

**ANNUAL BUDGET OF**  
**MKHAMBATHINI**  
**MUNICIPALITY**



**2015/16 TO 2016/18**  
**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 T.E MAPHUMALO PRESENTED TO THE MUNICIPAL COUNCIL ON THE OCCASION OF  
THE TABLING OF THE 2015/2016, 2016/2017, 2017/2018 DRAFT BUDGET IN THE COUNCIL  
CHAMBERS, CAMPERDOWN,**

**ON TUESDAY 31 MARCH 2015**

Speaker,

Executive Committee Members,

Councillors,

Acting Municipal Manager,

Managers,

Chief Financial Officer,

Staff,

Members of the media if any are present and Public,

Ladies and Gentlemen.

It is a great honour to present to you the multi-year budget for MKHAMBATHINI Municipality in respect of the 2015/16, 2016/17 and 2017/18 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. It is the intention to have this budget finally approved on 29 May 2015 which will be in compliance of the requirements of the MFMA.

Inflation is forecast to remain within the target range of 5.8 to 5.3 percent, edging towards the upper end of the range in 2018 as the economy strengthens. This was taken into account when the budget was compiled.

Cognisance should be taken that the SALGA Salary Wage Collective Agreement has come to an end and National Treasury has advised to make provision for an increase of 4.8% for the 2015/2016 financial year, however we have provide for 6% to factor in any further changes that may arise during the finalisation of wage negotiations.

Speaker, Council's Plan (IDP) to inform the 2015/16 financial year's budget was also tabled to Council today. I am pleased to announce that this budget is aligned to the revised IDP. Due to the current financial situation of MKHAMBATHINI Municipality we can only fund capital projects through the Municipal Infrastructure Grant which amounts to R16.8 million.

### **Governance**

The Internal Audit Activity stills operate as an outsourced Internal Audit Services which has been running for almost 2 years this 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.

MKHAMBATHINI Municipality Youth Advisory Centre is still standing and continues to service the youth who are seeking advice on careers, receiving vouchers for small businesses, life skills, and basic computer skills. Speaker, we pride ourselves in services offered by the Youth Advisory Centre.

### **Health**

We recently hosted an HIV/AIDS awareness campaign, held on 02 December 2014, in conjunction with Kwa - Zulu Natal Provincial Treasury to create awareness of the HIV/AIDS epidemic.

### **Housing**

Speaker, we have 7 housing projects within the MKHAMBATHINI Municipality. To date, 2168 low income houses have been constructed. These include areas such as Mbambangalo, Maqongqo, Kwa Njobokazi and Kwa Mahleka. Furthermore, there are projects that are in the planning and packaging stage, which include Stockdale, Poortjie and Ward 7 Rural Housing

### **Crime**

Speaker, crime affects everyone, and our area within MKHAMBATHINI Municipality is also affected by various crimes. These include general theft, especially copper wire, in

the farming areas – which consequently affects various essential services. Residential burglary has slightly decreased and stabilised.

The Cluster Crime Combating Forum – it consists of police stations within the MKHAMBATHINI jurisdiction – primarily monitors, implements strategies in combating crimes within this jurisdiction.

#### **RATES & PROPERTY**

- The new general valuation roll came into effect on 1 July 2014. A Supplementary valuation roll has been received and is going to be advertised for comment in April 2015 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 R300 000 of the valuation for residential properties in 2015/16 as granted in the previous years.

I must mention Speaker, that after this meeting, the municipality will have public participation process to showcase the IDP and Budget and to share with our people different views on what I am about to table to this Council.

#### **Back to basics**

Speaker and fellow Councillors, 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.

I THANK YOU



## 1.2 Council Resolutions

On 27 May 2015 the Council of MKHAMBATHINI Municipality Local Municipality met in the Council Chambers of MKHAMBATHINI Municipality to consider the annual budget of the municipality for the financial year 2015/16. The Council approved and adopted the following 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 2015/2016 and indicative allocations for the two projected outer years 2016/2017 and 2017/2018, 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 financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are adopted as set out in the following tables

2.1 Budgeted Financial Position

2.2 Budgeted Cash Flows

2.3 Cash backed reserves and accumulated surplus reconciliation

2.4 Asset Management

2.5 Basic service delivery measurement

3. That in terms of section 24(2)(c)(i) and (ii) of the Municipal Finance Management Act, 56 Of 2003 and sections 74 and 75A of the Local Government: Municipal Systems Act, Act 32 of 2000 as amended all other tariffs as set out in Other Supporting Documents be approved with effect from 1 July 2015.

4. That in terms of section 5 of the Municipal Property Rates Act, 6 of 2004, the rates policy as amended be approved

5. That in terms of section 24(2)(c)(v) of the Municipal Finance Management Act, 56 of 2003 the SCM policy as amended be approved.

6. 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 be approved with effect from 1 July 2015

7. 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 approved

8. That the salaries, wages and allowances of all employees be increased in accordance with the multi-year SALGBC wage agreement with effect from 1 July 2015 once the final offer has been and accepted by organised Labour.

### **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 range of revenue collection strategies to optimize the collection of debt owed by ratepayers.

National Treasury's MFMA Circulars No. 74 and 75 were used to guide the compilation of the 2015/16 MTREF.

The main challenges experienced during the compilation of the 2015/16 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 2015/16 MTREF process; and

The following budget principles and guidelines directly informed the compilation of the 2015/16 MTREF:

- The 2014/15 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 2015/16 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 CP.
- 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 2015/16 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2015/16 MTREF**

Description	Adjusted Budget 2014-2015	Budget 2015-2016	Budget 2016-2017	Budget 2017-2018
Total Operating Revenue	68 177 173	84 696 353	86 099 754	84 898 039
Total Operating Expenditure	65 153 200	83 626 733	85 718 417	84 445 962
Surplus / ( Deficit ) for the year		1 069 620	381 337	452 077
Total Capital Expenditure	18 061 000	19 301 000	18 962 000	19 729 000

Total operating revenue has increased by 24 per cent or R16.519 million for the 2015/16 financial year when compared to the 2014/15 Adjustments Budget. For the two outer years, operational revenue will increase by R 1.403 million and decrease by R 1.201, equating to a total revenue growth of R16.7 million over the MTREF when compared to the 2014/15 financial year.

Total operating expenditure for the 2015/16 financial year has been appropriated at R83.627 million and translates into a budgeted deficit of R1.070 million. When compared to the 2014/15 Adjustments Budget, operational expenditure has increased by 28 per cent in the 2015/16 budget and increased by 2 and decreased by 1 per cent for each of the respective outer years of the MTREF. The operating surplus for the two outer years is R 381 337 thousand and R 452 077 thousand respectively. These surpluses are arrived at after taking in account cash items in and funding of capital projects from own funding.

The capital budget of R million for 2015/16 is 7 per cent more when compared to the 2014/15 Adjustment Budget. The increase is due to various projects being funded from own funding after taking into account affordability constraints in the light of current economic circumstances. Only capital projects funded through the Municipal Infrastructure Grant is included in the 2015/16 capital budget and a portion of essential expenditure. The capital programme decreases to R18.9 million in the 2016/17 financial year and then increases to R19.7 million in 2017/18.

## 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 2015/16 MTREF (classified by main revenue source):

MKHAMBATHINI Municipality 2015/16 Annual Budget and MTREF

KZN226 Mkhambathini - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>	<b>1</b>										
<b>Revenue By Source</b>											
Property rates	2	4 881	6 722	6 522	16 406	10 807	10 807	10 807	11 454	12 141	12 870
Property rates - penalties & collection charges					11	-	-				
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - other											
Rental of facilities and equipment											
Interest earned - external investments		400	730	786	832	832	832	832	800	800	800
Interest earned - outstanding debtors		354	350	148	157	1 200	1 200	1 200	1 272	1 348	1 429
Dividends received						-	-	-			
Fines		66	34	84	90	90	90	90	41	44	46
Licences and permits		2 581	3 183	3 207	3 311	4 260	4 260	4 260	4 873	5 166	5 476
Agency services						-	-	-			
Transfers recognised - operational		33 024	34 659	36 776	48 971	50 742	50 742	50 742	66 873	66 195	63 847
Other revenue	2	291	371	319	219	245	245	245	384	406	430
Gains on disposal of PPE		5	-	-	20	-	-				
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>41 601</b>	<b>46 049</b>	<b>47 843</b>	<b>70 018</b>	<b>68 177</b>	<b>68 177</b>	<b>68 177</b>	<b>84 697</b>	<b>86 100</b>	<b>84 898</b>

Table 2 Summary of revenue classified by main revenue source

Table 3 Percentage growth in revenue by main revenue source

Description		2015/16 Medium Term Revenue & Expenditure Framework				
	Adjusted Budget	Budget Year 2015/16	% increase	Budget Year +1 2016/17	% increase	Budget Year +2 2017/18
R thousand						
<b>Revenue By Source</b>						
Property rates	10 807	11 454	6	12 141	6	12 870
Interest earned - external investments	832	800	0	800	0	800
Interest earned - outstanding debtors	1 200	1 272	6	1 348	6	1 429
Fines	90	41	-54	44	5	46
Licences and permits	4 260	4 873	14	5 166	6	5 476
Transfers recognised - operational	50 742	65 873	30	66 195	0.5	63 847
Other revenue	245	384	57	406	5.73	430
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>68 177</b>	<b>84 697</b>	<b>24.23</b>	<b>86 100</b>	<b>1.66</b>	<b>84 898</b>

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.

**Table 4 Operating Transfers and Grant Receipts**

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		33 156	37 480	36 123	48 290	50 062	50 062	65 129	65 451	63 103
Local Government Equitable Share		23 866	28 180	32 583	39 424	39 424	39 424	51 341	52 669	52 170
Finance Management		1 500	1 500	1 650	1 800	1 815	1 815	1 800	1 825	1 900
Municipal Systems Improvement		790	800	890	934	943	943	930	957	1 033
Integrated National Electrification Programme		7 000	7 000	—	5 000	6 748	6 748	10 000	10 000	8 000
EPWP Incentive				1 000	1 132	1 132	1 132	1 058	—	—
Other transfers/grants [insert description]										
<b>Provincial Government:</b>		399	451	653	681	681	681	744	744	744
Sport and Recreation		150	150							
Library Grants		249	301	653	681	681	681	744	744	744
<b>District Municipality:</b>		—	—	—	—	—	—	—	—	—
[insert description]										
<b>Other grant providers:</b>		—	—	—	—	—	—	—	—	—
[insert description]										
<b>Total Operating Transfers and Grants</b>	5	33 555	37 931	36 776	48 971	50 743	50 743	65 873	66 195	63 847

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.

The Municipality currently does not have an approved tariff for refuse collection and has a limited refuse collection service to urban areas only. The Municipality will look into the possibility of having a tariff in the 2016/2017 year. Interest from investment is only from the Market Link account. The amount of interest budgeted for 2015/2016 is lower than 2014/2015 due the fact the Municipality intends to spend its conditional grants at a rapid rate compared to previous years. This will result in less funds being invested in the Market link account and with declining interest rates, a conservative approach was adopted ,and the Municipality reduced the expected income from investments to R 800 000 as compared to R 832 000 in the 2014/2015 year.

The Municipality also has a reduced budget from fines, based on trends at January 2015. It therefore expected that revenue from fines will be reduced. It is difficult to budget or fines as it is dependent on the number of offences committed. Other income has increased, again based on trends in January 2015 and include building plan fees ,tender fees, library income, planning applications, photocopy fees and other income

#### **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.

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. The amended property rates policy has taken onto account the latest amendments which come into effect on 1 July 2015.

KZN226 Mkhambathini - Supporting Table SA14 Household bills

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16 % incr.	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Rand/cent</b>											
<b>Monthly Account for Household - 'Middle Income Range'</b>	1										
<b>Rates and services charges:</b>											
Property rates		383	407	431	622	560	560	6	593	629	666
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
<b>sub-total</b>		383	407	431	622	560	560	0	593	629	666
VAT on Services											
<b>Total large household bill:</b>		383	407	431	622	560	560	0	593	629	666
<b>% increase/decrease</b>			0	0	0	0	0		0	0	0
<b>Monthly Account for Household - 'Affordable Range'</b>	2										
<b>Rates and services charges:</b>											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
<b>sub-total</b>		0	0	0	0	0	0	0	0	0	0
VAT on Services											
<b>Total small household bill:</b>		0	0	0	0	0	0	0	0	0	0
<b>% increase/decrease</b>			0	0	0	0	0		0	0	0
<b>Monthly Account for Household - 'Indigent'</b>	3										
<b>Household receiving free basic services</b>											
<b>Rates and services charges:</b>											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
<b>sub-total</b>		0	0	0	0	0	0	0	0	0	0
VAT on Services											
<b>Total small household bill:</b>		0	0	0	0	0	0	0	0	0	0
<b>% increase/decrease</b>			0	0	0	0	0		0	0	0

Table 5 MBRR Table SA14 – Household bills



## 1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2015/16 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 2015/16 budget and MTREF (classified per main type of operating expenditure):

**Table 6 Summary of operating expenditure by standard classification item**

Expenditure By Type											
Employee related costs	2	15 270	17 524	17 039	21 969	21 969	19 092	19 092	25 752	27 296	28 934
Remuneration of councillors		3 643	3 869	4 101	4 752	4 752	4 752	4 752	5 200	5 800	6 100
Debt impairment	3	836	602	1 000	-	800	800	800	800	800	800
Depreciation & asset impairment	2	4 792	3 116	2 237	2 542	4 542	4 542	4 542	4 700	4 850	5 000
Finance charges		149	107	120	127	127	127	127	200	212	225
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8										
Contracted services		42	286	70	300	300	300	300	-	-	-
Transfers and grants		8 386	6 196	-	4 738	-	-	-	-	-	-
Other expenditure	4, 5	6 746	10 513	19 669	16 517	32 663	28 175	28 175	46 975	46 760	43 387
Loss on disposal of PPE											
<b>Total Expenditure</b>		<b>39 864</b>	<b>42 212</b>	<b>44 235</b>	<b>50 944</b>	<b>65 153</b>	<b>57 787</b>	<b>57 787</b>	<b>83 627</b>	<b>85 718</b>	<b>84 446</b>
<b>Surplus/(Deficit)</b>		<b>1 737</b>	<b>3 836</b>	<b>3 607</b>	<b>19 073</b>	<b>3 024</b>	<b>10 390</b>	<b>10 390</b>	<b>1 070</b>	<b>382</b>	<b>452</b>
Transfers recognised - capital		8 618	11 792	14 427	16 251	16 251	16 251	16 251	16 851	17 362	18 129
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>10 356</b>	<b>15 629</b>	<b>18 034</b>	<b>35 324</b>	<b>19 275</b>	<b>26 641</b>	<b>26 641</b>	<b>17 921</b>	<b>17 744</b>	<b>18 581</b>
Taxation											
<b>Surplus/(Deficit) after taxation</b>		<b>10 356</b>	<b>15 629</b>	<b>18 034</b>	<b>35 324</b>	<b>19 275</b>	<b>26 641</b>	<b>26 641</b>	<b>17 921</b>	<b>17 744</b>	<b>18 581</b>
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		<b>10 356</b>	<b>15 629</b>	<b>18 034</b>	<b>35 324</b>	<b>19 275</b>	<b>26 641</b>	<b>26 641</b>	<b>17 921</b>	<b>17 744</b>	<b>18 581</b>
Share of surplus/ (deficit) of associate	7										
<b>Surplus/(Deficit) for the year</b>		<b>10 356</b>	<b>15 629</b>	<b>18 034</b>	<b>35 324</b>	<b>19 275</b>	<b>26 641</b>	<b>26 641</b>	<b>17 921</b>	<b>17 744</b>	<b>18 581</b>

The budgeted allocation for employee related costs for the 2015/16 financial year totals R25.752 million, which equals 30.79 per cent of the total operating expenditure. Salary increases have been factored into this budget at a percentage increase of 6 per cent for the 2015/16 financial year. An annual increase of 6 per cent has been included in the two outer years of the MTREF.

Included in the budget of R 25.752 million are vacancies of R 4 175 million.

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

The provision of debt impairment was determined based on an annual collection rate of 65 per cent and the Debt Write-off Policy of the Municipality. For the 2015/16 financial year this amount equates to R800 000. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R5 million for the 2015/16 financial and equates to 5.98 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 6 per cent for 2015/16 and curbed at 6 per cent for the two outer years, indicating that significant cost savings have been already realised. Refuse collection is currently costing the Municipality R 695 978 per annum in the 2014/2015 financial year. This cost is estimated to be R 737 737 the 2015/2016 year, the estimate for 2015/2016 is based on 6% increase.

