.7 Leave Policy

2.4.8 Virement Policy

2.4.9 Cash Management and Investment Policy

2.4.10 Overtime Policy

2.4.11 Budget policy

2.4.12 Banking Policy

2.4.12 Indigent Policy

2.5 Councillor and employee benefits

Table 26 MBRR SA22 - Summary of councillor and staff benefits

Choose name from list - Supporting Table SA22 Summary councillor and staff benefits										
Summary of Employee and Councillor remuneration	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		4,122	4,800	5,088	3,998	3,998	3,998	5,368	5,636	5,918
Pension and UIF Contributions										
Medical Aid Contributions										
Motor Vehicle Allowance					1,244	1,244	1,244			
Cellphone Allowance					622	622	622	622	622	622
Housing Allowances										
Other benefits and allowances										
Sub Total - Councillors		4,122	4,800	5,088	5,864	5,864	5,864	5,989	6,258	6,540
% increase	4		16.5%	6.0%	15.2%	-	-	2.1%	4.5%	4.5%
Senior Managers of the Municipality										
Basic Salaries and Wages		4,892	4,256	4,165	3,860	3,860	3,860	4,431	4,431	4,431
Pension and UIF Contributions					24	24	24			
Medical Aid Contributions										
Overtime										
Performance Bonus					79	79	79			
Motor Vehicle Allowance	3				223	223	223	223	223	223
Cellphone Allowance	3		42	50	43	43	43			
Housing Allowances	3				63	63	63	63	63	63
Other benefits and allowances	3				108	108	108	44	44	44
Payments in lieu of leave					62	62	62			
Long service awards										
Post-retirement benefit obligations	6				26	26	26			
Sub Total - Senior Managers of Municipality		4,892	4,298	4,215	4,490	4,490	4,490	4,761	4,761	4,761
% increase	4		(12.1%)	(1.9%)	6.5%	-	-	6.1%	-	-
Other Municipal Staff										
Basic Salaries and Wages		12,250	15,780	15,021	18,093	18,093	18,093	23,921	26,518	29,296
Pension and UIF Contributions		3,455	2,223	3,522	3,281	3,281	3,281	3,281	3,281	3,281
Medical Aid Contributions		620	833	1,522	1,417	1,417	1,417	1,417	1,417	1,417
Overtime		710	855	1,060	1,132	1,132	1,132	1,132	1,132	1,132
Performance Bonus		917	828	1,544	1,658	1,658	1,658	1,658	1,658	1,658
Motor Vehicle Allowance	3	359	318	-	223	223	223	223	223	223
Cellphone Allowance	3	60	52	66	70	70	70	70	70	70
Housing Allowances	3	42	52	97	281	281	281	281	281	281
Other benefits and allowances	3	268	90	8	405	405	405	405	405	405
Payments in lieu of leave		411	423		1,178	1,178	1,178	1,178	1,178	1,178
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff		19,092	21,454	22,840	27,738	27,738	27,738	33,565	36,163	38,940
% increase	4		12.4%	6.5%	21.4%	-	-	21.0%	7.7%	7.7%
Total Parent Municipality		28,105	30,552	32,144	38,091	38,091	38,091	44,316	47,182	50,241
% increase	4		8.7%	5.2%	18.5%	-	-	16.3%	6.5%	6.5%
TOTAL MANAGERS AND STAFF	5,7	23,984	25,752	27,056	32,227	32,227	32,227	38,327	40,924	43,701

Table 27 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Choose name from list - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

[illegible]

Table 28 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers Number	Ref	2017/18			Current Year 2018/19			Budget Year 2019/20		
		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)		14	3	11	14	3	11	14		14
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3	5	–	5	5	–	5	5		5
Other Managers	7									
Professionals		44	39	17	44	39	17	31	31	–
Finance			6	7		6	7	9	9	–
Spatial/town planning								1	1	–
Information Technology		1	–	1	1	–	1	1	1	–
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other		43	33	9	43	33	9	20	20	–
Technicians		–	–	–	–	–	–	–	–	–
Finance										
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Clerks (Clerical and administrative)		36	36	–	36	36	–	21	21	
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations								36	36	–
TOTAL PERSONNEL NUMBERS	9	99	78	33	99	78	33	107	88	19
% increase					–	–	–	8.1%	12.8%	(42.4%)
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									