#### **1.5.1 Priority given to repairs and maintenance**

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2015/16 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

**Table 7 Operational repairs and maintenance**

MKHAMBATHINI Municipality 2015/16 Annual Budget and MTREF

KZN226 Mkhambathini - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure	2	300	480	1 060	150	150	150	2 800	2 800	1 600
Infrastructure - Road transport		300	480	1 060	150	150	150	2 800	2 800	1 600
Roads, Pavements & Bridges		300	480	1 060	150	150	150	2 800	2 800	1 600
Storm water										
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Generation										
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation										
Sewerage purification										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management										
Transportation	3									
Gas										
Other										
Community		-	-	1 060	1 500	1 500	1 500	1 500	1 771	1 082
Parks & gardens	7									
Sportsfields & stadia										
Swimming pools										
Community halls					1 500	1 500	1 500	1 500	1 771	1 082
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses										
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing										
Other	8			1 060						
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings	9									
Other										
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		320	85	339	570	570	570	3 450	3 450	4 000
General vehicles	10				150	150	150	600	600	700
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		20	20	21	100	100	100	500	500	500
Computers - hardware/equipment								250	250	500
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings		300	65	318				1 600	1 600	1 600
Other Land										
Surplus Assets - (Investment or Inventory)										
Other					320	320	320	500	500	700
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class										
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class										
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
Total Repairs and Maintenance Expenditure	1	620	565	2 459	2 220	2 220	2 220	7 750	8 021	6 682

### 1.5.2 Free Basic Services: Basic Social Services Package

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

## 1.6 Capital expenditure

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

**Table 8 2015/16 Medium-term capital budget per vote**

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>	<b>1</b>										
<b>Capital Expenditure - Standard</b>											
<i>Governance and administration</i>		9 525	584	1 500	500	90	90	35	2 450	1 600	1 600
Executive and council					370	90	90	35	1 200	1 200	1 200
Budget and treasury office		8 081	584	1 500	100						
Corporate services		1 444			30				1 250	400	400
<i>Community and public safety</i>		2 295	6 928	-	480	630	630	630	-	-	-
Community and social services		2 295	6 928		480	630	630	630			
Sport and recreation											
Public safety											
Housing											
Health											
<i>Economic and environmental services</i>		-	4 423	16 427	19 140	17 341	17 341	12 139	16 851	17 362	18 129
Planning and development											
Road transport			4 423	16 427	19 140	17 341	17 341	12 139	16 851	17 362	18 129
Environmental protection											
<i>Trading services</i>		-	-	-	600	-	-	-	-	-	-
Electricity											
Water											
Waste water management											
Waste management					600						
<i>Other</i>											
<b>Total Capital Expenditure - Standard</b>	<b>3</b>	<b>11 820</b>	<b>11 934</b>	<b>17 927</b>	<b>20 720</b>	<b>18 061</b>	<b>18 061</b>	<b>12 804</b>	<b>19 301</b>	<b>18 962</b>	<b>19 729</b>
<b>Funded by:</b>											
National Government		11 820	11 934	14 427	16 251	17 341	17 341	12 139	16 851	17 362	18 129
Provincial Government											
District Municipality											
Other transfers and grants											
<b>Transfers recognised - capital</b>	<b>4</b>	<b>11 820</b>	<b>11 934</b>	<b>14 427</b>	<b>16 251</b>	<b>17 341</b>	<b>17 341</b>	<b>12 139</b>	<b>16 851</b>	<b>17 362</b>	<b>18 129</b>
<b>Public contributions &amp; donations</b>	<b>5</b>										
<b>Borrowing</b>	<b>6</b>										
Internally generated funds					4 469	720	720	665	2 450	1 600	1 600
<b>Total Capital Funding</b>	<b>7</b>	<b>11 820</b>	<b>11 934</b>	<b>14 427</b>	<b>20 720</b>	<b>18 061</b>	<b>18 061</b>	<b>12 804</b>	<b>19 301</b>	<b>18 962</b>	<b>19 729</b>

For 2015/16 an amount of R16.8 million has been appropriated for the development of infrastructure. In the outer years this amount totals R17.3 million, and R18.2 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 2015/16 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**

KZN226 Mkhambathini - Table A1 Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	4 881	6 722	6 522	16 417	10 807	10 807	10 807	11 454	12 141	12 870
Service charges	–	–	–	–	–	–	–	–	–	–
Investment revenue	400	730	786	832	832	832	832	800	800	800
Transfers recognised - operational	33 024	34 659	36 776	48 971	50 742	50 742	50 742	65 873	66 195	63 847
Other own revenue	3 297	3 937	3 758	3 797	5 795	5 795	5 795	6 570	6 964	7 381
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>41 601</b>	<b>46 049</b>	<b>47 843</b>	<b>70 018</b>	<b>68 177</b>	<b>68 177</b>	<b>68 177</b>	<b>84 697</b>	<b>86 100</b>	<b>84 898</b>
Employee costs	15 270	17 524	17 039	21 969	21 969	19 092	19 092	25 752	27 296	28 934
Remuneration of councillors	3 643	3 869	4 101	4 752	4 752	4 752	4 752	5 200	5 800	6 100
Depreciation & asset impairment	4 792	3 116	2 237	2 542	4 542	4 542	4 542	4 700	4 850	5 000
Finance charges	149	107	120	127	127	127	127	200	212	225
Materials and bulk purchases	–	–	–	–	–	–	–	–	–	–
Transfers and grants	8 386	6 196	–	4 738	–	–	–	–	–	–
Other expenditure	7 624	11 400	20 739	16 817	33 763	29 275	29 275	47 775	47 560	44 187
<b>Total Expenditure</b>	<b>39 864</b>	<b>42 212</b>	<b>44 235</b>	<b>50 944</b>	<b>65 153</b>	<b>57 787</b>	<b>57 787</b>	<b>83 627</b>	<b>85 718</b>	<b>84 446</b>
<b>Surplus/(Deficit)</b>	<b>1 737</b>	<b>3 836</b>	<b>3 607</b>	<b>19 073</b>	<b>3 024</b>	<b>10 390</b>	<b>10 390</b>	<b>1 070</b>	<b>382</b>	<b>452</b>
Transfers recognised - capital	8 618	11 792	14 427	16 251	16 251	16 251	16 251	16 851	17 362	18 129
Contributions recognised - capital & contributed a	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>10 356</b>	<b>15 629</b>	<b>18 034</b>	<b>35 324</b>	<b>19 275</b>	<b>26 641</b>	<b>26 641</b>	<b>17 921</b>	<b>17 744</b>	<b>18 581</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>10 356</b>	<b>15 629</b>	<b>18 034</b>	<b>35 324</b>	<b>19 275</b>	<b>26 641</b>	<b>26 641</b>	<b>17 921</b>	<b>17 744</b>	<b>18 581</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>11 820</b>	<b>11 934</b>	<b>17 927</b>	<b>20 720</b>	<b>18 061</b>	<b>18 061</b>	<b>12 804</b>	<b>19 301</b>	<b>18 962</b>	<b>19 729</b>
Transfers recognised - capital	11 820	11 934	14 427	16 251	17 341	17 341	12 139	16 851	17 362	18 129
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	–	4 469	720	720	665	2 450	1 600	1 600
<b>Total sources of capital funds</b>	<b>11 820</b>	<b>11 934</b>	<b>14 427</b>	<b>20 720</b>	<b>18 061</b>	<b>18 061</b>	<b>12 804</b>	<b>19 301</b>	<b>18 962</b>	<b>19 729</b>
<b>Financial position</b>										
Total current assets	13 736	23 762	9 059	17 100	17 100	17 100	17 100	20 500	24 500	29 500
Total non current assets	58 086	66 906	85 521	93 055	93 055	93 055	93 055	109 106	123 956	138 158
Total current liabilities	8 893	14 032	427	4 706	4 706	4 706	4 791	4 791	4 881	4 975
Total non current liabilities	–	–	–	–	–	–	–	–	–	–
Community wealth/Equity	62 929	76 635	94 153	105 449	105 449	105 449	105 449	124 815	143 575	162 683
<b>Cash flows</b>										
Net cash from (used) operating	18 398	19 355	17 018	47 757	(19 824)	29 147	29 147	25 934	23 026	24 225
Net cash from (used) investing	(11 621)	(11 925)	(5 923)	(20 700)	(18 160)	(18 160)	(18 160)	(13 511)	(13 273)	(13 810)
Net cash from (used) financing	(88)	1	–	–	–	–	–	–	–	–
<b>Cash/cash equivalents at the year end</b>	<b>10 832</b>	<b>18 264</b>	<b>29 358</b>	<b>56 415</b>	<b>18 431</b>	<b>78 389</b>	<b>78 389</b>	<b>17 423</b>	<b>27 176</b>	<b>37 590</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	10 832	18 263	7 121	13 000	13 000	13 000	13 000	17 000	21 000	26 000
Application of cash and investments	(2 488)	4 346	(469)	(13 781)	880	880	880	(10)	(82)	(142)
<b>Balance - surplus (shortfall)</b>	<b>13 320</b>	<b>13 917</b>	<b>7 590</b>	<b>26 781</b>	<b>12 120</b>	<b>12 120</b>	<b>12 120</b>	<b>17 010</b>	<b>21 082</b>	<b>26 142</b>
<b>Asset management</b>										
Asset register summary (WDV)	58 086	64 917	–	32 531	32 531	32 531	17 959	17 959	17 620	18 387
Depreciation & asset impairment	4 792	3 116	2 237	2 542	4 542	4 542	4 700	4 700	4 850	5 000
Renewal of Existing Assets	–	1 478	1 741	7 560	18 061	18 061	18 061	–	–	–
Repairs and Maintenance	620	565	2 459	2 220	2 220	2 220	7 750	7 750	7 450	6 400
<b>Free services</b>										
Cost of Free Basic Services provided	180	422	424	1 160	–	–	–	–	–	–
Revenue cost of free services provided	1 012	1 132	1 137	1 205	1 205	1 205	–	–	–	–
<b>Households below minimum service level</b>										
Water:	2	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)**

KZN226 Mkhambathini - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>	<b>1</b>									
<b>Revenue - Standard</b>										
<i>Governance and administration</i>		32 396	38 092	43 431	49 547	47 706	47 706	78 774	79 867	78 336
Executive and council		-	-	-	1 132	1 132	1 132	1 058	-	-
Budget and treasury office		31 606	37 543	42 481	47 481	45 640	45 640	76 786	78 834	77 278
Corporate services		790	549	950	934	934	934	930	1 033	1 058
<i>Community and public safety</i>		104	312	505	684	684	684	818	823	827
Community and social services		104	312	505	684	684	684	818	823	827
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		2 723	5 314	3 338	19 786	19 786	19 786	5 104	5 410	5 735
Planning and development		223	2 376	211	223	223	223	231	245	260
Road transport		2 500	2 938	3 127	19 562	19 562	19 562	4 873	5 166	5 476
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	2	35 223	43 718	47 274	70 018	68 177	68 177	84 697	86 100	84 898
<b>Expenditure - Standard</b>										
<i>Governance and administration</i>		11 824	12 118	13 127	39 698	53 907	53 907	41 811	44 049	44 659
Executive and council		5 809	5 608	6 069	10 700	10 700	10 700	8 894	9 680	10 177
Budget and treasury office		-	-	-	14 502	14 502	14 502	18 323	19 201	19 191
Corporate services		6 015	6 510	7 058	14 496	28 705	28 705	14 594	15 168	15 292
<i>Community and public safety</i>		5 806	5 680	5 766	5 865	5 865	5 865	17 242	16 894	17 079
Community and social services		5 806	5 680	5 766	5 865	5 865	5 865	17 242	16 894	17 079
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		23 690	8 492	8 631	5 381	5 381	5 381	24 573	24 776	22 708
Planning and development		22 189	6 926	6 961	98	98	98	-	-	-
Road transport		1 501	1 566	1 670	5 283	5 283	5 283	24 573	24 776	22 708
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		648	1 933	2 119	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		648	1 933	2 119	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	3	41 968	28 223	29 643	50 944	65 153	65 153	83 626	85 719	84 446
<b>Surplus/(Deficit) for the year</b>		(6 745)	15 495	17 631	19 073	3 023	3 023	1 070	381	452



**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. The table highlights that this is the case for the Electricity function, but not the Waste management function.
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)**

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>										
<b>Revenue by Vote</b>	1									
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury Office		31 606	37 543	42 481	49 459	46 996	46 996	78 075	79 079	77 537
Vote 4 - Corporate Services		790	790	950	934	934	934	930	1 033	1 058
Vote 5 - Community Services		-	-	-	-	-	-	-	-	-
Vote 6 - Library		104	312	505	684	684	684	818	823	827
Vote 7 - Vehicle Registration and Testing		2 500	2 938	3 127	3 311	3 311	3 311	4 873	5 166	5 476
Vote 8 - Solid Waste		-	-	-	-	-	-	-	-	-
Vote 9 - Technical Services		17 514	2 376	211	16 251	16 251	16 251	-	-	-
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]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>52 514</b>	<b>43 958</b>	<b>47 275</b>	<b>70 640</b>	<b>68 177</b>	<b>68 177</b>	<b>84 697</b>	<b>86 100</b>	<b>84 898</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - Executive and Council		4 562	4 468	4 919	5 930	5 930	5 930	7 279	7 980	8 387
Vote 2 - Municipal Manager		1 247	1 140	1 150	4 770	4 770	4 770	1 615	1 700	1 790
Vote 3 - Budget and Treasury Office		7 174	6 984	13 809	14 282	14 282	14 282	18 323	19 201	19 191
Vote 4 - Corporate Services		6 015	6 510	7 058	8 314	29 023	29 023	14 594	15 168	15 292
Vote 5 - Community Services		5 274	5 199	5 182	4 897	4 897	4 897	15 212	14 802	14 671
Vote 6 - Library		532	481	584	968	968	968	2 030	2 092	2 408
Vote 7 - Vehicle Registration and Testing		1 501	1 566	1 670	17	17	17	3 428	3 586	3 753
Vote 8 - Solid Waste		648	1 933	2 119	-	-	-	-	-	-
Vote 9 - Technical Services		22 189	6 926	6 961	5 266	5 266	5 266	21 145	21 190	18 955
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]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>49 142</b>	<b>35 206</b>	<b>43 452</b>	<b>44 445</b>	<b>65 154</b>	<b>65 154</b>	<b>83 626</b>	<b>85 719</b>	<b>84 446</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>3 372</b>	<b>8 752</b>	<b>3 823</b>	<b>26 196</b>	<b>3 023</b>	<b>3 023</b>	<b>1 070</b>	<b>382</b>	<b>451</b>



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

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

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

KZN226 Mkhambathini - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>	<b>1</b>										
<b>Revenue By Source</b>											
Property rates	2	4 881	6 722	6 522	16 406	10 807	10 807	10 807	11 454	12 141	12 870
Property rates - penalties & collection charges					11	-	-				
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - other											
Rental of facilities and equipment											
Interest earned - external investments		400	730	786	832	832	832	832	800	800	800
Interest earned - outstanding debtors		354	350	148	157	1 200	1 200	1 200	1 272	1 348	1 429
Dividends received						-	-	-			
Fines		66	34	84	90	90	90	90	41	44	46
Licences and permits		2 581	3 183	3 207	3 311	4 260	4 260	4 260	4 873	5 166	5 476
Agency services						-	-	-			
Transfers recognised - operational		33 024	34 659	36 776	48 971	50 742	50 742	50 742	65 873	66 195	63 847
Other revenue	2	291	371	319	219	245	245	245	384	406	430
Gains on disposal of PPE		5	-	-	20	-	-				
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>41 601</b>	<b>46 049</b>	<b>47 843</b>	<b>70 018</b>	<b>68 177</b>	<b>68 177</b>	<b>68 177</b>	<b>84 697</b>	<b>86 100</b>	<b>84 898</b>
<b>Expenditure By Type</b>											
Employee related costs	2	15 270	17 524	17 039	21 969	21 969	19 092	19 092	25 752	27 296	28 934
Remuneration of councillors		3 643	3 869	4 101	4 752	4 752	4 752	4 752	5 200	5 800	6 100
Debt impairment	3	836	602	1 000	-	800	800	800	800	800	800
Depreciation & asset impairment	2	4 792	3 116	2 237	2 542	4 542	4 542	4 542	4 700	4 850	5 000
Finance charges		149	107	120	127	127	127	127	200	212	225
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8										
Contracted services		42	286	70	300	300	300	300	-	-	-
Transfers and grants		8 386	6 196	-	4 738	-	-	-	-	-	-
Other expenditure	4, 5	6 746	10 513	19 669	16 517	32 663	28 175	28 175	46 975	46 760	43 387
Loss on disposal of PPE											
<b>Total Expenditure</b>		<b>39 864</b>	<b>42 212</b>	<b>44 235</b>	<b>50 944</b>	<b>65 153</b>	<b>57 787</b>	<b>57 787</b>	<b>83 627</b>	<b>85 718</b>	<b>84 446</b>
<b>Surplus/(Deficit)</b>		<b>1 737</b>	<b>3 836</b>	<b>3 607</b>	<b>19 073</b>	<b>3 024</b>	<b>10 390</b>	<b>10 390</b>	<b>1 070</b>	<b>382</b>	<b>452</b>
Transfers recognised - capital		8 618	11 792	14 427	16 251	16 251	16 251	16 251	16 851	17 362	18 129
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>10 356</b>	<b>15 629</b>	<b>18 034</b>	<b>35 324</b>	<b>19 275</b>	<b>26 641</b>	<b>26 641</b>	<b>17 921</b>	<b>17 744</b>	<b>18 581</b>
Taxation											
<b>Surplus/(Deficit) after taxation</b>		<b>10 356</b>	<b>15 629</b>	<b>18 034</b>	<b>35 324</b>	<b>19 275</b>	<b>26 641</b>	<b>26 641</b>	<b>17 921</b>	<b>17 744</b>	<b>18 581</b>
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		<b>10 356</b>	<b>15 629</b>	<b>18 034</b>	<b>35 324</b>	<b>19 275</b>	<b>26 641</b>	<b>26 641</b>	<b>17 921</b>	<b>17 744</b>	<b>18 581</b>
Share of surplus/ (deficit) of associate	7										
<b>Surplus/(Deficit) for the year</b>		<b>10 356</b>	<b>15 629</b>	<b>18 034</b>	<b>35 324</b>	<b>19 275</b>	<b>26 641</b>	<b>26 641</b>	<b>17 921</b>	<b>17 744</b>	<b>18 581</b>

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

1. Total revenue is R84.6 million in 2015/16 and escalates to R86.1 million by 2017/18.
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**

KZN226 Mkhambathini - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>	<b>1</b>										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure, to be appropriated</b>	<b>2</b>										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury Office		-	-	1 328	-	-	-	-	-	-	-
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		-	-	2 172	19 140	-	-	-	-	-	-
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]		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>7</b>	-	-	3 500	19 140	-	-	-	-	-	-
<b>Single-year expenditure, to be appropriated</b>	<b>2</b>										
Vote 1 - Executive and Council		-	-	-	370	90	90	60	-	-	-
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury Office		8 081	584	-	100	-	-	-	-	-	-
Vote 4 - Corporate Services		1 444	-	-	30	-	-	-	-	-	-
Vote 5 - Community Services		2 295	6 928	-	1 080	750	750	600	-	-	-
Vote 6 - Library		-	-	-	-	-	-	-	-	-	-
Vote 7 - Vehicle Registration and Testing		-	-	-	-	-	-	-	-	-	-
Vote 8 - Solid Waste		-	-	-	-	-	-	-	-	-	-
Vote 9 - Technical Services		-	4 423	14 427	19 140	17 221	17 221	12 055	-	-	-
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]		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		11 820	11 934	14 427	20 720	18 061	18 061	12 715	-	-	-
<b>Total Capital Expenditure - Vote</b>		11 820	11 934	17 927	39 860	18 061	18 061	12 715	-	-	-
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		9 525	584	1 500	500	90	90	35	2 450	1 600	1 600
Executive and council		-	-	-	370	90	90	35	1 200	1 200	1 200
Budget and treasury office		8 081	584	1 500	100	-	-	-	-	-	-
Corporate services		1 444	-	-	30	-	-	-	1 250	400	400
<b>Community and public safety</b>		2 295	6 928	-	480	630	630	630	-	-	-
Community and social services		2 295	6 928	-	480	630	630	630	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		-	4 423	16 427	19 140	17 341	17 341	12 139	16 851	17 362	18 129
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		-	4 423	16 427	19 140	17 341	17 341	12 139	16 851	17 362	18 129
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	-	-	600	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	600	-	-	-	-	-	-
<b>Other</b>		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	<b>3</b>	11 820	11 934	17 927	20 720	18 061	18 061	12 804	19 301	18 962	19 729
<b>Funded by:</b>											
National Government		11 820	11 934	14 427	16 251	17 341	17 341	12 139	16 851	17 362	18 129
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>4</b>	11 820	11 934	14 427	16 251	17 341	17 341	12 139	16 851	17 362	18 129
<b>Public contributions &amp; donations</b>	<b>5</b>	-	-	-	-	-	-	-	-	-	-
<b>Borrowing</b>	<b>6</b>	-	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		-	-	-	4 469	720	720	665	2 450	1 600	1 600
<b>Total Capital Funding</b>	<b>7</b>	11 820	11 934	14 427	20 720	18 061	18 061	12 804	19 301	18 962	19 729

**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****KZN226 Mkhambathini - Table A6 Budgeted Financial Position**

Description		2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
ASSETS											
Current assets											
Cash		286	518		5 000	5 000	5 000	5 000	7 000	9 000	11 000
Call investment deposits	1	10 546	17 745	7 121	8 000	8 000	8 000	8 000	10 000	12 000	15 000
Consumer debtors	1	1 713	2 895	1 938	4 100	4 100	4 100	4 100	3 500	3 500	3 500
Other debtors		1 191	2 603								
Current portion of long-term receivables											
Inventory	2										
Total current assets		13 736	23 762	9 059	17 100	17 100	17 100	17 100	20 500	24 500	29 500
Non current assets											
Long-term receivables											
Investments											
Investment property		1 158	1 158		1 158	1 158	1 158	1 158	1 158	1 158	1 158
Investment in Associate											
Property, plant and equipment	3	56 928	65 748	85 521	91 897	91 897	91 897	91 897	107 948	122 798	137 000
Agricultural											
Biological											
Intangible											
Other non-current assets											
Total non current assets		58 086	66 906	85 521	93 055	93 055	93 055	93 055	109 106	123 956	138 158
TOTAL ASSETS		71 822	90 668	94 580	110 155	110 155	110 155	110 155	129 606	148 456	167 658
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	-	-	-	-	-	-	-	-	-	-
Consumer deposits											
Trade and other payables	4	8 071	12 836	427	3 000	3 000	3 000	3 000	3 000	3 000	3 000
Provisions		822	1 196		1 706	1 706	1 706	1 706	1 791	1 881	1 975
Total current liabilities		8 893	14 032	427	4 706	4 706	4 706	4 706	4 791	4 881	4 975
Non current liabilities											
Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions		-	-	-	-	-	-	-	-	-	-
Total non current liabilities		-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES		8 893	14 032	427	4 706	4 706	4 706	4 706	4 791	4 881	4 975
NET ASSETS		62 929	76 635	94 153	105 449	105 449	105 449	105 449	124 815	143 575	162 683
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		47 943	62 305	74 907	93 449	93 449	93 449	93 449	113 815	133 575	153 683
Reserves	4	14 987	14 330	19 246	12 000	12 000	12 000	12 000	11 000	10 000	9 000
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY		62 929	76 635	94 153	105 449	105 449	105 449	105 449	124 815	143 575	162 683

**Explanatory notes to Table A6 - Budgeted Financial Position**

- 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).
- 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.
- 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.
- 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. Other provisions include leave and medical aid and long service awards.

**Table 19 MBRR Table A7 - Budgeted Cash Flow Statement**

KZN226 Mkhambathini - Table A7 Budgeted Cash Flows

KENZAO Mkhramdathini - Table A7 Budgeted Cash Flows											
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		32 647	18 625	9 359	20 214	10 874	10 874	10 874	7 445	8 499	9 652
Service charges									-	-	-
Other revenue				438					8 058	8 326	8 525
Government - operating	1	10 022	27 337	28 178	48 971	48 971	48 971	48 971	65 873	66 195	63 847
Government - capital	1	10 258	12 442	14 427	16 251	16 251	16 251	16 251	16 851	17 362	18 129
Interest		754	1 080	913		832	832	832	1 627	1 744	1 872
Dividends									-	-	-
Payments											
Suppliers and employees		(35 238)	(40 022)	(46 823)	(43 122)	(47 654)	(47 654)	(47 654)	(79 950)	(79 406)	(77 842)
Finance charges		(45)	(107)	(117)	(127)	(127)	(127)	(127)	(140)	(148)	(157)
Transfers and Grants	1				4 738	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		18 398	19 355	6 376	47 757	29 147	29 147	29 147	19 764	22 571	24 027
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		199							-	-	-
Decrease (Increase) in non-current debtors			9		20				-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets		(11 820)	(11 934)	(19 069)	(20 720)	(18 160)	(18 160)	(18 160)	(19 301)	(18 962)	(19 729)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(11 621)	(11 925)	(19 069)	(20 700)	(18 160)	(18 160)	(18 160)	(19 301)	(18 962)	(19 729)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		(88)	1						-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing									-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(88)	1	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		6 689	7 432	(12 693)	27 057	10 987	10 987	10 987	463	3 609	4 298
Cash/cash equivalents at the year begin:	2	4 143	10 832	18 264	5 571	5 571	5 571	5 571	5 571	6 034	9 643
Cash/cash equivalents at the year end:	2	10 832	18 264	5 571	32 628	16 558	16 558	16 558	6 034	9 643	13 941

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

KZN226 Mkhambathini - Table A8 Cash backed reserves/accumulated surplus reconciliation

KENYA: Ministry of Health - Table A3: Cash backed reserves/accumulated surplus/recontribution									2015/16 Medium Term Revenue & Expenditure Framework		
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				Budget Year	Budget Year	Budget Year
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	2015/16	+1 2016/17	+2 2017/18
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	10 832	18 264	5 571	32 628	16 558	16 558	16 558	6 034	9 643	13 941
Other current investments > 90 days		0	(0)	1 550	(19 628)	(3 558)	(3 558)	(3 558)	10 966	11 357	12 059
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		10 832	18 263	7 121	13 000	13 000	13 000	13 000	17 000	21 000	26 000
<b>Application of cash and investments</b>											
Unspent conditional transfers		5 946	9 947	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	363	250	239	239	239	239	239	387	387	387
Other working capital requirements	3	(9 474)	(6 717)	(1 420)	(14 346)	315	315	315	(10)	(82)	(142)
Other provisions		677	866	326	326	326	326	326			
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(2 488)	4 346	(855)	(13 781)	880	880	880	377	305	245
Surplus(shortfall)		13 320	13 917	7 976	26 781	12 120	12 120	12 120	16 623	20 695	25 755

**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

KZN226 Mkhambathini - Table A9 Asset Management

REVISED HANDBOOK - TABLE A3 Asset Management										
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	12 038	13 445	19 846	26 781	18 061	18 061	2 450	1 600	1 600
Infrastructure - Road transport		1 000	5 266	6 201	5 000	5 000	5 000	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		1 000	5 266	6 201	5 000	5 000	5 000	-	-	-
Community		10 908	6 098	9 925	11 251	11 251	11 251	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	130	2 080	3 720	10 530	1 810	1 810	2 450	1 600	1 600
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	2	-	1 478	1 741	7 560	18 061	18 061	19 301	18 962	19 729
Infrastructure - Road transport		-	-	-	5 750	16 251	16 251	16 851	17 362	18 129
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	1 810	1 810	1 810	-	-	-
Infrastructure		-	-	-	7 560	18 061	18 061	16 851	17 362	18 129
Community		-	1 478	1 741	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	2 450	1 600	1 600
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	4	1 000	5 266	6 201	10 750	21 251	21 251	16 851	17 362	18 129
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	1 810	1 810	1 810	-	-	-
Infrastructure		1 000	5 266	6 201	12 560	23 061	23 061	16 851	17 362	18 129
Community		10 908	7 577	11 666	11 251	11 251	11 251	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		130	2 080	3 720	10 530	1 810	1 810	4 900	3 200	3 200
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	2	12 038	14 923	21 587	34 341	36 122	36 122	21 751	20 562	21 329
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>										
Infrastructure - Road transport	5	24 831	26 806	-	7 242	7 242	7 242	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		24 831	26 806	-	7 242	7 242	7 242	-	-	-
Community		22 011	24 201	-	12 751	12 751	12 751	4 900	3 200	3 200
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		1 158	1 158	-	1 158	1 158	1 158	1 158	1 158	1 158
Other assets		10 086	12 752	-	11 380	11 380	11 380	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	58 086	64 917	-	32 531	32 531	32 531	6 058	4 358	4 358
<b>EXPENDITURE OTHER ITEMS</b>										
<b>Depreciation &amp; asset impairment</b>		4 792	3 116	2 237	2 542	4 542	4 542	4 700	4 850	5 000
<b>Repairs and Maintenance by Asset Class</b>		620	565	2 459	2 220	2 220	2 220	7 750	8 021	6 682
Infrastructure - Road transport	3	300	480	1 060	150	150	150	2 800	2 800	1 600
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		300	480	1 060	150	150	150	2 800	2 800	1 600
Community		-	-	1 060	1 500	1 500	1 500	1 500	1 771	1 082
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	320	85	339	570	570	570	3 450	3 450	4 000
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		5 412	3 681	4 696	4 762	6 762	6 762	12 450	12 871	11 682
<b>Renewal of Existing Assets as % of total capex</b>		0.0%	9.9%	8.1%	22.0%	50.0%	50.0%	88.7%	92.2%	92.5%
<b>Renewal of Existing Assets as % of deprecn"</b>		0.0%	47.5%	77.8%	297.5%	397.7%	397.7%	410.7%	391.0%	394.6%
<b>R&amp;M as a % of PPE</b>		1.1%	0.9%	2.9%	2.4%	2.4%	2.4%	7.2%	6.5%	4.9%
<b>Renewal and R&amp;M as a % of PPE</b>		1.0%	3.0%	0.0%	30.0%	62.0%	62.0%	447.0%	619.0%	606.0%

**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**

KZN226 Mkhambathini - Table A10 Basic service delivery measurement

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		2 373	2 563	2 742	3 071	3 071	3 071	3 132.42	3 195	3 258.97
Piped water inside yard (but not in dwelling)		7 740	8 359	8 944	9 838	9 838	9 838	10 035	10 235	10 440
Using public tap (at least min. service level)	2	1 274	1 376	1 472	1 576	1 576	1 576	1 608	1 640	1 672
Other water supply (at least min. service level)	4									
Minimum Service Level and Above sub-total		11 387	12 298	13 158	14 485	14 485	14 485	14 775	15 070	15 372
Using public tap (< min. service level)	3	634	505	340	204	204	204	208.08	212	216.49
Other water supply (< min. service level)	4									
No water supply		1 512	605	544	299	299	299	304.98	311	317.30
Below Minimum Service Level sub-total		2 146	1 110	884	503	503	503	513	523	534
<b>Total number of households</b>	5	13 533	13 408	14 042	14 988	14 988	14 988	15 288	15 594	15 905
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		1 457	1 574	1 684	1 785	1 785	1 785	1 820.70	1 857	1 894.26
Flush toilet (with septic tank)		1 461	1 577	1 688	1 789	1 789	1 789	1 824.78	1 861	1 898.50
Chemical toilet		435	470	503	533	533	533	543.66	555	565.62
Pit toilet (ventilated)		7 042	7 606	8 138	8 627	8 627	8 627	8 799.54	8 976	9 155.04
Other toilet provisions (> min. service level)		1 113	557	45						
Minimum Service Level and Above sub-total		11 508	11 784	12 058	12 734	12 734	12 734	12 989	13 248	13 513
Bucket toilet										
Other toilet provisions (< min. service level)										
No toilet provisions										
Below Minimum Service Level sub-total										
<b>Total number of households</b>	5	11 508	11 784	12 058	12 734	12 734	12 734	12 989	13 248	13 513
<b>Energy:</b>										
Electricity (at least min. service level)										
Electricity - prepaid (min. service level)		752	794							
Minimum Service Level and Above sub-total		752	794							
Electricity (< min. service level)										
Electricity - prepaid (< min. service level)										
Other energy sources										
Below Minimum Service Level sub-total										
<b>Total number of households</b>	5	752	794							
<b>Refuse:</b>										
Removed at least once a week		480	480	480	480	480	480	480	550	650
Minimum Service Level and Above sub-total		480	480	480	480	480	480	480	550	650
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										
Below Minimum Service Level sub-total		52	52	52	52	52	52	52	52	52
<b>Total number of households</b>	5	532	532	532	532	532	532	532	602	702
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)										
Sanitation (free minimum level service)										
Electricity/other energy (50kwh per household per month)					424 000	424 000	424 000	177	177	177
Refuse (removed at least once a week)					735 650	735 650	735 650			
<b>Cost of Free Basic Services provided (R'000)</b>	8									
Water (6 kilolitres per household per month)										
Sanitation (free sanitation service)										
Electricity/other energy (50kwh per household per month)		180	422	424	424					
Refuse (removed once a week)					736					
<b>Total cost of FBS provided (minimum social package)</b>		180	422	424	1 160					
<b>Highest level of free service provided</b>										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)								50	50	50
Refuse (average litres per week)										
<b>Revenue cost of free services provided (R'000)</b>	9									
Property rates (R15 000 threshold rebate)										
Property rates (other exemptions, reductions and rebates)		1 012	1 132	1 137	1 205	1 205	1 205			
Water										
Sanitation										
Electricity/other energy										
Refuse										
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
<b>Total revenue cost of free services provided (total social package)</b>	6	1 012	1 132	1 137	1 205	1 205	1 205			



**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.

## **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 2014) 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 2014. 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 2015/16 MTREF, based on the approved 2014/15 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 2015/16 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 2015/16 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 2014/15 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 74 and 75 have been taken into consideration in the planning and prioritisation process.

### **2.1.4 Community Consultation**

The draft 2015/16 MTREF as tabled before Council on 31 March 2015 for community consultation was published on the municipality's website, and hard copies were made available at municipal offices, municipal notice boards and libraries.

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

Ward Committees will be utilised to facilitate the community consultation process starting in April 2015. A Mayoral Imbizo was held on 18 April 2015 to address all wards regarding the 2015/2016 budget. This was well attended and sector departments were invited to participate as well.

## 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 five strategic objectives for the 2015/16 MTREF and further planning refinements that have directly informed the compilation of the budget:

**Table 15 IDP Strategic Objectives**

2015/16 Financial Year	2013/14 MTREF
1. The provision of quality basic services and infrastructure	1. Provision of quality basic services and infrastructure
2. Acceleration of higher and shared economic growth and development	2. Economic growth and development that leads to sustainable job creation
3. Fighting of poverty, building clean, healthy, safe and sustainable communities	3.1 Fight poverty and build clean, healthy, safe and sustainable communities
	3.2 Integrated Social Services for empowered and sustainable communities
4. Fostering participatory democracy and adherence to MKHAMBATHINI principles through a caring, accessible and accountable service	4. Foster participatory democracy and MKHAMBATHINI principles through a caring, accessible and accountable service
5. Good governance, Financial viability and institutional governance	5.1 Promote sound governance
	5.2 Ensure financial sustainability
	5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

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; Grant provided for electrification. Asset then handed to Eskom
  - Provide waste removal; limited service provide. Consideration to expand
  - Provide housing; Funding provided by Human Settlements
  - 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 2015/16 revised IDP, including:

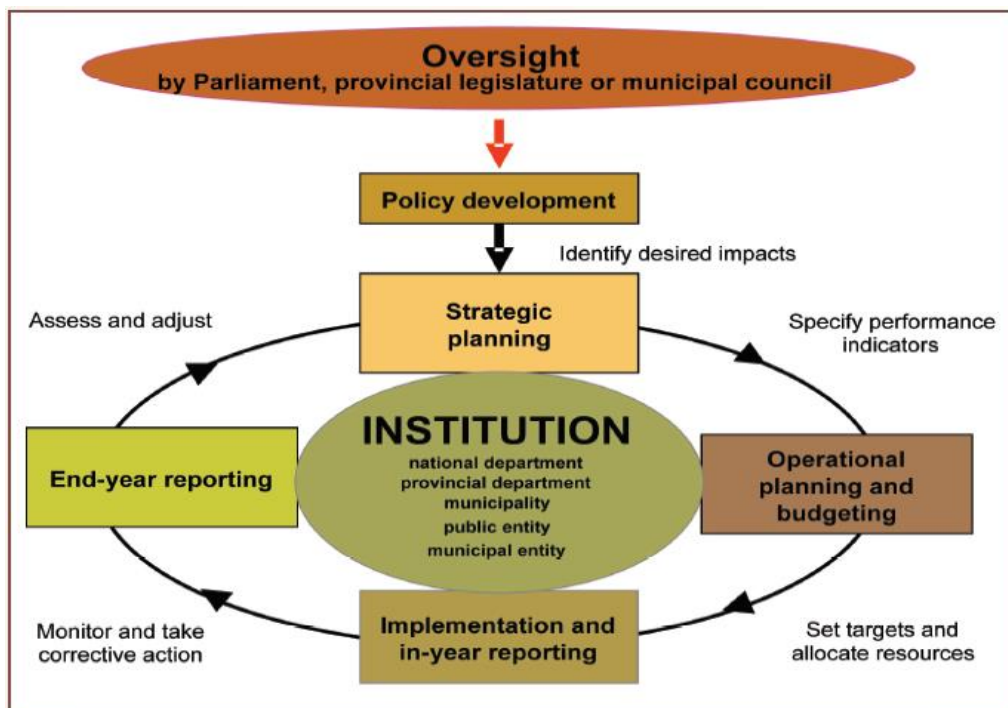
- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better 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 2015/16 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

### **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:



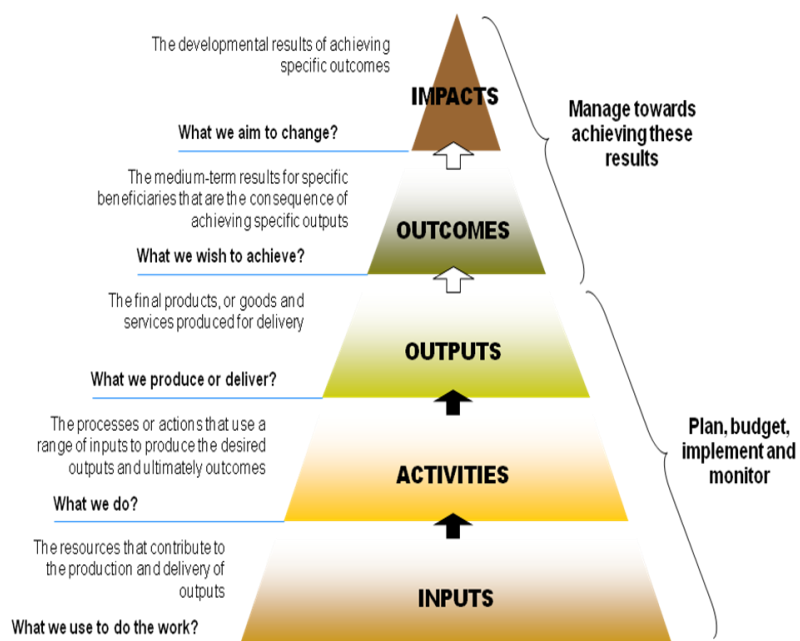
**Figure 1 Planning, budgeting and reporting cycle**

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**

## MKHAMBATHINI Municipality 2015/16 Annual Budget and MTREF

KZN226 Mkhambathini - Supporting Table SA8 Performance indicators and benchmarks

KZN26 mknambathini - Supporting Table SA6 Performance indicators and benchmarks											
Description of financial indicator	Basis of calculation	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b><u>Borrowing Management</u></b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.4%	0.3%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	1.7%	0.9%	1.1%	0.6%	0.7%	0.7%	0.7%	1.1%	1.1%	1.1%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. 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%
<b><u>Safety of Capital</u></b>											
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%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	1.5	1.7	21.2	3.6	3.6	3.6	3.6	4.3	5.0	5.9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 day s/current liabilities	1.5	1.7	21.2	3.6	3.6	3.6	3.6	4.3	5.0	5.9
Liquidity Ratio	Monetary Assets/Current Liabilities	1.2	1.3	16.7	2.8	2.8	2.8	2.8	3.5	4.3	5.2
<b><u>Revenue Management</u></b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		668.9%	277.2%	249.2%	421.5%	100.6%	100.6%	100.6%	65.0%	70.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		668.9%	277.1%	118.9%	421.4%	100.6%	100.6%	100.6%	65.0%	70.0%	75.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	7.0%	11.9%	4.1%	5.9%	6.0%	6.0%	6.0%	4.1%	4.1%	4.1%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b><u>Creditors Management</u></b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		19.6%	15.8%	1.5%	5.3%	16.3%	3.8%	3.8%	17.2%	11.0%	8.0%
<b><u>Other Indicators</u></b>											
Electricity Distribution Losses (Z)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (Z)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	36.7%	38.1%	35.6%	31.4%	32.2%	28.0%	28.0%	30.4%	31.7%	34.1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	45.8%	44.2%	52.5%	31.0%	31.8%	30.9%		36.6%	37.8%	40.3%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	1.5%	1.2%	5.1%	3.2%	3.3%	3.3%		9.2%	8.7%	7.5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	11.9%	7.0%	4.9%	3.8%	6.8%	6.8%	6.8%	5.8%	5.9%	6.2%
<b><u>IDP regulation financial viability indicators</u></b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	7.9	13.0	–	25.3	25.3	25.3	10.7	10.8	10.6	11.2
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	59.5%	81.8%	29.7%	25.0%	37.9%	37.9%	37.9%	30.6%	28.8%	27.2%
iii. Cost coverage	(Availabe cash + Investments)/monthly fixed operational expenditure)	4.2	6.7	11.7	17.6	5.4	25.9	25.9	4.1	6.2	8.4

### 2.3.1 Performance indicators and benchmarks

#### 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 2015/16 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 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 2015/16 MTREF the current ratio is 4.25 in the 2015/16 financial year and 5.02 and 5.21 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.