Monthly targets for revenue, expenditure and cash flow**Table 29 MBRR SA25 - Budgeted monthly revenue and expenditure**

MKHAMBATHINI Municipality 2019/20 Final Annual Budget and MTREF

Choose name from list - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand																
Revenue By Source																
Property rates		1,551	1,551	1,551	1,551	1,551	1,551	1,551	1,551	1,551	1,551	1,551	5,051	22,114	23,220	24,381
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	(296)	(296)	(308)	(320)
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		45	45	45	45	45	45	45	45	45	45	45	45	542	563	586
Rental of facilities and equipment		27	27	27	27	27	27	27	27	27	27	27	27	326	339	352
Interest earned - external investments		284	284	284	284	284	284	284	284	284	284	284	284	3,409	3,545	3,687
Interest earned - outstanding debtors		151	151	151	151	151	151	151	151	151	151	151	151	1,811	1,883	1,959
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		2	2	2	2	2	2	2	2	2	2	2	6	28	29	30
Licences and permits		560	560	560	560	560	560	560	560	560	560	560	560	6,717	6,986	7,265
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		18,118	360	-	648	1,714	28,180	-	-	20,052	-	-	-	69,072	72,785	77,396
Other revenue		54	54	54	54	54	54	54	54	54	54	54	50	640	665	692
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		20,792	3,034	2,674	3,322	4,388	30,854	2,674	2,674	22,726	2,674	2,674	5,878	104,362	109,708	116,028
Expenditure By Type																
Employee related costs		3,002	3,002	3,002	3,002	3,002	3,002	3,002	3,002	3,002	3,002	3,002	5,302	38,327	40,924	43,701
Remuneration of councillors		499	499	499	499	499	499	499	499	499	499	499	499	5,989	6,258	6,540
Debt impairment		230	230	230	230	230	230	230	230	230	230	230	230	2,755	3,030	3,333
Depreciation & asset impairment		691	691	691	691	691	691	691	691	691	691	691	691	8,294	9,124	10,036
Finance charges		17	17	17	17	17	17	17	17	17	17	17	17	205	214	222
Bulk purchases		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials		374	374	374	374	374	374	374	374	374	374	374	374	4,485	4,664	4,851
Contracted services		1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428	8,283	23,987	22,607	23,511
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure		1,503	1,503	1,503	1,503	1,503	1,503	1,503	1,503	1,503	1,503	1,503	1,207	17,737	19,199	19,190
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		7,743	7,743	7,743	7,743	7,743	7,743	7,743	7,743	7,743	7,743	7,743	16,603	101,779	106,020	111,384
Surplus/(Deficit)																
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		5,144	-	-	-	-	6,270	-	-	4,662	-	-	-	16,076	16,745	17,706
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		18,193	(4,709)	(5,069)	(4,421)	(3,355)	29,380	(5,069)	(5,069)	19,644	(5,069)	(5,069)	(10,725)	18,659	20,433	22,350
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	18,193	(4,709)	(5,069)	(4,421)	(3,355)	29,380	(5,069)	(5,069)	19,644	(5,069)	(5,069)	(10,725)	18,659	20,433	22,350