#### 2.3.1.3 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been 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.

#### 2.3.1.4 Creditors Management

- The Municipality could not manage to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has not managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a negative impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to damage the Municipality in the form of more competitive pricing of tenders, as suppliers will not compete for the Municipality's business.

## **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.

- 2.4.1 Budget Policy
- 2.4.2 Supply Chain Management Policy - amended
- 2.4.3. Rates Policy- amended
- 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 - amended
- 2.4.9 Cash Management and Investment Policy
- 2.4. 10 Overtime Policy
- 2.4.11 Budget policy
- 2.4.12 Banking Policy

MKHAMBATHINI Municipality 2015/16 Annual Budget and MTREF

KZN26 MKhambathini Supporting Table SA22 Summary of councillor and staff benefits

**26 Councillor and employee benefits**

**Table 26 MBRRSA22 - Summary of councillor and staff benefits**

Ref	2011/12 Audited	2012/13 Audited	2013/14 Audited	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
				Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
1	A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>									
	3 650	3 638	4 101	4 752	4 752	4 122	4 800	5 100	5 500
Basic Salaries and Wages									
Pension and UIF Contributions									
Medical Aid Contributions									
Motor Vehicle Allowance									
Cellphone Allowance									
Housing Allowances									
Other benefits and allowances									
<b>Sub Total - Councillors</b>	<b>3 650</b>	<b>3 638</b>	<b>4 101</b>	<b>4 752</b>	<b>4 752</b>	<b>4 122</b>	<b>4 800</b>	<b>5 100</b>	<b>5 500</b>
<b>% increase</b>		(0.3%)	12.7%	15.9%	-	(13.3%)	16.5%	6.3%	7.8%
<b>Senior Managers of the Municipality</b>									
	3 091	-	3 976	4 892	4 892	4 892	4 256	4 469	4 696
Basic Salaries and Wages									
Pension and UIF Contributions	103	-	-						
Medical Aid Contributions									
Overtime									
Performance Bonus									
Motor Vehicle Allowance	276	-	-						
Cellphone Allowance	50	50	-				42	42	42
Housing Allowances	42	41	-						
Other benefits and allowances									
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
<b>Sub Total - Senior Managers of Municipality</b>	<b>3 562</b>	<b>92</b>	<b>3 976</b>	<b>4 892</b>	<b>4 892</b>	<b>4 892</b>	<b>4 298</b>	<b>4 511</b>	<b>4 738</b>
<b>% increase</b>		(97.4%)	4 243.0%	23.0%	-	-	(12.1%)	5.0%	5.0%
<b>Other Municipal Staff</b>									
	11 066	12 066	11 850	15 127	15 127	12 250	15 780	16 865	17 832
Basic Salaries and Wages									
Pension and UIF Contributions	1 815	1 942	1 660	3 455	3 455	3 455	2 223	2 357	2 498
Medical Aid Contributions	542	607	626	620	620	620	833	883	936
Overtime	621	735	757	710	710	710	855	906	961
Performance Bonus			1 390	917	917	917	828	932	931
Motor Vehicle Allowance	252	133	91	359	359	359	318	337	357
Cellphone Allowance	45	28	15	60	60	60	52	55	58
Housing Allowances	70	35	33	42	42	42	52	55	58
Other benefits and allowances	182	1 079	109	268	268	268	90	43	132
Payments in lieu of leave	677	899	509	411	411	411	423	448	475
Long service awards									
Post-retirement benefit obligations									
<b>Sub Total - Other Municipal Staff</b>	<b>15 270</b>	<b>17 524</b>	<b>17 039</b>	<b>21 969</b>	<b>21 969</b>	<b>19 092</b>	<b>21 454</b>	<b>22 881</b>	<b>24 238</b>
<b>% increase</b>		14.8%	(2.8%)	28.9%	-	(13.1%)	12.4%	6.7%	5.9%
<b>Total Parent Municipality</b>	<b>22 482</b>	<b>21 254</b>	<b>25 116</b>	<b>31 613</b>	<b>31 613</b>	<b>28 105</b>	<b>30 552</b>	<b>32 492</b>	<b>34 476</b>
		(5.5%)	18.2%	25.9%	-	(11.1%)	8.7%	6.4%	6.1%
<b>Board Members of Entities</b>									
Basic Salaries and Wages									
Pension and UIF Contributions									
Medical Aid Contributions									
Overtime									
Performance Bonus									
Motor Vehicle Allowance									
Cellphone Allowance									
Housing Allowances									
Other benefits and allowances									
Board Fees									
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
<b>Sub Total - Board Members of Entities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>% increase</b>		-	-	-	-	-	-	-	-
<b>Senior Managers of Entities</b>									
Basic Salaries and Wages									
Pension and UIF Contributions									
Medical Aid Contributions									
Overtime									
Performance Bonus									
Motor Vehicle Allowance									
Cellphone Allowance									
Housing Allowances									
Other benefits and allowances									
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
<b>Sub Total - Senior Managers of Entities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>% increase</b>		-	-	-	-	-	-	-	-
<b>Other Staff of Entities</b>									
Basic Salaries and Wages									
Pension and UIF Contributions									
Medical Aid Contributions									
Overtime									
Performance Bonus									
Motor Vehicle Allowance									
Cellphone Allowance									
Housing Allowances									
Other benefits and allowances									
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
<b>Sub Total - Other Staff of Entities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>% increase</b>		-	-	-	-	-	-	-	-
<b>Total Municipal Entities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49</b>	<b>-</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>22 482</b>	<b>21 254</b>	<b>25 116</b>	<b>31 613</b>	<b>31 613</b>	<b>28 105</b>	<b>30 552</b>	<b>32 492</b>	<b>34 476</b>
<b>% increase</b>		(5.5%)	18.2%	25.9%	-	(11.1%)	8.7%	6.4%	6.1%
<b>TOTAL MANAGERS AND STAFF</b>	<b>18 832</b>	<b>17 615</b>	<b>21 015</b>	<b>26 861</b>	<b>26 861</b>	<b>23 984</b>	<b>25 752</b>	<b>27 392</b>	<b>28 976</b>

27 May 2015

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

KZN226 Mkhambathini - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages		3 650	3 638	4 101	4 752	4 752	4 122	5 200	5 200	5 200
Pension and UIF Contributions										
Medical Aid Contributions										
Motor Vehicle Allowance										
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances										
<b>Sub Total - Councillors</b>	4	3 650	3 638	4 101	4 752	4 752	4 122	5 200	5 200	5 200
<b>% Increase</b>			(0.3%)	12.7%	15.9%	-	(13.3%)	26.2%	-	-
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages		3 091		3 976	4 892	4 892	4 892	4 256	4 469	4 696
Pension and UIF Contributions		103	-	-						
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3	276		-						
Cellphone Allowance	3	50	50	-				42	42	42
Housing Allowances	3	42	41	-						
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Senior Managers of Municipality</b>	4	3 562	92	3 976	4 892	4 892	4 892	4 298	4 511	4 738
<b>% Increase</b>			(97.4%)	4 243.0%	23.0%	-	-	(12.1%)	5.0%	5.0%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		8 804	11 142	11 846	5 213	5 213	5 213	14 235	15 183	16 187
Pension and UIF Contributions		1 504	1 846	1 660	3 455	3 455	3 455	2 223	2 357	2 498
Medical Aid Contributions		500	588	615	620	620	620	833	863	936
Overtime		294	1 018	757	710	710	710	856	906	961
Performance Bonus		710	1 307	1 390	917	917	917	2 415	2 560	2 576
Motor Vehicle Allowance	3		86	91	359	359	359	318	337	357
Cellphone Allowance	3		14	15	60	60	60	52	55	58
Housing Allowances	3	27		33	42	42	42	52	55	58
Other benefits and allowances	3		102	109	268	268	268	90	43	132
Payments in lieu of leave	3		478	509	411	411	411	423	448	475
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Other Municipal Staff</b>	4	11 839	16 612	17 023	12 055	12 055	12 055	21 496	22 826	24 239
<b>% Increase</b>			40.3%	2.5%	(29.2%)	-	-	78.3%	6.2%	6.2%
<b>Total Parent Municipality</b>		19 051	20 342	25 101	21 699	21 699	21 069	30 994	32 538	34 176
			6.8%	23.4%	(13.6%)	-	(2.9%)	47.1%	5.0%	5.0%
<b>Board Members of Entities</b>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Board Members of Entities</b>	4	-	-	-	-	-	-	-	-	-
<b>% Increase</b>										
<b>Senior Managers of Entities</b>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Senior Managers of Entities</b>	4	-	-	-	-	-	-	-	-	-
<b>% Increase</b>										
<b>Other Staff of Entities</b>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Other Staff of Entities</b>	4	-	-	-	-	-	-	-	-	-
<b>% Increase</b>										
<b>Total Municipal Entities</b>		-	-	-	-	-	-	-	-	-
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		19 051	20 342	25 101	21 699	21 699	21 069	30 994	32 538	34 176
<b>% Increase</b>	4		6.8%	23.4%	(13.6%)	-	(2.9%)	47.1%	5.0%	5.0%
<b>TOTAL MANAGERS AND STAFF</b>	5,7	15 401	16 704	21 000	16 947	16 947	16 947	25 794	27 338	28 976

**KZN226 Mkhambathini - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)**

<b>Disclosure of Salaries, Allowances &amp; Benefits 1.</b>	<b>Ref</b>	<b>No.</b>	<b>Salary</b>	<b>Contributions</b>	<b>Allowances</b>	<b>Performance Bonuses</b>	<b>In-kind benefits</b>	<b>Total Package</b>
<b>Rand per annum</b>				<b>1.</b>				<b>2.</b>
<b>Councillors</b>	3							
Speaker	4	1	361 769		152 655			514 424
Chief Whip		1						-
Executive Mayor		1	479 344		184 611			663 956
Deputy Executive Mayor		1	383 475		152 655			536 130
Executive Committee		1	186 537		90 740			277 278
Total for all other councillors			1 468 332		741 223			2 209 555
<b>Total Councillors</b>	8	5	<b>2 879 458</b>	<b>-</b>	<b>1 321 885</b>			<b>4 201 343</b>
<b>Senior Managers of the Municipality</b>	5							
Municipal Manager (MM)		1	993 057	-	12 000	-		1 005 057
Chief Finance Officer		1	813 657	-	9 600	-		823 257
Manager Corporate Services		1	813 657	-	9 600	-		823 257
Manager Community Services		1	813 657	-	9 600	-		823 257
Manger Technical Services		1	813 657	-	9 600	-		823 257
List of each official with packages >= senior manager								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
<b>Total Senior Managers of the Municipality</b>	8,10	5	<b>4 247 685</b>	<b>-</b>	<b>50 400</b>	<b>-</b>		<b>4 298 085</b>
<b>A Heading for Each Entity</b>	6,7							
List each member of board by designation								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
<b>Total for municipal entities</b>	8,10	-	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	10	10	<b>7 127 143</b>	<b>-</b>	<b>1 372 285</b>	<b>-</b>		<b>8 499 428</b>

**Table 28 MBRR SA24 – Summary of personnel numbers****KZN226 Mkhambathini - Supporting Table SA24 Summary of personnel numbers**

Summary of Personnel Numbers	Ref	2013/14			Current Year 2014/15			Budget Year 2015/16		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus Other Councillors)		14	3	11	14	3	11	14	3	11
Board Members of municipal entities	4									
<b>Municipal employees</b>	5									
Municipal Manager and Senior Managers	3	3	–	3	5	–	5	5	–	5
Other Managers	7									
Professionals		44	39	17	44	39	17	44	39	17
Finance			6	7		6	7		6	7
Spatial/town planning										
Information Technology		1	–	1	1	–	1	1	–	1
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other		43	33	9	43	33	9	43	33	9
Technicians		–	–	–	–	–	–	–	–	–
Finance										
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Clerks (Clerical and administrative)		36	36	–	36	36	–	36	36	–
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
<b>TOTAL PERSONNEL NUMBERS</b>	9	97	78	31	99	78	33	99	78	33



## **2.6 Monthly targets for revenue, expenditure and cash flow**

**Table 29 MBRR SA25 - Budgeted monthly revenue and expenditure**

KZN226 Mkhambathini - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue By Source</b>																
Property rates		955	955	955	955	955	955	955	955	955	955	955	955	11 454	12 141	12 870
Property rates - penalties & collection charges														-	-	-
Service charges - electricity revenue														-	-	-
Service charges - water revenue														-	-	-
Service charges - sanitation revenue														-	-	-
Service charges - refuse revenue														-	-	-
Service charges - other														-	-	-
Rental of facilities and equipment														-	-	-
Interest earned - external investments		67	67	67	67	67	67	67	67	67	67	67	67	800	800	800
Interest earned - outstanding debtors		106	106	106	106	106	106	106	106	106	106	106	106	1 272	1 348	1 429
Dividends received														-	-	-
Fines		3	3	3	3	3	3	3	3	3	3	3	4	41	44	46
Licences and permits		406	406	406	406	406	406	406	406	406	406	406	406	4 873	5 166	5 476
Agency services														-	-	-
Transfers recognised - operational		5 489	5 489	5 489	5 489	5 489	5 489	5 489	5 489	5 489	5 489	5 489	5 489	65 873	66 195	63 847
Other revenue		32	32	32	32	32	32	32	32	32	32	32	32	384	406	430
Gains on disposal of PPE														-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>7 058</b>	<b>7 058</b>	<b>7 058</b>	<b>7 058</b>	<b>7 058</b>	<b>7 058</b>	<b>7 058</b>	<b>7 058</b>	<b>7 058</b>	<b>7 058</b>	<b>7 058</b>	<b>7 058</b>	<b>84 697</b>	<b>86 100</b>	<b>84 898</b>
<b>Expenditure By Type</b>																
Employee related costs		2 146	2 146	2 146	2 146	2 146	2 146	2 146	2 146	2 146	2 146	2 146	2 146	25 752	27 350	28 934
Remuneration of councillors		433	433	433	433	433	433	433	433	433	433	433	33	4 800	5 100	5 500
Debt impairment		67	67	67	67	67	67	67	67	67	67	67	67	800	800	800
Depreciation & asset impairment		392	392	392	392	392	392	392	392	392	392	392	392	4 700	4 850	5 000
Finance charges		17	17	17	17	17	17	17	17	17	17	17	(43)	140	148	157
Bulk purchases														-	-	-
Other materials														-	-	-
Contracted services														-	-	-
Transfers and grants														-	-	-
Other expenditure		3 915	3 915	3 915	3 915	3 915	3 915	3 915	3 915	3 915	3 915	3 915	4 376	47 436	47 469	44 054
Loss on disposal of PPE														-	-	-
<b>Total Expenditure</b>		<b>6 969</b>	<b>6 969</b>	<b>6 969</b>	<b>6 969</b>	<b>6 969</b>	<b>6 969</b>	<b>6 969</b>	<b>6 969</b>	<b>6 969</b>	<b>6 969</b>	<b>6 969</b>	<b>6 970</b>	<b>83 628</b>	<b>85 718</b>	<b>84 446</b>
<b>Surplus/(Deficit)</b>		<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>88</b>	<b>1 069</b>	<b>382</b>	<b>452</b>
Transfers recognised - capital													16 851	16 851	17 362	18 129
Contributions recognised - capital														-	-	-
Contributed assets														-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>16 939</b>	<b>17 920</b>	<b>17 744</b>	<b>18 581</b>
Taxation														-	-	-
Attributable to minorities														-	-	-
Share of surplus/ (deficit) of associate														-	-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>16 939</b>	<b>17 920</b>	<b>17 744</b>	<b>18 581</b>

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

KZN226 Mkhambathini - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue by Vote</b>																
Vote 1 - Executive and Council													-	-	-	-
Vote 2 - Municipal Manager													-	-	-	-
Vote 3 - Budget and Treasury Office		6 506	6 506	6 506	6 506	6 506	6 506	6 506	6 506	6 506	6 506	6 506	6 507	78 075	79 079	77 537
Vote 4 - Corporate Services		78	78	78	78	78	78	78	78	78	78	78	78	930	1 033	1 058
Vote 5 - Community Services													-	-	-	-
Vote 6 - Library		68	68	68	68	68	68	68	68	68	68	68	68	818	823	827
Vote 7 - Vehicle Registration and Testing		406	406	406	406	406	406	406	406	406	406	406	406	4 873	5 166	5 476
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]													-	-	-	-
<b>Total Revenue by Vote</b>		<b>7 058</b>	<b>7 058</b>	<b>7 058</b>	<b>7 058</b>	<b>7 058</b>	<b>7 058</b>	<b>7 058</b>	<b>7 058</b>	<b>7 058</b>	<b>7 058</b>	<b>7 058</b>	<b>7 059</b>	<b>84 697</b>	<b>86 100</b>	<b>84 898</b>
<b>Expenditure by Vote to be appropriated</b>																
Vote 1 - Executive and Council		607	607	607	607	607	607	607	607	607	607	607	607	7 279	7 980	8 387
Vote 2 - Municipal Manager		135	135	135	135	135	135	135	135	135	135	135	135	1 615	1 700	1 790
Vote 3 - Budget and Treasury Office		1 527	1 527	1 527	1 527	1 527	1 527	1 527	1 527	1 527	1 527	1 527	1 527	18 323	19 201	19 191
Vote 4 - Corporate Services		1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 217	14 594	15 168	15 292
Vote 5 - Community Services		1 268	1 268	1 268	1 268	1 268	1 268	1 268	1 268	1 268	1 268	1 268	1 267	15 212	14 802	14 671
Vote 6 - Library		169	169	169	169	169	169	169	169	169	169	169	169	2 030	2 092	2 408
Vote 7 - Vehicle Registration and Testing		286	286	286	286	286	286	286	286	286	286	286	286	3 428	3 586	3 753
Vote 8 - Solid Waste													-	-	-	-
Vote 9 - Technical Services		1 762	1 762	1 762	1 762	1 762	1 762	1 762	1 762	1 762	1 762	1 762	1 762	21 145	21 190	18 955
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]													-	-	-	-
<b>Total Expenditure by Vote</b>		<b>6 969</b>	<b>6 969</b>	<b>6 969</b>	<b>6 969</b>	<b>6 969</b>	<b>6 969</b>	<b>6 969</b>	<b>6 969</b>	<b>6 969</b>	<b>6 969</b>	<b>6 969</b>	<b>6 969</b>	<b>83 626</b>	<b>85 719</b>	<b>84 446</b>
<b>Surplus/(Deficit) before assoc.</b>		<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>1 070</b>	<b>382</b>	<b>451</b>
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>1 070</b>	<b>382</b>	<b>451</b>

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

KZN226 Mkhambathini - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue - Standard</b>																
<b>Governance and administration</b>		6 565	6 565	6 565	6 565	6 565	6 565	6 565	6 565	6 565	6 565	6 565	6 565	78 774	79 867	78 336
Executive and council		88	88	88	88	88	88	88	88	88	88	88	88	1 058	-	-
Budget and treasury office		6 399	6 399	6 399	6 399	6 399	6 399	6 399	6 399	6 399	6 399	6 399	6 399	76 786	78 834	77 278
Corporate services		78	78	78	78	78	78	78	78	78	78	78	78	930	1 033	1 058
<b>Community and public safety</b>		-	-	-	-	-	-	-	-	-	-	-	-	818	823	827
Community and social services														818	823	827
Sport and recreation														-	-	-
Public safety														-	-	-
Housing														-	-	-
Health														-	-	-
<b>Economic and environmental services</b>		425	425	425	425	425	425	425	425	425	425	425	17 276	21 955	22 772	23 864
Planning and development		19	19	19	19	19	19	19	19	19	19	19	19	231	245	260
Road transport		406	406	406	406	406	406	406	406	406	406	406	17 257	21 724	22 528	23 605
Environmental protection														-	-	-
<b>Trading services</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity														-	-	-
Water														-	-	-
Waste water management														-	-	-
Waste management														-	-	-
<b>Other</b>														-	-	-
<b>Total Revenue - Standard</b>		6 990	6 990	6 990	6 990	6 990	6 990	6 990	6 990	6 990	6 990	6 990	24 659	101 548	103 462	103 027
<b>Expenditure - Standard</b>																
<b>Governance and administration</b>		3 484	3 484	3 484	3 484	3 484	3 484	3 484	3 484	3 484	3 484	3 484	3 484	41 811	44 049	44 659
Executive and council		741	741	741	741	741	741	741	741	741	741	741	741	8 894	9 680	10 177
Budget and treasury office		1 527	1 527	1 527	1 527	1 527	1 527	1 527	1 527	1 527	1 527	1 527	1 527	18 323	19 201	19 191
Corporate services		1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	14 594	15 168	15 292
<b>Community and public safety</b>		1 437	144	144	144	144	144	144	144	144	144	144	14 368	17 242	16 894	17 079
Community and social services		#####	144	144	144	144	144	144	144	144	144	144	14 368	17 242	16 894	17 079
Sport and recreation														-	-	-
Public safety														-	-	-
Housing														-	-	-
Health														-	-	-
<b>Economic and environmental services</b>		2 048	2 048	2 048	2 048	2 048	2 048	2 048	2 048	2 048	2 048	2 048	2 048	24 573	24 776	22 708
Planning and development														-	-	-
Road transport		2 048	2 048	2 048	2 048	2 048	2 048	2 048	2 048	2 048	2 048	2 048	2 048	24 573	24 776	22 708
Environmental protection														-	-	-
<b>Trading services</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity														-	-	-
Water														-	-	-
Waste water management														-	-	-
Waste management														-	-	-
<b>Other</b>														-	-	-
<b>Total Expenditure - Standard</b>		6 969	5 676	5 676	5 676	5 676	5 676	5 676	5 676	5 676	5 676	5 676	19 900	83 626	85 719	84 446
<b>Surplus/(Deficit) before assoc.</b>		21	1 314	1 314	1 314	1 314	1 314	1 314	1 314	1 314	1 314	1 314	4 759	17 921	17 743	18 581
Share of surplus/ (deficit) of associate														-	-	-
<b>Surplus/(Deficit)</b>	1	21	1 314	1 314	1 314	1 314	1 314	1 314	1 314	1 314	1 314	1 314	4 759	17 921	17 743	18 581

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

KZN226 Mkhambathini - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Multi-year expenditure to be appropriated</b>	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]													-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>																
Vote 1 - Executive and Council		100	100	100	100	100	100	100	100	100	100	100	100	1 200	1 200	1 200
Vote 2 - Municipal Manager													-	-	-	-
Vote 3 - Budget and Treasury Office													-	-	-	-
Vote 4 - Corporate Services		104	104	104	104	104	104	104	104	104	104	104	104	1 250	400	400
Vote 5 - Community Services													-	-	-	-
Vote 6 - Library													-	-	-	-
Vote 7 - Vehicle Registration and Testing													-	-	-	-
Vote 8 - Solid Waste													-	-	-	-
Vote 9 - Technical Services		1 404	1 404	1 404	1 404	1 404	1 404	1 404	1 404	1 404	1 404	1 404	1 404	16 851	17 362	18 129
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]													-	-	-	-
<b>Capital single-year expenditure sub-total</b>	2	1 608	1 608	1 608	1 608	1 608	1 608	1 608	1 608	1 608	1 608	1 608	1 608	19 301	18 962	19 729
<b>Total Capital Expenditure</b>	2	1 608	1 608	1 608	1 608	1 608	1 608	1 608	1 608	1 608	1 608	1 608	1 608	19 301	18 962	19 729

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

KZN226 Mkhambathini - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Capital Expenditure - Standard</b>	1															
<i>Governance and administration</i>		204	204	204	204	204	204	204	204	204	204	204	204	2 450	1 600	1 600
Executive and council		100	100	100	100	100	100	100	100	100	100	100	100	1 200	1 200	1 200
Budget and treasury office														-	-	-
Corporate services		104	104	104	104	104	104	104	104	104	104	104	104	1 250	400	400
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and social services														-	-	-
Sport and recreation														-	-	-
Public safety														-	-	-
Housing														-	-	-
Health														-	-	-
<i>Economic and environmental services</i>		1 404	1 404	1 404	1 404	1 404	1 404	1 404	1 404	1 404	1 404	1 404	1 404	16 851	17 362	18 129
Planning and development														-	-	-
Road transport		1 404	1 404	1 404	1 404	1 404	1 404	1 404	1 404	1 404	1 404	1 404	1 404	16 851	17 362	18 129
Environmental protection														-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity														-	-	-
Water														-	-	-
Waste water management														-	-	-
Waste management														-	-	-
<i>Other</i>														-	-	-
<b>Total Capital Expenditure - Standard</b>	2	1 608	1 608	1 608	1 608	1 608	1 608	1 608	1 608	1 608	1 608	1 608	1 608	19 301	18 962	19 729
<b>Funded by:</b>																
National Government		1 404	1 404	1 404	1 404	1 404	1 404	1 404	1 404	1 404	1 404	1 404	1 404	16 851	17 362	18 129
Provincial Government														-	-	-
District Municipality														-	-	-
Other transfers and grants														-	-	-
<b>Transfers recognised - capital</b>		1 404	1 404	1 404	1 404	1 404	1 404	1 404	1 404	1 404	1 404	1 404	1 404	16 851	17 362	18 129
<b>Public contributions &amp; donations</b>														-	-	-
<b>Borrowing</b>														-	-	-
<b>Internally generated funds</b>		204	204	204	204	204	204	204	204	204	204	204	204	2 450	1 600	1 600
<b>Total Capital Funding</b>		1 608	1 608	1 608	1 608	1 608	1 608	1 608	1 608	1 608	1 608	1 608	1 608	19 301	18 962	19 729

**Table 34 MBRR SA30 - Budgeted monthly cash flow**

KZN226 Mkhambathini - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS													Medium Term Revenue and Expenditure Framework								
Budget Year 2015/16													Budget Year 2015/16			Budget Year +1 2016/17			Budget Year +2 2017/18		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18						
Cash Receipts By Source													1								
Property rates	620	620	620	620	620	620	620	620	620	620	620	621	7 445	8 499	9 652						
Property rates - penalties & collection charges													-								
Service charges - electricity revenue													-								
Service charges - water revenue													-								
Service charges - sanitation revenue													-								
Service charges - refuse revenue													-								
Service charges - other													-								
Rental of facilities and equipment													-								
Interest earned - external investments	70	70	70	70	70	70	70	70	70	70	70	30	800	800	800						
Interest earned - outstanding debtors	69	69	69	69	69	69	69	69	69	69	69	69	827	944	1 072						
Dividends received													-								
Fines	3	3	3	3	3	3	3	3	3	3	3	3	41	44	46						
Licences and permits	406	406	406	406	406	406	406	406	406	406	406	406	4 873	5 166	5 476						
Agency services													-								
Transfer receipts - operational	5 489	5 489	5 489	5 489	5 489	5 489	5 489	5 489	5 489	5 489	5 489	5 489	65 873	66 195	63 847						
Other revenue	262	262	262	262	262	262	262	262	262	262	262	262	3 144	3 117	3 004						
Cash Receipts by Source	6 920	6 920	6 920	6 920	6 920	6 920	6 920	6 920	6 920	6 920	6 920	6 880	83 003	84 764	83 897						
Other Cash Flows by Source																					
Transfer receipts - capital	1 404	1 404	1 404	1 404	1 404	1 404	1 404	1 404	1 404	1 404	1 404	1 404	16 851	17 362	18 129						
Contributions recognised - capital & Contributed assets													-								
Proceeds on disposal of PPE													-								
Short term loans													-								
Borrowing long term/refinancing													-								
Increase (decrease) in consumer deposits													-								
Decrease (increase) in non-current debtors													-								
Decrease (increase) other non-current receivables													-								
Decrease (increase) in non-current investments													-								
Total Cash Receipts by Source	8 325	8 325	8 325	8 325	8 325	8 325	8 325	8 325	8 325	8 325	8 325	8 285	99 854	102 126	102 026						
Cash Payments by Type																					
Employee related costs	1 931	1 931	1 931	1 931	1 931	1 931	1 931	1 931	1 931	1 931	1 931	3 219	24 464	25 982	27 488						
Remuneration of councillors	433	433	433	433	433	433	433	433	433	433	433	33	4 800	5 100	5 500						
Finance charges	12	12	12	12	12	12	12	12	12	12	12	12	140	148	157						
Bulk purchases - Electricity													-								
Bulk purchases - Water & Sewer													-								
Other materials													-								
Contracted services													-								
Transfers and grants - other municipalities													-								
Transfers and grants - other													-								
Other expenditure	4 019	4 019	4 019	4 019	4 019	4 019	4 019	4 019	4 019	4 019	4 019	4 027	48 236	48 324	44 854						
Cash Payments by Type	6 395	6 395	6 395	6 395	6 395	6 395	6 395	6 395	6 395	6 395	6 395	7 292	77 640	79 555	77 999						
Other Cash Flows/Payments by Type																					
Capital assets	1 126	1 126	1 126	1 126	1 126	1 126	1 126	1 126	1 126	1 126	1 126	6 916	19 301	18 962	19 729						
Repayment of borrowing													-								
Other Cash Flows/Payments	204	204	204	204	204	204	204	204	204	204	204	206	2 450								
Total Cash Payments by Type	7 725	7 725	7 725	7 725	7 725	7 725	7 725	7 725	7 725	7 725	7 725	14 414	99 391	98 517	97 728						
NET INCREASE/(DECREASE) IN CASH HELD	599	599	599	599	599	599	599	599	599	599	599	(6 129)	463	3 609	4 298						
Cash/cash equivalents at the month/year begin:	5 571	6 170	6 770	7 369	7 968	8 568	9 167	9 766	10 366	10 965	11 564	12 163	5 571	6 034	6 643						
Cash/cash equivalents at the month/year end:	6 170	6 770	7 369	7 968	8 568	9 167	9 766	10 366	10 965	11 564	12 163	6 034	6 034	9 643	13 941						

## **2.7 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.

## **2.8 Capital expenditure details**

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



**Table MBRR SA 34a - Capital expenditure on new assets by asset class**

KZN226 Mkhambathini - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>	<b>1</b>									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		1 000	5 266	6 201	5 000	5 000	5 000	14 351	14 862	15 629
Infrastructure - Road transport		1 000	5 266	6 201	5 000	5 000	5 000	14 351	14 862	15 629
Roads, Pavements & Bridges		1 000	5 266	6 201	5 000	5 000	5 000	14 351	14 862	15 629
Storm water										
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Generation										
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation										
Sewerage purification										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management										
Transportation	2									
Gas										
Other	3									
<b>Community</b>		10 908	6 098	9 925	11 251	11 251	11 251	2 500	2 500	2 500
Parks & gardens										
Sportsfields & stadia		5 408	2 323		6 000	6 000	6 000	2 500	2 500	2 500
Swimming pools		1 500		7 875						
Community halls		1 500	3 221	1 525	2 500	2 500	2 500			
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses										
Clinics	7									
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other		2 500	554	525	2 751	2 751	2 751			
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development										
Other										
<b>Other assets</b>		130	2 080	3 720	10 530	1 810	1 810	2 450	1 600	1 600
General vehicles					8 860	1 450	1 450	1 000	1 000	1 000
Specialised vehicles		-	-	-	1 500	-	-	-	-	-
Plant & equipment			1 901	2 200				400	-	-
Computers - hardware/equipment		100	127					850	400	400
Furniture and other office equipment		30	53	20	-			200	200	200
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land				1 500						
Surplus Assets - (Investment or Inventory)										
Other					170	360	360			
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-
List sub-class										
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
List sub-class										
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
<b>Total Capital Expenditure on new assets</b>	<b>1</b>	<b>12 038</b>	<b>13 445</b>	<b>19 846</b>	<b>26 781</b>	<b>18 061</b>	<b>18 061</b>	<b>19 301</b>	<b>18 962</b>	<b>19 729</b>

**Table 36 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class**

KZN226 Mkhambathini - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		–	–	–	7 560	18 061	18 061	–	–	–
Infrastructure - Road transport		–	–	–	5 750	16 251	16 251	–	–	–
Roads, Pavements & Bridges					5 750	16 251	16 251			
Storm water										
Infrastructure - Electricity		–	–	–	–	–	–	–	–	–
Generation										
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water		–	–	–	–	–	–	–	–	–
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Reticulation										
Sewerage purification										
Infrastructure - Other		–	–	–	1 810	1 810	1 810	–	–	–
Waste Management										
Transportation										
Gas										
Other					1 810	1 810	1 810			
<b>Community</b>		–	1 478	1 741	–	–	–	–	–	–
Parks & gardens			1 478	1 741						
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses										
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing										
Other										
<b>Heritage assets</b>		–	–	–	–	–	–	–	–	–
Buildings										
Other										
<b>Investment properties</b>		–	–	–	–	–	–	–	–	–
Housing development										
Other										
<b>Other assets</b>		–	–	–	–	–	–	2 450	1 600	1 600
General vehicles								1 000	1 000	1 000
Specialised vehicles		–	–	–	–	–	–	–	–	–
Plant & equipment										
Computers - hardware/equipment								550	400	400
Furniture and other office equipment								200	200	200
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other								700		
<b>Agricultural assets</b>		–	–	–	–	–	–	–	–	–
List sub-class										
<b>Biological assets</b>		–	–	–	–	–	–	–	–	–
List sub-class										
<b>Intangibles</b>		–	–	–	–	–	–	–	–	–
Computers - software & programming										
Other (list sub-class)										
<b>Total Capital Expenditure on renewal of existing</b>	<b>1</b>	<b>–</b>	<b>1 478</b>	<b>1 741</b>	<b>7 560</b>	<b>18 061</b>	<b>18 061</b>	<b>2 450</b>	<b>1 600</b>	<b>1 600</b>
<b>Specialised vehicles</b>		–	–	–	–	–	–	–	–	–
Refuse										
Fire										
Conservancy										
Ambulances										
<b>Renewal of Existing Assets as % of total capex</b>		0.0%	9.9%	8.1%	22.0%	50.0%	50.0%	12.7%	8.9%	8.5%
<b>Renewal of Existing Assets as % of deprecn</b>		0.0%	47.5%	77.8%	297.5%	397.7%	397.7%	52.1%	33.0%	32.0%
<b>References</b>										
1. Total Capital Expenditure on renewal of existing assets (SA34b) plus Total Capital Expenditure on new assets (SA34a) must reconcile to total capital expenditure in Budgeted Capital Expenditure										

Table 37 MBRR SA34c - Repairs and maintenance expenditure by asset class

KZN226 Mkhambathini - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		300	480	1 060	150	150	150	2 800	2 800	1 600
Infrastructure - Road transport		300	480	1 060	150	150	150	2 800	2 800	1 600
Roads, Pavements & Bridges		300	480	1 060	150	150	150	2 800	2 800	1 600
Storm water										
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Generation										
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation										
Sewerage purification										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management										
Transportation										
Gas										
Other										
<b>Community</b>		-	-	1 060	1 500	1 500	1 500	1 500	1 771	1 082
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls					1 500	1 500	1 500	1 500	1 771	1 082
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses										
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing										
Other				1 060						
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Buildings										
Other										
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development										
Other										
<b>Other assets</b>		320	85	339	570	570	570	3 450	3 450	4 000
General vehicles					150	150	150	600	600	700
Specialised vehicles										
Plant & equipment		20	20	21	100	100	100	500	500	500
Computers - hardware/equipment								250	250	500
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings								1 600	1 600	1 600
Other Buildings		300	65	318						
Other Land										
Surplus Assets - (Investment or Inventory)										
Other					320	320	320	500	500	700
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-
List sub-class										
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
List sub-class										
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
<b>Total Repairs and Maintenance Expenditure</b>	1	620	565	2 459	2 220	2 220	2 220	7 750	8 021	6 682

## 2.9 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 some 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 finalised and aligned and informed by the 2015/16 MTREF.
6. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training  
The MFMA training module in electronic format is presented at the Municipality's ICT centre and training is ongoing where needed. Other MFMA training is also done as it is rolled out by Treasury
8. Policies  
Policies are amendment as an when updates are released and advise once these changes are gazetted.