Table 30 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Choose name from list - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand																
Revenue by Vote																
Vote 1 - Executive and Council		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 2 - Municipal Manager		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 3 - Budget and Treasury Office		7,447	7,447	7,447	7,447	7,447	7,447	7,447	7,447	7,447	7,447	7,447	10,897	92,816	99,945	105,949
Vote 4 - Corporate Services		5	5	5	5	5	5	5	5	5	5	5	5	62	64	67
Vote 5 - Community Services		122	122	122	122	122	122	122	122	122	122	122	122	1,462	23	24
Vote 6 - Library		143	143	143	143	143	143	143	143	143	143	143	143	1,714	1,817	1,817
Vote 7 - Vehicle Registration and Testing		560	560	560	560	560	560	560	560	560	560	560	560	6,717	6,986	7,265
Vote 8 - Solid Waste		45	45	45	45	45	45	45	45	45	45	45	45	542	563	586
Vote 9 - Technical Services		1,452	1,452	1,452	1,452	1,452	1,452	1,452	1,452	1,452	1,452	1,452	1,452	17,421	17,362	18,345
Vote 10 - Technical Services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue by Vote		9,774	9,774	9,774	9,774	9,774	9,774	9,774	9,774	9,774	9,774	9,774	13,224	120,734	126,761	134,054
Expenditure by Vote to be appropriated																
Vote 1 - Executive and Council		639	639	639	639	639	639	639	639	639	639	639	639	7,671	8,007	8,359
Vote 2 - Municipal Manager		1,062	1,062	1,062	1,062	1,062	1,062	1,062	1,062	1,062	1,062	1,062	1,062	12,745	13,449	14,195
Vote 3 - Budget and Treasury Office		2,280	2,280	2,280	2,280	2,280	2,280	2,280	2,280	2,280	2,280	2,280	2,280	27,363	29,365	31,534
Vote 4 - Corporate Services		913	913	913	913	913	913	913	913	913	913	913	913	10,952	6,349	4,587
Vote 5 - Community Services		1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	16,798	17,621	18,488
Vote 6 - Library		205	205	205	205	205	205	205	205	205	205	205	205	2,455	1,741	1,848
Vote 7 - Vehicle Registration and Testing		501	501	501	501	501	501	501	501	501	501	501	501	6,008	6,381	6,779
Vote 8 - Solid Waste		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 9 - Technical Services		1,503	1,503	1,503	1,503	1,503	1,503	1,503	1,503	1,503	1,503	1,503	1,553	18,083	23,414	25,915
Vote 10 - Technical Services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure by Vote		8,502	8,502	8,502	8,502	8,502	8,502	8,502	8,502	8,502	8,502	8,502	8,552	102,075	106,327	111,705
Surplus/(Deficit) before assoc.		1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272	4,671	18,659	20,433	22,350
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272	4,671	18,659	20,433	22,350

Table 31 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Choose name from list - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional																
Governance and administration		7,452	7,452	7,452	7,452	7,452	7,452	7,452	7,452	7,452	7,452	7,452	10,902	92,878	100,010	106,017
Executive and council																
Finance and administration		7,452	7,452	7,452	7,452	7,452	7,452	7,452	7,452	7,452	7,452	7,452	10,902	92,878	100,010	106,017
Internal audit																
Community and public safety		265	265	265	265	265	265	265	265	265	265	265	265	3,176	1,840	1,841
Community and social services		265	265	265	265	265	265	265	265	265	265	265	265	3,176	1,840	1,841
Sport and recreation																
Public safety																
Housing																
Health																
Economic and environmental services		2,012	2,012	2,012	2,012	2,012	2,012	2,012	2,012	2,012	2,012	2,012	2,012	24,138	24,348	25,611
Planning and development																
Road transport		2,012	2,012	2,012	2,012	2,012	2,012	2,012	2,012	2,012	2,012	2,012	2,012	24,138	24,348	25,611
Environmental protection																
Trading services		45	45	45	45	45	45	45	45	45	45	45	45	542	563	586
Energy sources																
Water management																
Waste water management																
Waste management		45	45	45	45	45	45	45	45	45	45	45	45	542	563	586
Other																
Total Revenue - Functional		9,774	9,774	9,774	9,774	9,774	9,774	9,774	9,774	9,774	9,774	9,774	13,224	120,734	126,761	134,054
Expenditure - Functional																
Governance and administration		4,894	4,894	4,894	4,894	4,894	4,894	4,894	4,894	4,894	4,894	4,894	4,894	58,732	57,171	58,675
Executive and council		1,701	1,701	1,701	1,701	1,701	1,701	1,701	1,701	1,701	1,701	1,701	1,701	20,417	21,457	22,554
Finance and administration		3,193	3,193	3,193	3,193	3,193	3,193	3,193	3,193	3,193	3,193	3,193	3,193	38,315	35,715	36,121
Internal audit																
Community and public safety		1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	19,253	19,361	20,336
Community and social services		1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	19,253	19,361	20,336
Sport and recreation																
Public safety																
Housing																
Health																
Economic and environmental services		2,008	2,008	2,008	2,008	2,008	2,008	2,008	2,008	2,008	2,008	2,008	2,008	24,091	29,795	32,694
Planning and development		72	72	72	72	72	72	72	72	72	72	72	72	867	6,098	7,703
Road transport		1,935	1,935	1,935	1,935	1,935	1,935	1,935	1,935	1,935	1,935	1,935	1,935	23,224	23,697	24,991
Environmental protection																
Trading services																
Energy sources																
Water management																
Waste water management																
Waste management																
Other																
Total Expenditure - Functional		8,506	8,506	8,506	8,506	8,506	8,506	8,506	8,506	8,506	8,506	8,506	8,506	102,075	106,327	111,705
Surplus/(Deficit) before assoc.		1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	4,717	18,659	20,433	22,350
Share of surplus/ (deficit) of associate																
Surplus/(Deficit)	1	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	4,717	18,659	20,433	22,350