## 2.10 Other supporting documents

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

KZN226 Mkhambathini - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

2015/16 Medium Term Revenue & Expenditure Framework											
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
<b>REVENUE ITEMS:</b>											
<b>Property rates</b>	6										
Total Property Rates		4 881	6 722	6 522	16 687	12 258	12 258	12 258	12 991	13 771	14 597
less Revenue Foregone					281	1 450	1 450	1 450	1 537	1 629	1 727
<b>Net Property Rates</b>		4 881	6 722	6 522	16 406	10 807	10 807	10 807	11 454	12 141	12 870
<b>Service charges - electricity revenue</b>	6										
Total Service charges - electricity revenue											
less Revenue Foregone											
<b>Net Service charges - electricity revenue</b>		-	-	-	-	-	-	-	-	-	
<b>Service charges - water revenue</b>	6										
Total Service charges - water revenue											
less Revenue Foregone											
<b>Net Service charges - water revenue</b>		-	-	-	-	-	-	-	-	-	
<b>Service charges - sanitation revenue</b>	6										
Total Service charges - sanitation revenue											
less Revenue Foregone											
<b>Net Service charges - sanitation revenue</b>		-	-	-	-	-	-	-	-	-	
<b>Service charges - refuse revenue</b>	6										
Total refuse removal revenue											
Total landfill revenue											
less Revenue Foregone											
<b>Net Service charges - refuse revenue</b>		-	-	-	-	-	-	-	-	-	
<b>Other Revenue by source</b>											
List other revenue by source											
Clearance Certificate		15	16	13	13	245	245	245	10	10	10
Tender Proposal		42	68	78	83				106	106	106
Commission Received		5	9	-					6	6	6
Building plans		80	106	127	119				231	245	260
Other Revenue		142	5	100	2				30	39	48
Hall hire		0		-							
Library fees		7	11	0	1				0	0	0
Social Welfare			26	-							
Application fee (Planning)			19	-							
Subscription library		0	0	-							
Decrease in provision for bad debts	3		111	-							
<b>Total 'Other' Revenue</b>	1	291	371	319	219	245	245	245	384	406	430
<b>EXPENDITURE ITEMS:</b>											
<b>Employee related costs</b>											
Basic Salaries and Wages	2	11 066	12 066	11 850	15 127	15 127	12 250	12 250	20 078	21 334	22 528
Pension and UIF Contributions		1 815	1 942	1 660	3 455	3 455	3 455	3 455	2 223	2 357	2 498
Medical Aid Contributions		542	607	626	620	620	620	620	833	883	936
Overtime		621	735	757	710	710	710	710	855	906	961
Performance Bonus				1 390	917	917	917	917	828	932	931
Motor Vehicle Allowance		252	133	91	359	359	359	359	318	337	357
Cellphone Allowance		45	28	15	60	60	60	60	52	55	58
Housing Allowances		70	35	33	42	42	42	42	52	55	58
Other benefits and allowances		182	1 079	109	268	268	268	268	90	43	132
Payments in lieu of leave		677	899	509	411	411	411	411	423	448	475
Long service awards				-	-	-	-	-			
Post-retirement benefit obligations	4			-	-	-	-	-			
<b>sub-total</b>	5	15 270	17 524	17 039	21 969	21 969	19 092	19 092	25 752	27 350	28 934

**Table 39 MBRR Table SA1 - Supporting detail to budgeted financial performance**

(Continued)

Less: Employees costs capitalised to PPE											
Total Employee related costs											
Contributions recognised - capital											
List contributions by contract											
	1	15 270	17 524	17 039	21 969	21 969	19 092	19 092	25 752	27 350	28 934
Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		4 792	3 085	2 237	2 542	4 542	4 542	4 542	4 700	4 850	5 000
Lease amortisation											
Capital asset impairment			31								
Depreciation resulting from revaluation of PPE	10										
Total Depreciation & asset impairment	1	4 792	3 116	2 237	2 542	4 542	4 542	4 542	4 700	4 850	5 000
Bulk purchases											
Electricity Bulk Purchases											
Water Bulk Purchases											
Total bulk purchases	1	-	-	-	-	-	-	-	-	-	-
Transfers and grants											
Cash transfers and grants		8 386	6 196	-	4 738	-	-	-	-	-	-
Non-cash transfers and grants		-	-	-	-	-	-	-	-	-	-
Total transfers and grants	1	8 386	6 196	-	4 738	-	-	-	-	-	-
Contracted services											
List services provided by contract											
		42	286	70	300	300	300	300			
sub-total	1	42	286	70	300	300	300	300	-	-	-
Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services		42	286	70	300	300	300	300	-	-	-
Other Expenditure By Type											
Collection costs			174								
Contributions to 'other' provisions						800	800	800	800	800	800
Consultant fees						2 220	2 220	2 220	1 000	1 000	500
Audit fees		864	1 438	954	1 700	1 700	1 700	1 700	1 400	1 484	1 400
General expenses	3	3 397	5 567	8 540	4 306	22 443	17 955	17 955	41 821	38 385	35 454
Job Creation						5 500	5 500	5 500	2 415	5 800	5 900
		697	1 041	2 507							
				1 500	1 800						
		512	688	318	318						
		302	500	530	530						
		519	489	530	600						
				-	743						
				-	1 132						
				-	500						
				-	700						
				318	750						
		275	311	371	200						
				900	934						
				890	840						
				530	318						
				424	0						
				-	140						
				212	300						
			-	212	42						
				742	200						
				-	200						
		179	306	191	265						
Total 'Other' Expenditure	1	6 746	10 513	19 669	16 517	32 663	28 175	28 175	47 436	47 469	44 054
Repairs and Maintenance											
	8										
Employee related costs											
Other materials											
Contracted Services											
Other Expenditure		1 165	829	2 507	510	2 220	2 220	2 220	7 750	8 021	6 682
Total Repairs and Maintenance Expenditure	9	1 165	829	2 507	510	2 220	2 220	2 220	7 750	8 021	6 682

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

KZN226 Mkhambathini - 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																
<b>Revenue By Source</b>																	
Property rates				11 454													11 454
Property rates - penalties & collection charges																	-
Service charges - electricity revenue																	-
Service charges - water revenue																	-
Service charges - sanitation revenue																	-
Service charges - refuse revenue																	-
Service charges - other																	-
Rental of facilities and equipment																	-
Interest earned - external investments				800													800
Interest earned - outstanding debtors				1 272													1 272
Dividends received																	-
Fines				41													41
Licences and permits								4 873									4 873
Agency services																	-
Other revenue				153			0			231							384
Transfers recognised - operational			1 058	63 141	930		744										65 873
Gains on disposal of PPE																	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		-	1 058	76 862	930	-	744	4 873	-	231	-	-	-	-	-	-	84 698
<b>Expenditure By Type</b>																	
Employee related costs		1 629	1 365	3 275	5 915	2 454	926	2 838		4 575							22 977
Remuneration of councillors		5 200															5 200
Debt impairment				800													800
Depreciation & asset impairment				4 700													4 700
Finance charges				200													200
Bulk purchases																	-
Other materials																	-
Contracted services																	-
Transfers and grants																	-
Other expenditure		450	250	11 382	7 180	11 508	110	800		18 070							49 750
Loss on disposal of PPE																	-
<b>Total Expenditure</b>		7 279	1 615	20 357	13 095	13 962	1 036	3 638	-	22 645	-	-	-	-	-	-	83 627
<b>Surplus/(Deficit)</b>		(7 279)	(557)	56 505	(12 165)	(13 962)	(292)	1 235	-	(22 414)	-	-	-	-	-	-	1 071
Transfers recognised - capital											16 851						16 851
Contributions recognised - capital																	-
Contributed assets																	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		(7 279)	(557)	56 505	(12 165)	(13 962)	(292)	1 235	-	(22 414)	16 851	-	-	-	-	-	17 922

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

KZN226 Mkhambathini - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>											
<b>ASSETS</b>											
<b>Call investment deposits</b>											
Call deposits < 90 days											
Other current investments > 90 days		10 546	17 745	7 121	8 000	8 000	8 000	8 000	10 000	12 000	15 000
<b>Total Call investment deposits</b>	2	10 546	17 745	7 121	8 000	8 000	8 000	8 000	10 000	12 000	15 000
<b>Consumer debtors</b>											
Consumer debtors		1 713	2 895	1 938	7 100	7 100	7 100	7 100	6 500	5 500	4 500
Less: Provision for debt impairment					(3 000)	(3 000)	(3 000)	(3 000)	(3 000)	(2 000)	(1 000)
<b>Total Consumer debtors</b>	2	1 713	2 895	1 938	4 100	4 100	4 100	4 100	3 500	3 500	3 500
<b>Debt impairment provision</b>											
Balance at the beginning of the year									2 632	3 432	4 323
Contributions to the provision									800	800	800
Bad debts written off											
<b>Balance at end of year</b>		-	-	-	-	-	-	-	3 432	4 232	5 123
<b>Property, plant and equipment (PPE)</b>											
PPE at cost/valuation (excl. finance leases)		61 026	75 561	97 105	96 648	96 648	96 648	96 648	112 648	127 648	142 000
Leases recognised as PPE	3	4 097	9 813	11 584	4 751	4 751	4 751	4 751	4 700	4 850	5 000
Less: Accumulated depreciation											
<b>Total Property, plant and equipment (PPE)</b>	2	56 928	65 748	85 521	91 897	91 897	91 897	91 897	107 948	122 798	137 000
<b>LIABILITIES</b>											
<b>Current liabilities - Borrowing</b>											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities											
<b>Total Current liabilities - Borrowing</b>		-	-	-	-	-	-	-	-	-	-
<b>Trade and other payables</b>											
Trade and other creditors		2 125	2 890	427	3 000	3 000	3 000	3 000	3 000	3 000	3 000
Unspent conditional transfers		5 946	9 947								
VAT											
<b>Total Trade and other payables</b>	2	8 071	12 836	427	3 000	3 000	3 000	3 000	3 000	3 000	3 000
<b>Non current liabilities - Borrowing</b>											
Borrowing	4										
Finance leases (including PPP asset element)											
<b>Total Non current liabilities - Borrowing</b>		-	-	-	-	-	-	-	-	-	-
<b>Provisions - non-current</b>											
Retirement benefits											
List other major provision items											
Refuse landfill site rehabilitation											
Other											
<b>Total Provisions - non-current</b>		-	-	-	-	-	-	-	-	-	-
<b>CHANGES IN NET ASSETS</b>											
<b>Accumulated Surplus/(Deficit)</b>											
Accumulated Surplus/(Deficit) - opening balance		28 559	33 719	35 809	66 705	66 705	66 705	66 705	105 346	123 267	141 011
GRAP adjustments											
Restated balance		28 559	33 719	35 809	66 705	66 705	66 705	66 705	105 346	123 267	141 011
Surplus/(Deficit)		10 356	15 629	18 034	35 324	19 275	26 641	26 641	17 920	17 744	18 581
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
<b>Accumulated Surplus/(Deficit)</b>	1	38 915	49 348	53 843	102 030	85 980	93 346	93 346	123 266	141 011	159 592
<b>Reserves</b>											
Housing Development Fund											
Capital replacement											
Self-insurance											
<b>Other reserves</b>											
Revaluation		14 987	14 330	19 246	12 000	12 000	12 000	12 000	11 000	10 000	9 000
<b>Total Reserves</b>	2	14 987	14 330	19 246	12 000	12 000	12 000	12 000	11 000	10 000	9 000
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	53 902	63 678	73 089	114 030	97 980	105 346	105 346	134 266	151 011	168 592
<b>Total capital expenditure includes expenditure on nationally significant priorities:</b>											
Provision of basic services											



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

Description of economic indicator	Ref	Basis of calculation	2001 Census	2007 Survey	2011 Census	2011/12	2012/13	2013/14	Current Year 2014/15	2015/16 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>												
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
<b>Monthly household income (no. of households)</b>	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												
<b>Poverty profiles (no. of households)</b>												
< R2 060 per household per month	13											
Insert description	2											
<b>Household/demographics (000)</b>												
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
<b>Housing statistics</b>	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 province/s												
Dwellings provided by private sector	5											
Total new housing dwellings			-	-	-	-	-	-	-	-	-	-
<b>Economic</b>	6											
Inflation/inflation outlook (CPI)						5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
Interest rate - borrowing												
Interest rate - investment						8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Remuneration increases						7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Consumption growth (electricity)												
Consumption growth (water)												
<b>Collection rates</b>	7											
Property tax/service charges						67.0%	80.0%	85.0%	60.0%	65.0%	70.0%	75.0%
Rental of facilities & equipment												
Interest - external investments						8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Interest - debtors						6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Revenue from agency services												

**MUNICIPAL NOTICE NO. .... /2015**

**AMENDMENT TO TARIFFS: 2015/2016 FINANCIAL YEAR**

Notice is hereby given in terms of Section 75A(3)(b) of the Local Government: Municipal Systems Act (Act 32 of 2000), that Mkhambathini Municipal Council by Resolution taken on 27 May 2015 resolved to amend the following tariffs as indicated:

DESCRIPTION	AMOUNT Incl. VAT
Preliminary plans submitted for scrutiny and comment	R 100.00
New buildings & additions	R 10.00/m <sup>2</sup>
Swimming pools	R 210.00
Walls	R 210.00
Electric fence	R 210.00
Tennis court	R 210.00
Additional fees for inspection necessitated by neglect, omissions or breaches of the regulations, <b>per inspection</b>	R 180.00
Building plan search fee	R 32.00
Scrutiny fee for plans amended and re-submitted	R 100.00
Verge deposit	R 2 385.00
Verge deposit on town house development	R 6 000.00
Aerial photography – per print	R 115.00
Photo copies - A4 – building plans	R 3.00 per page
Photo copies – A3 – building plans	R 4.00 per page
Special Consent Application fee - see PDA advice	R 3 570.00
Advertising Sign Application fee	R 300.00

If however any applications are **withdrawn**, or if the application is rejected by the Council and the applicant informs the Secretary that he/she does **not intend to renew** the application, a **refund shall be made of one half of the fee paid**.

A. When a plan is amended or not approved, the old plan must be withdrawn and a 50% refund must be made.  
The amended plan fee is R 10.00/m<sup>2</sup>.

B. There is no minimum fee (except for walls and fences). The R 10.00/sqm applies in all other cases.

C. Only the five inspections are covered by the plan fee. For any other inspections a R180.00 fee is payable.

D. Where there is a "change of usage" e.g.: toilet converted to shower – garage to TV room

etc. the R 10.00/m<sup>2</sup> will apply.

**APPLICATIONS IN TERMS OF THE PLANNING AND DEVELOPMENT ACT, 2008 (ACT NO. 6 OF 2008)**

APPLICATION TYPE		Rate
Search fee		R 32.00
Copies of documents	A4	R 3.00
	A3	R 4.00
Amendment of a scheme		R 3 570.00
Consent in terms of a scheme		R 3 570.00
Subdivision of land up to 5 pieces of land	Basic fee	R 1 195.00
	Plus per subdivision + Remainder	R 210.00
Subdivision of land over 5 pieces of land	Basic fee	R 2 385.00
	Plus per subdivision + Remainder	R 105.00
Subdivisions for Government-subsidised Townships & income housing project	Basic fee	R 195.00
	Plus per subdivision + Remainder	R 25.00
Cancellation of approved layout plan	Basic fee	R 1 195.00
Consolidation of land	Basic fee	R 300.00
	PLUS per component	R 65.00
Processing of DFA applications	Basic fee	R 5 960.00
Preparation of Service Agreements	Basic fee	R 1 195.00
Relaxation of municipal omnibus servitudes	Basic fee	R 240.00
Alteration, suspension and deletion of condition of title	Basic fee	R 2 385.00

	to land		
	Development situated outside the area of a scheme	Basic fee	R 3 570.00
	Alteration, suspension and deletion of condition of ap relating to land	Basic fee	R 3 570.00
	Closure of municipal road	Basic fee	R 3 570.00
	Closure of public place	Basic fee	R 3 570.00

ENFORCEMENT		Rate
	Spot fine – applicable to buildings after July 2008	R 7 500.00
	Daily rate for transgression until submission of applic regularisation	R 750.00 per day

The date on which this notice was first displayed on the municipal notice board is 5 June 2015

These tariffs will come into operation on 1 July 2015.

M Chandulal  
 Acting Municipal Manager  
 MKHAMBATHINI Municipality  
 Private Bag X04  
**CAMPERDOWN**  
 3720

RESOLUTION ON LEVYING PROPERTY RATES IN TERMS OF SECTION 14 OF THE  
LOCAL GOVERNMENT: MUNICIPAL PROPERTY RATES ACT, 2004. (ACT NO. 6 of 2004).

Notice No. XX

Date XX

MUNICIPAL NOTICE NO: MM of 2014

Notice is hereby given in terms of section 14(1) and (2) of the Local Government: Municipal Property Rates Act, 2004; that the Council resolved by way of council resolution number xxx, to levy the rates on property reflected in the schedule below with effect from 1 July 2015.

Category Description	Code	Revised Tariffs 2015/2016
Properties used for agricultural purposes	AGR	0.001844839
Properties used for cemeteries	CEM	0.002838214
Properties used for clinic purposes	CL	0.014038258
Commercial and businesses	COM	0.008422955
Properties used for creche' purposes	CRE PUBILC	0.014038258
Properties used for creche' purposes	CRE PRIVATE	0.013457679
Properties used for education purposes	ED	0.014038258
Properties used for zoo and /or game reserve and /or animal/wildlife sanctuary	GRES	0.005615303
Properties used for industrial purposes	IND	0.007019129
Properties used for library purposes	LIB	0.014038258
Properties acquired by land reform beneficiary	LRB	0
Properties used for magistrates courts	MAG	0.014038258
Other as may be determined by the Council from time to time	OTHER	0.007019129
Properties used for specific public benefit activities	PBA	0.001419107
Properties used for post office purposes	PO	0.014038258
Category Description	Code	Revised Tariffs 2015/2016
Public Service Infrastructure	PSI	0.001844839
Properties used for quarry	QRY	0.007019129

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Rural Communal Land (Exempted from the 1st 10 years and there after billed according to its use)	RCL/RLC	0
Residential	RES	0.010214535
A Real Right of Extension registered in terms of a Sectional Titles Scheme	RRE	0.011349484
Properties used for police station purposes	SAP	0.014038258
Properties used for agricultural purposes	SHOLD	0.002840461
Properties used for sport facility purposes	SPORT	0.007019129
Sectional Title properties	STL	0.010214535
State and Trust Land	ST	0.0127115
Properties used for Workshop purposes	WOR	0.014038258

Full details of the Council resolution and rebates, reductions and exclusions specific to each category of owners of properties or owners of a specific category of properties as determined through criteria in the municipality's rates policy are available for inspection on the municipality's offices, website ([www.municipality.gov.za](http://www.municipality.gov.za)) and all public libraries.