Table 32 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

MKHAMBATHINI Municipality 2019/20 Final Annual Budget and MTREF

Choose name from list - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand																
Multi-year expenditure to be appropriated	1															
Vote 1 - Executive and Council														-	-	-
Vote 2 - Municipal Manager														-	-	-
Vote 3 - Budget and Treasury Office														-	-	-
Vote 4 - Corporate Services														-	-	-
Vote 5 - Community Services														-	-	-
Vote 6 - Library														-	-	-
Vote 7 - Vehicle Registration and Testing														-	-	-
Vote 8 - Solid Waste														-	-	-
Vote 9 - Technical Services														-	-	-
Vote 10 - Technical Services														-	-	-
Vote 11 - [NAME OF VOTE 11]														-	-	-
Vote 12 - [NAME OF VOTE 12]														-	-	-
Vote 13 - [NAME OF VOTE 13]														-	-	-
Vote 14 - [NAME OF VOTE 14]														-	-	-
Vote 15 - [NAME OF VOTE 15]														-	-	-
Capital multi-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated																
Vote 1 - Executive and Council														-	-	-
Vote 2 - Municipal Manager														-	-	-
Vote 3 - Budget and Treasury Office														-	-	-
Vote 4 - Corporate Services		367	367	367	367	367	367	367	367	367	367	367	867	4,900	3,642	3,687
Vote 5 - Community Services		804	804	804	804	804	804	804	804	804	804	804	804	9,645	2,800	-
Vote 6 - Library		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Vehicle Registration and Testing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Solid Waste		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Technical Services		536	536	536	536	536	536	536	536	536	536	536	536	6,431	13,945	17,706
Vote 10 - Technical Services														-	-	-
Vote 11 - [NAME OF VOTE 11]														-	-	-
Vote 12 - [NAME OF VOTE 12]														-	-	-
Vote 13 - [NAME OF VOTE 13]														-	-	-
Vote 14 - [NAME OF VOTE 14]														-	-	-
Vote 15 - [NAME OF VOTE 15]														-	-	-
Capital single-year expenditure sub-total	2	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	2,206	20,976	20,387	21,393
Total Capital Expenditure	2	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	2,206	20,976	20,387	21,393

Table 33 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Choose name from list - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital Expenditure - Functional	1															
Governance and administration		367	367	367	367	367	367	367	367	367	367	367	867	4,900	3,642	3,687
Executive and council													-	-	-	-
Finance and administration		367	367	367	367	367	367	367	367	367	367	367	867	4,900	3,642	3,687
Internal audit													-	-	-	-
Community and public safety		804	804	804	804	804	804	804	804	804	804	804	804	9,645	2,800	-
Community and social services		804	804	804	804	804	804	804	804	804	804	804	804	9,645	2,800	-
Sport and recreation													-	-	-	-
Public safety													-	-	-	-
Housing													-	-	-	-
Health													-	-	-	-
Economic and environmental services		536	536	536	536	536	536	536	536	536	536	536	536	6,431	13,945	17,706
Planning and development													-	-	-	-
Road transport		536	536	536	536	536	536	536	536	536	536	536	536	6,431	13,945	17,706
Environmental protection													-	-	-	-
Trading services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Energy sources													-	-	-	-
Water management													-	-	-	-
Waste water management													-	-	-	-
Waste management													-	-	-	-
Other													-	-	-	-
Total Capital Expenditure - Functional	2	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	2,206	20,976	20,387	21,393
Funded by:																
National Government		1,340	1,340	1,340	1,340	1,340	1,340	1,340	1,340	1,340	1,340	1,340	1,340	16,076	16,745	17,706
Provincial Government													-	-	-	-
District Municipality													-	-	-	-
Other transfers and grants													-	-	-	-
Transfers recognised - capital		1,340	1,340	1,340	1,340	1,340	1,340	1,340	1,340	1,340	1,340	1,340	1,340	16,076	16,745	17,706
Borrowing													-	-	-	-
Internally generated funds		367	367	367	367	367	367	367	367	367	367	367	867	4,900	3,642	3,687
Total Capital Funding		1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	2,206	20,976	20,387	21,393

Table 34 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash Receipts By Source													1		
Property rates	1,551	1,551	1,551	1,551	1,551	1,551	1,551	1,551	1,551	1,551	1,551	1,551	18,614	14,843	15,437
Service charges - electricity revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	27	27	27	27	27	27	27	27	27	27	27	27	326	339	352
Interest earned - external investments	284	284	284	284	284	284	284	284	284	284	284	284	3,409	3,545	3,687
Interest earned - outstanding debtors	151	151	151	151	151	151	151	151	151	151	151	151	1,811	1,883	1,959
Dividends received	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits	2	2	2	2	2	2	2	2	2	2	2	2	24	25	26
Licences and permits	560	560	560	560	560	560	560	560	560	560	560	560	6,717	6,986	7,265
Agency services	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfer receipts - operational	18,118	360	–	648	1,714	28,230	–	–	20,052	–	–	–	69,122	66,347	71,402
Other revenue	54	54	54	54	54	54	54	54	54	54	54	54	644	617	642
Cash Receipts by Source	20,747	2,989	2,629	3,277	4,343	30,859	2,629	2,629	22,681	2,629	2,629	3,170	101,208	95,149	101,356
Other Cash Flows by Source															
Transfer receipts - capital	5,144	–	–	–	–	6,270	–	–	4,662	–	–	–	16,076	16,745	17,706
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Proceeds on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Short term loans	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Decrease (Increase) in non-current debtors	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Cash Receipts by Source	25,891	2,989	2,629	3,277	4,343	37,128	2,629	2,629	27,343	2,629	2,629	3,170	117,284	111,894	119,062
Cash Payments by Type															
Employee related costs	3,002	3,002	3,002	3,002	3,002	3,002	3,002	3,002	3,002	3,002	3,002	3,002	36,027	37,675	40,313
Remuneration of councillors	499	499	499	499	499	499	499	499	499	499	499	499	5,989	6,258	6,540
Finance charges	17	17	17	17	17	17	17	17	17	17	17	17	205	214	222
Bulk purchases - Electricity	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Bulk purchases - Water & Sewer	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other materials	1,188	1,188	1,188	1,188	1,188	1,188	1,188	1,188	1,188	1,188	1,188	1,188	14,260	14,831	15,424
Contracted services	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428	17,132	17,817	18,529
Transfers and grants - other municipalities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and grants - other	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other expenditure	1,379	1,379	1,379	1,379	1,379	1,379	1,379	1,379	1,379	1,379	1,379	1,379	16,546	16,431	17,091
Cash Payments by Type	7,513	7,513	7,513	7,513	7,513	7,513	7,513	7,513	7,513	7,513	7,513	7,513	90,159	93,225	98,119
Other Cash Flows/Payments by Type															
Capital assets	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	20,476	17,843	19,092
Repayment of borrowing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other Cash Flow s/Payments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Cash Payments by Type	9,220	9,220	9,220	9,220	9,220	9,220	9,220	9,220	9,220	9,220	9,220	9,220	110,635	111,068	117,211
NET INCREASE/(DECREASE) IN CASH HELD	16,672	(6,231)	(6,591)	(5,943)	(4,877)	27,909	(6,591)	(6,591)	18,123	(6,591)	(6,591)	(6,049)	6,649	826	1,851
Cash/cash equivalents at the month/year begin:	47,038	63,710	57,479	50,888	44,945	40,068	67,977	61,386	54,795	72,918	66,327	59,736	47,038	53,687	54,513
Cash/cash equivalents at the month/year end:	63,710	57,479	50,888	44,945	40,068	67,977	61,386	54,795	72,918	66,327	59,736	53,687	53,687	54,513	56,364

2.6 Annual budgets and SDBIPs – internal departments

In terms of section 53(1)©(ii) the Mayor 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.