General:

1. Rates will be payable monthly in eleven (11) equal installments with the first installment payable on 31 August 2015 and the last installment payable on the 30 June 2016.
2. The date on which the determination of rates came into operation is 01 July 2015.
3. Any rates remaining unpaid for a period longer than 3 months will be subject to legal action to be instituted to recover the arrear amount.
4. Any rates that are not paid on the due date will be subject to interest at the rate of 1% per month or part thereof.
5. Collection charges will levied on any outstanding debt at the end of June 2016 at 10%
6. The date on which the notice was first displayed on the Municipal Notice Board is 05 June 2016.
7. This notice is also available on Mkhambathini Municipality's website [www.Mkhambathini.gov.za](http://www.Mkhambathini.gov.za)

M Chandulal  
Acting Municipal Manager  
Mkhambathini Municipality  
Private Bag X04  
CAMPERDOWN  
3720

## 2.11 Municipal manager's quality certificate



OFFICE OF THE MUNICIPAL MANAGER

### QUALITY CERTIFICATE

I, Mahendra Chandulal, Acting Municipal Manager of Mkhambathi 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.

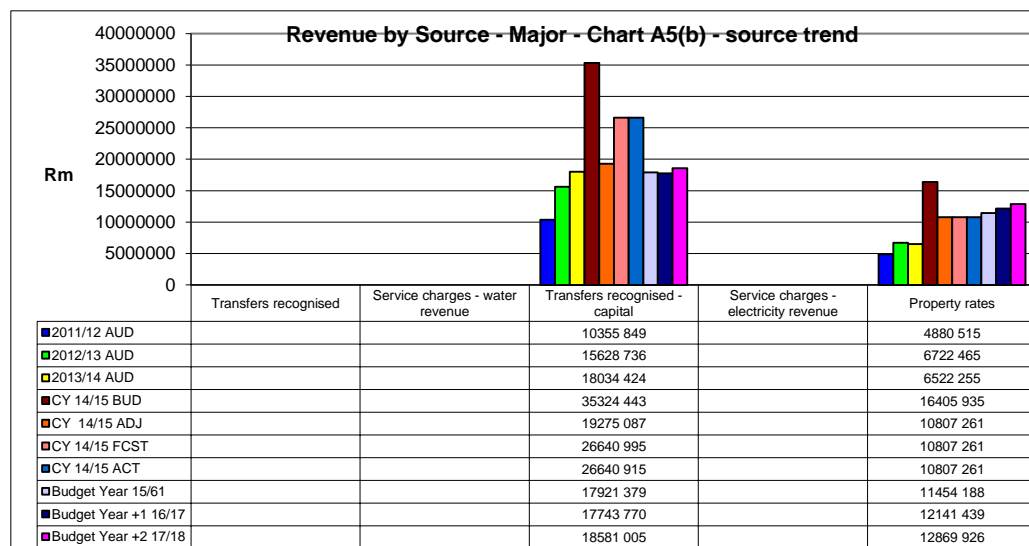
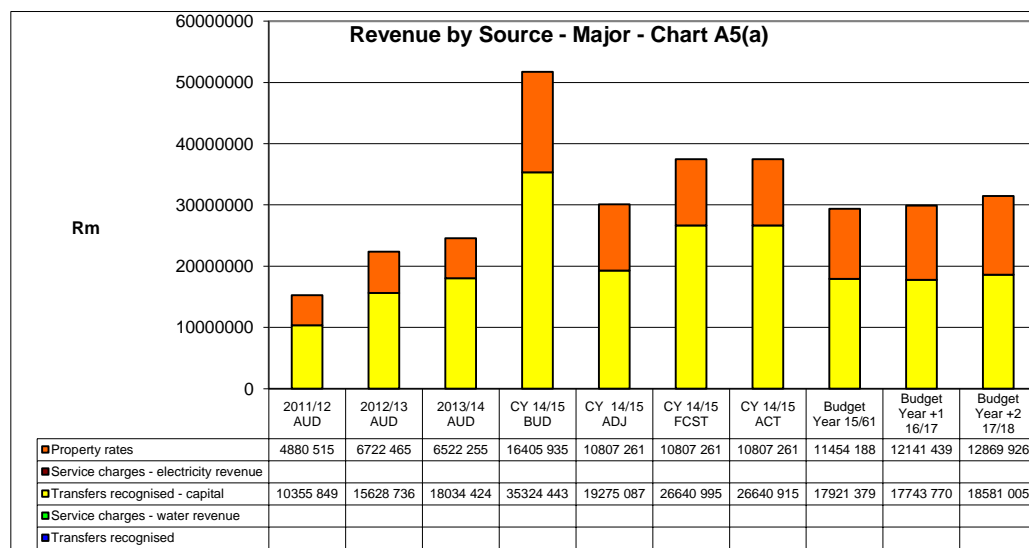
Print Name: Mahendra Chandulal

Acting Municipal Manager of Mkhambathini Local Municipality KZ226

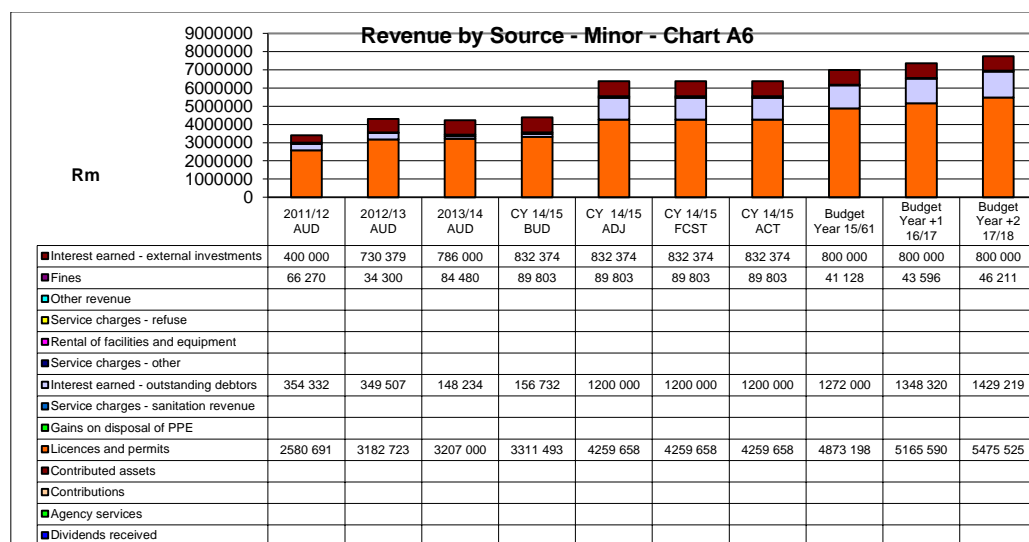
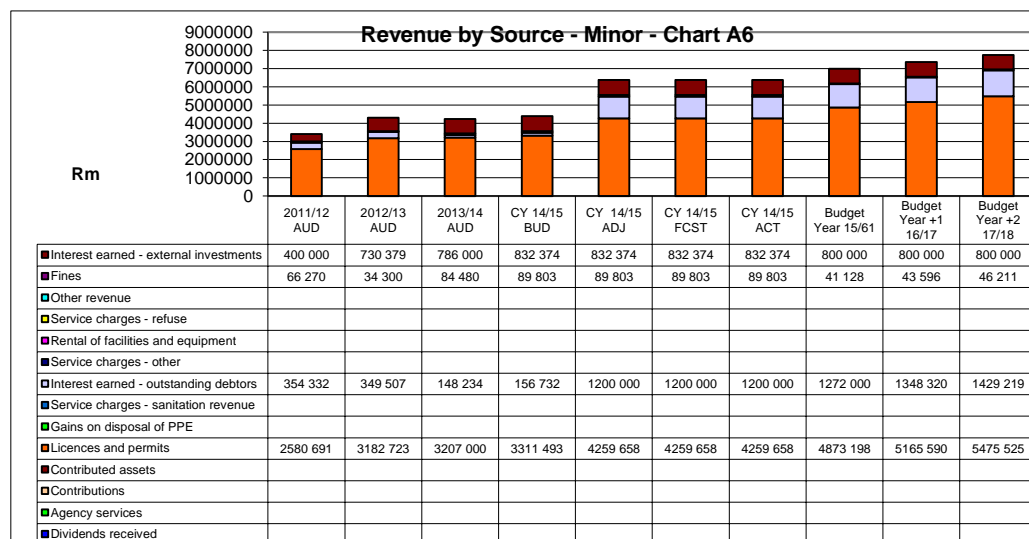
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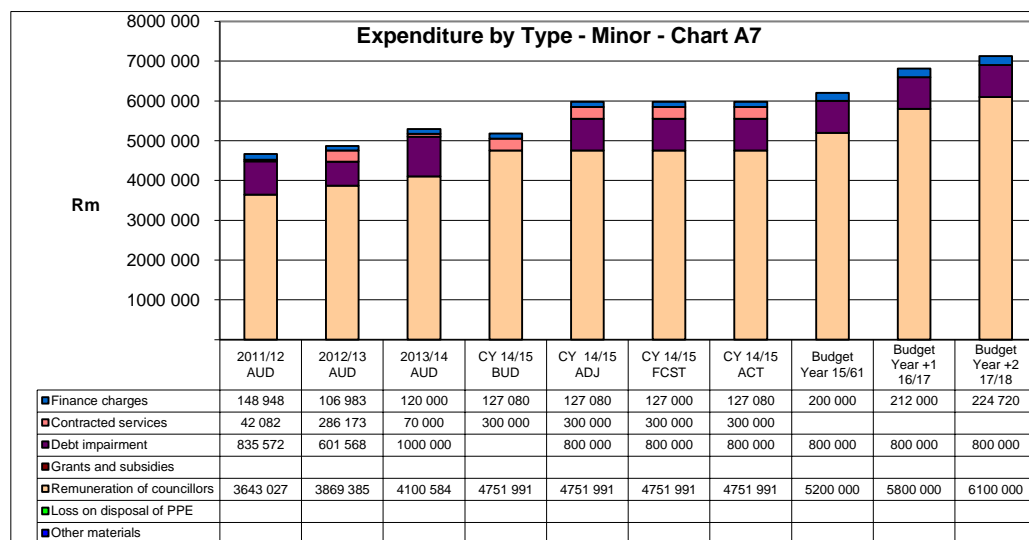
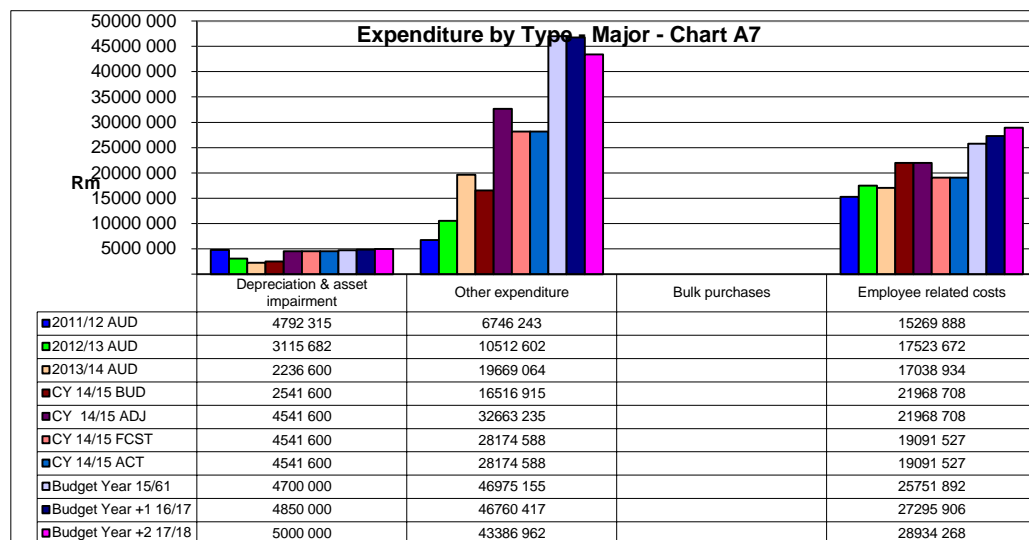
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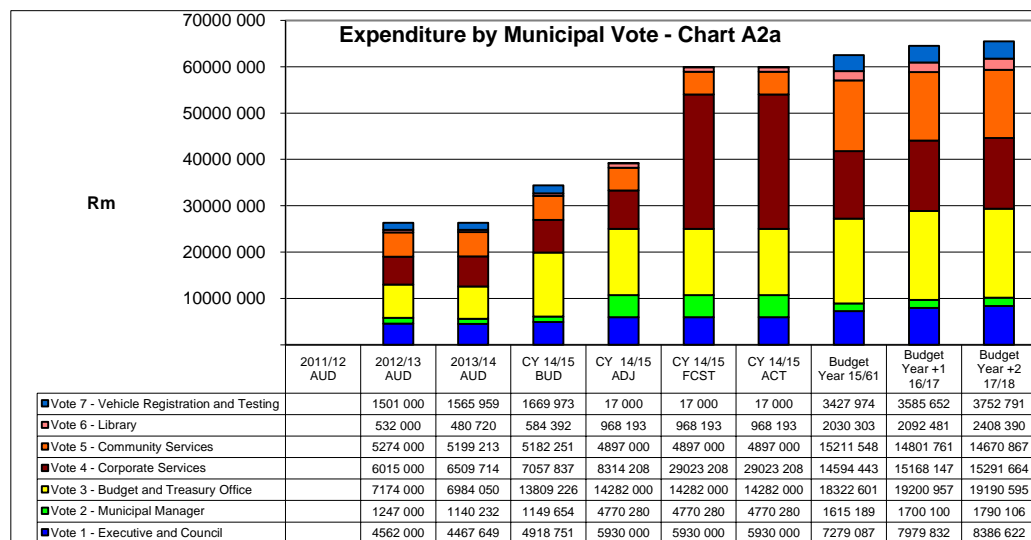
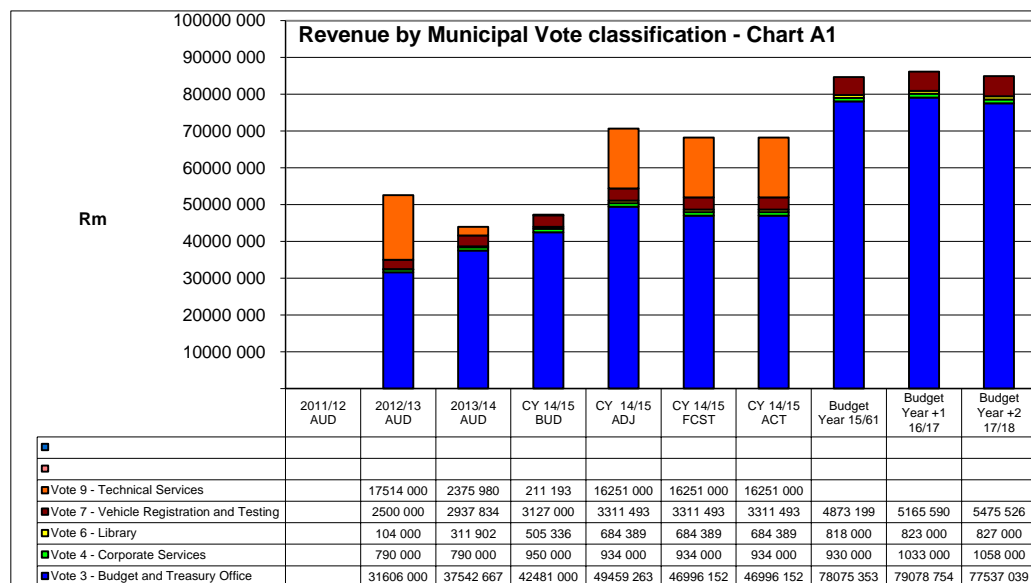
## CHARTS FROM SCHEDULE A2



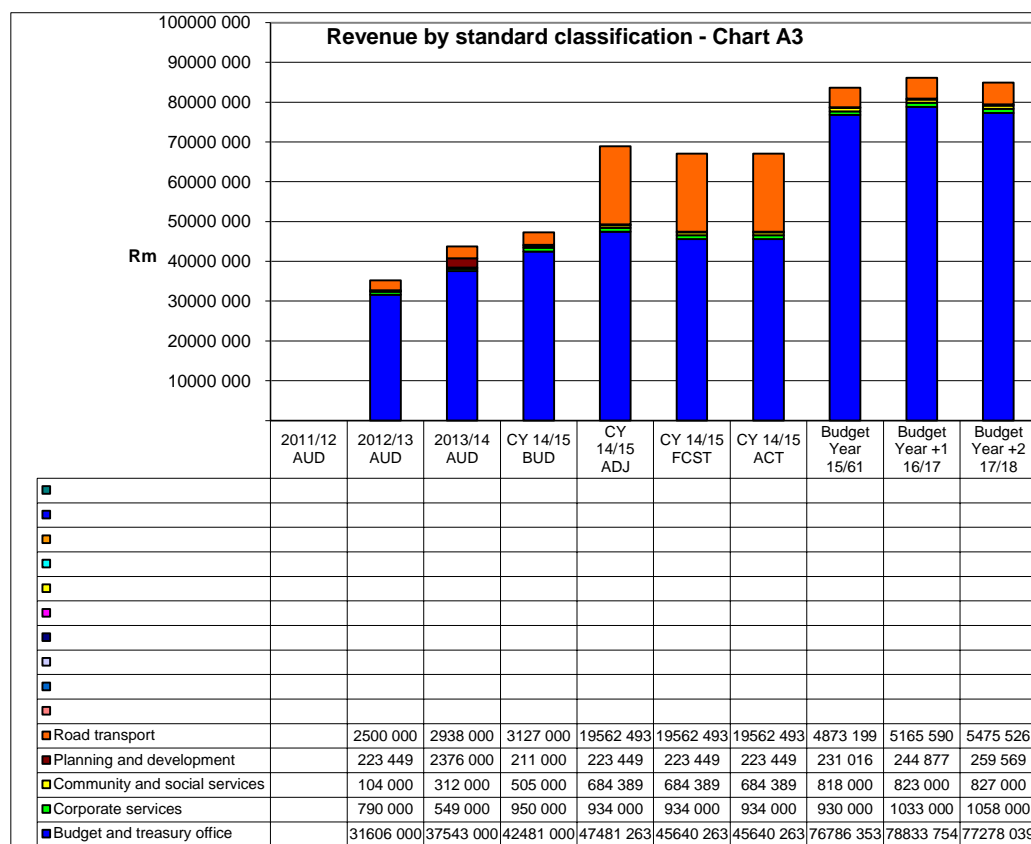
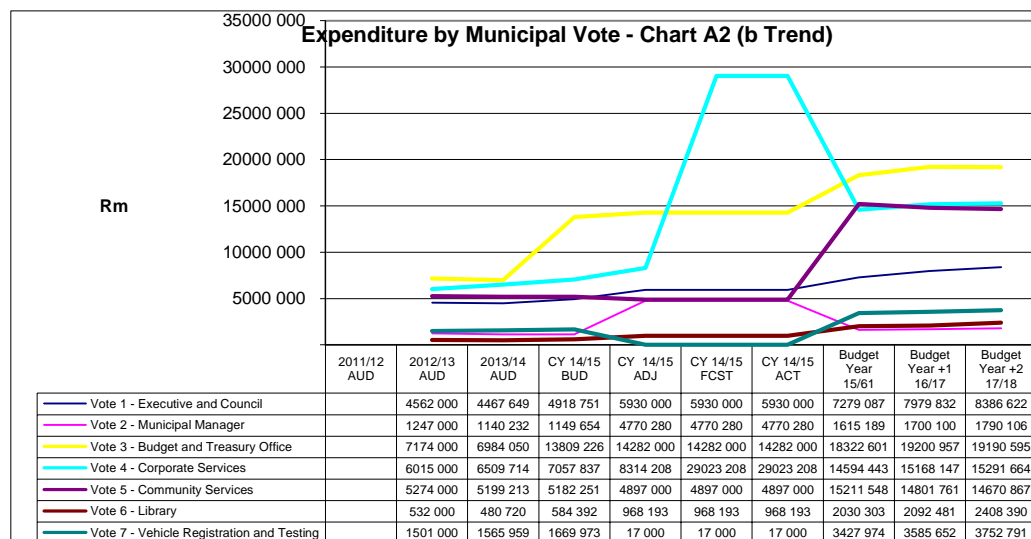