2.7 Capital expenditure details

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

Capital Expenditure - internally funded

R thousand	Program/Project description	Asset Sub-Class 3	Total Project Estimate	Project information	New or renewal
				Ward location	
Community Facilities	Server Room Renovations	<i>Municipal Building</i>	1 200 000	All	New
Community Facilities	Municipal Building	<i>Municipal Building</i>	1 800 000	All	Renew
Vehicles and Tractors	Tractor	<i>Vehicles and Tractors</i>	400 000	All	New
Transportation and Roads	Small Plant and Equipment	<i>Plant and Equipment</i>	300 000	All	Renew
Transportation and Roads	New Computers and Printers	<i>Computers Hardware</i>	200 000	All	Renew
Municipal Building	Back Up Generator	<i>Municipal Building</i>	600 000	All	New
Equipment and Fittings	Furniture	<i>Office Equipment</i>	400 000	All	New
Total Capital expenditure			4 900 000		

Capital Expenditure - Conditional Grant funded

R thousand	Program/Project description	Asset Sub-Class 3	Total Project Estimate	Project information	New or renewal
				Ward location	
Transportation and Roads	Construction of Nobhala Road	<i>Roads Infrastructure</i>	2 759 000	Ward 3	New
Community Facilities	Manzamnyama Community Hall	<i>Community Facilities</i>	4 523 372	Ward 2	Renew
Community Facilities	Ezinembeni Crèche	<i>Community Facilities</i>	4 396 814	Ward 1	New
Community Facilities	Okhalweni Crèche	<i>Community Facilities</i>	4 396 814	Ward 7	Renew
Total Capital expenditure			16 076 000		

The Projects co-ordinates are as follows:

Construction of Nobhala Road	Longitude (E) 30 .34 .19 Latitude (S) 29. 37. 55
Manzamnyama Community Hall	Longitude (E) 30 .37 .6 Latitude (S) 29. 35. 5
Ezinembeni Crèche	Longitude (E) 30 .34 .8 Latitude (S) 29. 34. 15
Okhalweni Crèche	Longitude (E) 30 .35 .19 Latitude (S) 30. 4. 8

2.8 Legislation compliance status

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

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Since the introduction of the Internship programme the Municipality has successfully employed and trained 5 interns through this programme and a majority of them were appointed either in Mkhambathini Municipality or other municipalities.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2019/20 MTREF in May 2019 directly aligned and informed by the 2018/19 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.

2.9 Other supporting document

Table 40 MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		13,209	13,424	14,683	15,881	15,881	15,881	15,881	23,852	25,044	26,296
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		1,927	1,462	464	1,608	1,608	1,608	1,608	1,737	1,824	1,915
Net Property Rates		11,281	11,961	14,219	14,272	14,272	14,272	14,272	22,114	23,220	24,381
Service charges - electricity revenue	6										
Total Service charges - electricity revenue											
less Revenue Foregone (in excess of 50 kwh per indigent household per month)											
less Cost of Free Basis Services (50 kwh per indigent household per month)		-	-	-	282	282	282		296	308	320
Net Service charges - electricity revenue		-	-	-	(282)	(282)	(282)	-	(296)	(308)	(320)
Service charges - water revenue	6										
Total Service charges - water revenue											
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)											
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		-	-	-	-	-	-		-	-	-
Net Service charges - water revenue		-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue											
Total Service charges - sanitation revenue											
less Revenue Foregone (in excess of free sanitation service to indigent households)											
less Cost of Free Basis Services (free sanitation service to indigent households)		-	-	-	-	-	-		-	-	-
Net Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	6										
Total refuse removal revenue			466	498	562	562	562	562	542	563	586
Total landfill revenue											
less Revenue Foregone (in excess of one removal a week to indigent households)											
less Cost of Free Basis Services (removed once a week to indigent households)		-	-	-	-	-	-		-	-	-
Net Service charges - refuse revenue		-	466	498	562	562	562	562	542	563	586
Other Revenue by source											
Trading services									1	1	1
Clearance Certificate		16	10	-					11	11	12
Tender Proposal		81	48			106	106	106	132	133	138
Court fines		13	16						-	-	-
Building plans		248	194			378	378	378	378	397	413
Other Revenue		217	327	2,616	559	41	41	41	-		
Rental from Fixed Assets											
Library fees		20	23								
Skills Development Levy Refund									62	64	67
Overdue Books Fine		10	6						4	4	4
Photocopies and Faxes									17	18	19
Application Fees for Land Usage									35	37	38
Total 'Other' Revenue	1	604	625	2,616	559	525	525	525	640	665	692

Table 39 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Choose name from list - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - Executive and Council	Vote 2 - Municipal Manager	Vote 3 - Budget and Treasury Office	Vote 4 - Corporate Services	Vote 5 - Community Services	Vote 6 - Library	Vote 7 - Vehicle Registration and Testing	Vote 8 - Solid Waste	Vote 9 - Technical Services	Vote 10 - Technical Services	Vote 11 - [NAME OF VOTE 11]	Vote 12 - [NAME OF VOTE 12]	Vote 13 - [NAME OF VOTE 13]	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]	Total
R thousand	1																
Revenue By Source																	
Property rates				22,114													22,114
Service charges - electricity revenue																	-
Service charges - water revenue																	-
Service charges - sanitation revenue																	-
Service charges - refuse revenue						542											542
Rental of facilities and equipment				326													326
Interest earned - external investments				3,409													3,409
Interest earned - outstanding debtors				1,811													1,811
Dividends received																	-
Fines, penalties and forfeits				20		4											24
Licences and permits					6,717												6,717
Agency services																	-
Other revenue				31		18				545							594
Transfers and subsidies				65,168		3,154				800							69,122
Gains on disposal of PPE																	-
Total Revenue (excluding capital transfers and contributions)		-	-	92,878	6,717	3,718	-	-	-	1,345	-	-	-	-	-	-	104,658
Expenditure By Type																	
Employment related costs			6,010	5,483	6,683	5,045	2,009	4,434		6,363							36,027
Remuneration of councillors		5,989															5,989
Debt impairment				2,755													2,755
Depreciation & asset impairment				8,294													8,294
Finance charges																	-
Bulk purchases																	-
Other materials		500	800		1,205	11,695				60							14,260
Contracted services		110	2,530	3,421	2,972		99			-							9,132
Transfers and subsidies																	-
Other expenditure		572	2,183	4,562	9,213	58	347	1,574		7,111							25,619
Loss on disposal of PPE																	-
Total Expenditure		7,171	11,523	24,515	20,073	16,798	2,455	6,008	-	13,533	-	-	-	-	-	-	102,075
Surplus/(Deficit)		(7,171)	(11,523)	68,363	(13,356)	(13,080)	(2,455)	(6,008)	-	(12,188)	-	-	-	-	-	-	2,583
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)										16,076							16,076
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)																	-
Transfers and subsidies - capital (in-kind - all)																	-
Surplus/(Deficit) after capital transfers & contributions		(7,171)	(11,523)	68,363	(13,356)	(13,080)	(2,455)	(6,008)	-	3,888	-	-	-	-	-	-	18,659

Table 40 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Choose name from list - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Choose name from list - Supporting table 3AS Supporting detail to Budgeted Financial Position											
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
ASSETS											
Call investment deposits	2										
Call deposits				57,376	52,737	52,737	52,737	52,737	54,846	57,040	59,322
Other current investments		14,080	36,218								
Total Call investment deposits		14,080	36,218	57,376	52,737	52,737	52,737	52,737	54,846	57,040	59,322
Consumer debtors											
Consumer debtors	2	12,235	15,568	17,636	9,110	2,820	2,820	2,820	2,933	3,050	3,172
Less: Provision for debt impairment		(4,890)	(6,617)								
Total Consumer debtors		7,345	8,951	17,636	9,110	2,820	2,820	2,820	2,933	3,050	3,172
Debt impairment provision											
Balance at the beginning of the year		2,630	7,522								
Contributions to the provision		2,258	1,600								
Bad debts written off											
Balance at end of year		4,888	9,122	-	-	-	-	-	-	-	-
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)	3	116,453	132,991		123,997	135,232	135,232	135,232	155,708	153,075	154,324
Leases recognised as PPE				119,103							
Less: Accumulated depreciation		21,978	26,678								
Total Property, plant and equipment (PPE)	2	94,475	106,313	119,103	123,997	135,232	135,232	135,232	155,708	153,075	154,324
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities											
Total Current liabilities - Borrowing		-	-	-	-	-	-	-	-	-	-
Trade and other payables											
Trade Payables	5	7,011	6,741	9,488	2,340	2,340	2,340	2,340	2,434	2,531	2,632
Other creditors		4,055	3,171								
Unspent conditional transfers											
VAT											
Total Trade and other payables	2	11,067	9,911	9,488	2,340	2,340	2,340	2,340	2,434	2,531	2,632
Non current liabilities - Borrowing											
Borrowing	4										
Finance leases (including PPP asset element)											
Total Non current liabilities - Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions - non-current											
Retirement benefits											
List other major provision items											
Refuse landfill site rehabilitation											
Other		2,200	2,816								
Total Provisions - non-current		2,200	2,816	-	-	-	-	-	-	-	-
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance	1	71,770	96,951								
GRAP adjustments											
Restated balance		71,770	96,951	-	-	-	-	-	-	-	-
Surplus/(Deficit)		34,435	28,157	18,431	(3,520)	(16,904)	(16,904)	(16,622)	18,659	20,433	22,350
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
Accumulated Surplus/(Deficit)		106,205	125,108	18,431	(3,520)	(16,904)	(16,904)	(16,622)	18,659	20,433	22,350
Reserves											
Housing Development Fund	2										
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
Total Reserves		-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	106,205	125,108	18,431	(3,520)	(16,904)	(16,904)	(16,622)	18,659	20,433	22,350

Total capital expenditure includes expenditure on nationally significant priorities:

Provision of basic services											

Table 41 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Choose name from list - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2015/16	2016/17	2017/18	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population						59	59	59	59	59	59	59
Females aged 5 - 14						8	8	8	8	8	8	8
Males aged 5 - 14						7	7	7	7	7	7	7
Females aged 15 - 34						11	11	11	11	11	11	11
Males aged 15 - 34						10	10	10	10	10	10	10
Unemployment						8	8	8	8	8	8	8
Monthly household income (no. of households)	1, 12											
No income												
R1 - R1 600												
R1 601 - R3 200												
R3 201 - R6 400												
R6 401 - R12 800												
R12 801 - R25 600												
R25 601 - R51 200												
R52 201 - R102 400												
R102 401 - R204 800												
R204 801 - R409 600												
R409 601 - R819 200												
> R819 200												
Poverty profiles (no. of households)												
< R2 060 per household per month	13											
Insert description	2											
Household/demographics (000)												
Number of people in municipal area						59	59	59	59	59	59	59
Number of poor people in municipal area												
Number of households in municipal area												
Number of poor households in municipal area												
Definition of poor household (R per month)						2,160	2,160	2,160	2,160	2,160	2,160	2,160
Housing statistics	3											
Formal						3,797	3,797	3,797	3,797	3,797	3,797	3,797
Informal						481	481	481	481	481	481	481
Total number of households			-	-	-	4,278	4,278	4,278	4,278	4,278	4,278	4,278
Dwellings provided by municipality	4											
Dwellings provided by provincial												
Dwellings provided by private sector	5											
Total new housing dwellings			-	-	-	-	-	-	-	-	-	-
Economic	6											
Inflation/inflation outlook (CPIX)						5.4%	5.4%	5.4%	6.0%	6.1%	5.9%	5.8%
Interest rate - borrowing						8.0%	8.0%	8.0%	6.0%	6.0%	6.0%	6.0%
Interest rate - investment						7.0%	7.0%	7.0%	6.0%	7.3%	5.9%	5.8%
Remuneration increases												
Consumption growth (electricity)												
Consumption growth (water)												
Collection rates	7											
Property tax/service charges						85.0%	60.0%	65.0%	70.0%	80.0%	85.0%	90.0%
Rental of facilities & equipment						8.0%	8.0%	8.0%	6.0%	6.0%	6.0%	6.0%
Interest - external investments						6.0%	6.0%	6.0%	0.0%	1.0%	1.0%	1.0%
Interest - debtors												
Revenue from agency services												



Municipal Manager's Quality Certificate

OFFICE OF THE MUNICIPAL MANAGER

QUALITY CERTIFICATE

I, Miss ZM Mdlazi, Acting Municipal Manager of Mkhambathini Local Municipality, hereby certify that the Draft Budget and SDBIP with the supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and the budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: Mrs. ZM Mdlazi

Acting Municipal Manager of Mkhambathini Local Municipality KZ226

Signature: _____

Date: 30 May 2019