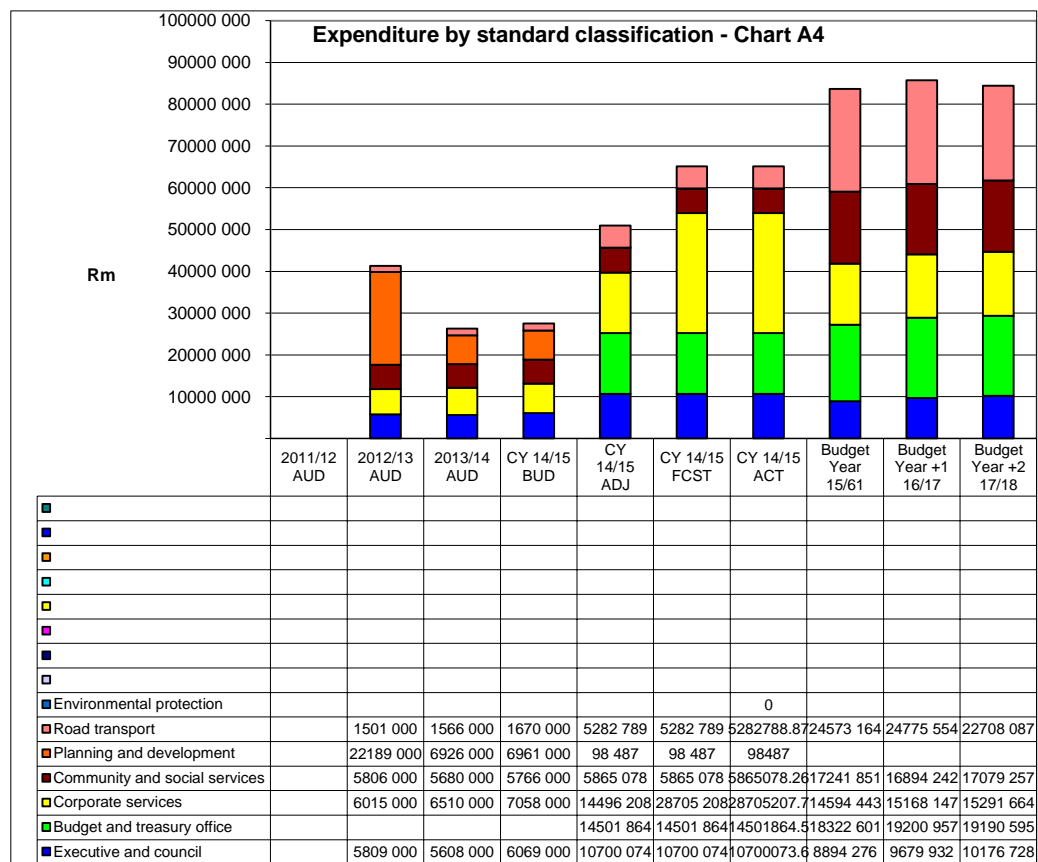


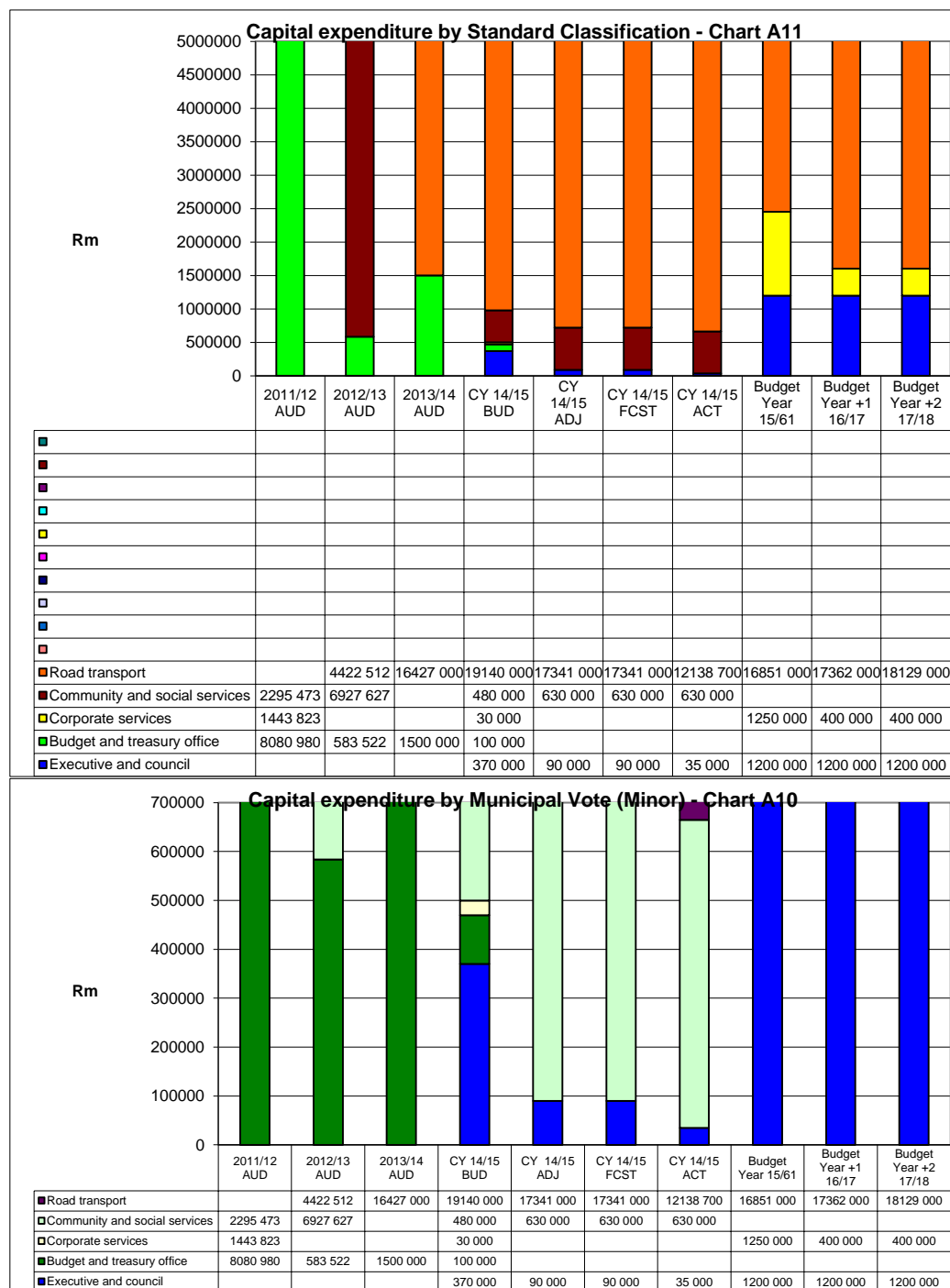


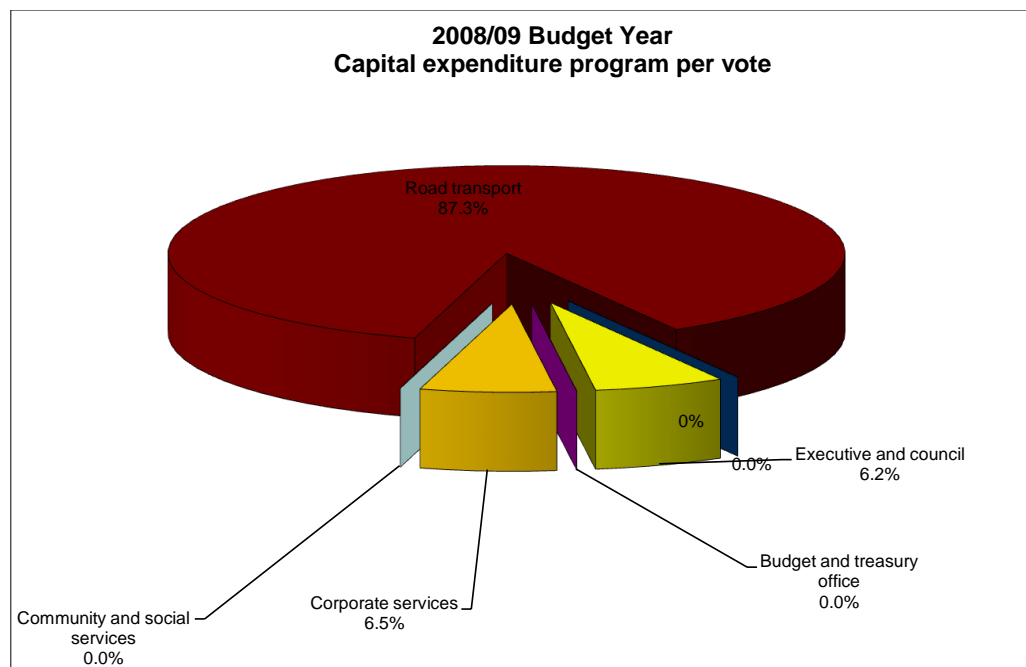
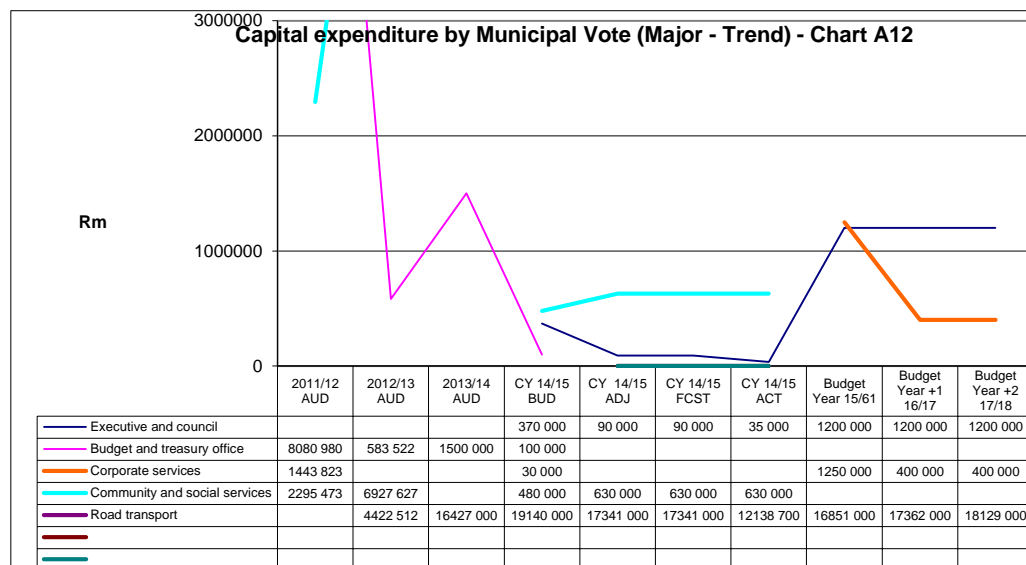


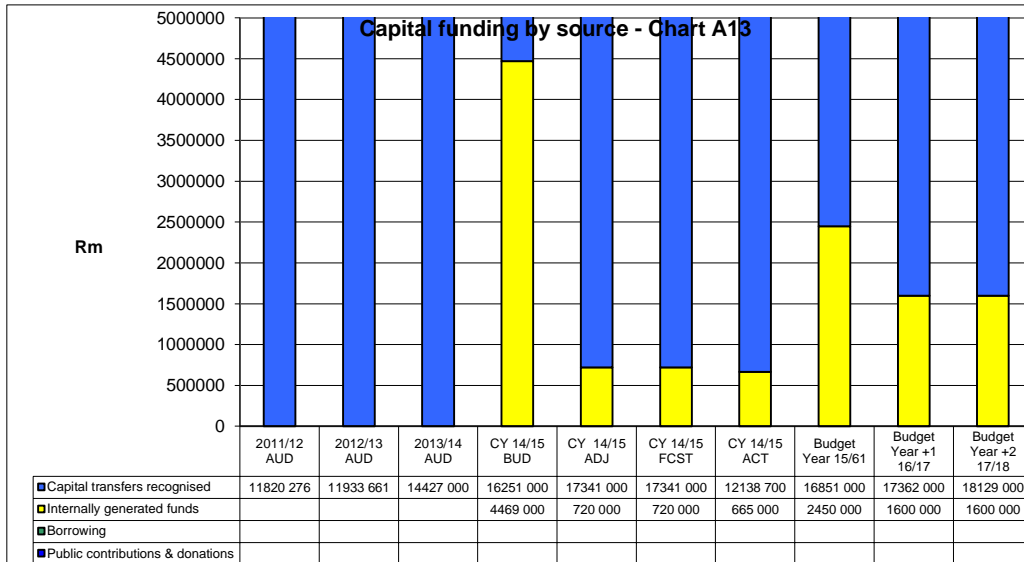
MKHAMBATHINI Municipality 2015/16 Annual Budget and MTREF













**MKHAMBATHINI MUNICIPALITY**  
**SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN 2015/2016**



All municipalities are required in terms of the Municipal Finance Management Act to prepare the Service Delivery and Budget Implementation Plan. The SDBIP is intended to give effect to the Integrated Development Plan and the budget

**1.1 Legislative Framework**

□ The Municipal Systems Act 32 of 2000 requires all municipalities to adopt an Integrated Development Plan that identifies developmental priorities and align municipal resources and capacity with the implementation plan.

The Integrated Development Plan among other things captures the vision, strategic objectives, key performance indicators, strategies and the financial plan.

□ The Municipal Finance Management Act 56 of 2003 places an obligation on Municipalities to prepare an annual budget which sets out indicative revenue per source and projected expenditure by vote.

□ In terms of Sec 53 (1) c) (ii) and 68 (3) (a) of the Municipal Finance Management Act 56 of 2003, municipalities are required to prepare the Service Delivery and Budget Implementation Plan. The Act defines the plan as a detailed plan approved by the Mayor of a Municipality for implementing the municipality's delivery of services and its annual budget, and which must indicate

- a) Projections for each month of –
  - i) Revenue to be collected, by source, and
  - ii) Operational and capital expenditure, by vote
- b) Service delivery targets and performance indicators for each quarter;
- c) Any other matter that may be prescribed and includes any revision of such plan by the mayor in terms of section 54 (1) c)

**1.2 Overview**

The Integrated Development Plan serves as a vital instrument to express the developmental objectives and priorities of the municipality. It identifies the strategic issues that need to be addressed by the municipality to fulfill the developmental mandate as pronounced in the constitution of the Republic of South Africa

**2. Background to the Budget Preparation Process**

Mkhambathini municipality has prepared its budget in accordance with the provisions of chapter 4 of the Municipal Finance Management Act 56 of 2003. The budget focuses on priorities identified in the Integrated Development Plan. It therefore gives effect to strategic priorities of the municipality. The powers and functions assigned to the municipality serve as a guide in the process of developing the municipal budget. The schedule of key deadlines were tabled on 29 August 2014 following the adoption of the draft IDP review. The tabling of the Budget at Council on the 29 May 2015 was followed by extensive publication of the budget, inviting comments from all municipal stakeholders. Various public and community consultative meetings were conducted to receive representations and submissions from ward committees, residents, community organizations, organized business and other stakeholder formations

# MKHAMBATHINI Municipality 2015/16 Annual Budget and MTREF

## COMPONENT 1 - MONTHLY PROJECTIONS OF REVENUE BY SOURCE

	Budget July 2015	Budget August 2015	Budget September 2015	Budget October 2015	Budget November 2015	Budget December 2015	Budget January 2016	Budget February 2016	Budget March 2016	Budget April 2016	Budget May 2016	Budget June 2016	Budget Full Year 2015/2016
<b>Monthly Projections of Revenue by Source</b>													
Property rates	954 516	954 516	954 516	954 516	954 516	954 516	954 516	954 516	954 516	954 516	954 516	954 512	11 454 188
Service Charges Electricity													
Service Charges - Water													
Service Charges Sanitation													
Service Charges -Refuse													
Service Charges- Other													
Rental Facilities and Equipment													
Interest earned - external investment	66 667	66 667	66 667	66 667	66 667	66 667	66 667	66 667	66 667	66 667	66 667	66 667	800 000
Interest earned Outstanding Debtors	106 000	106 000	106 000	106 000	106 000	106 000	106 000	106 000	106 000	106 000	106 000	106 000	1 272 000
Government grants- Operational	5 489 417	5 489 417	5 489 417	5 489 417	5 489 417	5 489 417	5 489 417	5 489 417	5 489 417	5 489 417	5 489 417	5 489 417	65 873 000
Licences and permits	406 083	406 083	406 083	406 083	406 083	406 083	406 083	406 083	406 083	406 083	406 083	406 083	4 873 000
Other Income	32 000	32 000	32 000	32 000	32 000	32 000	32 000	32 000	32 000	32 000	32 000	31 913	383 913
Fines	3 417	3 417	3 417	3 417	3 417	3 417	3 417	3 417	3 417	3 417	3 417	3 545	41 128
<b>Total Revenue by Source</b>	<b>7 058 099</b>	<b>7 058 099</b>	<b>7 058 099</b>	<b>7 058 099</b>	<b>7 058 099</b>	<b>7 058 099</b>	<b>7 058 099</b>	<b>7 058 099</b>	<b>7 058 099</b>	<b>7 058 099</b>	<b>7 058 099</b>	<b>7 058 136</b>	<b>84 697 229</b>

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COMPONENT 2 - MONTHLY PROJECTIONS OF OPERATING EXPENDITURE BY VOTE													
	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Year Total 2015/2016
<b>OPERATING EXPENDITURE BY VOTE</b>													
<b>DEPARTMENT: MUNICIPAL MANAGER</b>													
<u>Vote: Governance and Administration</u>													
Function: Executive & Council													
Sub-function: Council	608 250	608 250	608 250	608 250	608 250	608 250	608 250	608 250	608 250	608 250	608 250	608 250	7 299 000
Sub-function: Municipal Manager	134 583	134 583	134 583	134 583	134 583	134 583	134 583	134 583	134 583	134 583	134 583	134 583	1 615 000
<b>DEPARTMENT: CORPORATE SERVICES</b>													
<u>Vote: Governance and Administration</u>													
Function: Corporate Services	1 216 167	1 216 167	1 216 167	1 216 167	1 216 167	1 216 167	1 216 167	1 216 167	1 216 167	1 216 167	1 216 167	1 216 167	14 594 000
<b>DEPARTMENT: BUDGET &amp; TREASURY</b>													
<u>Vote: Governance and Administration</u>													
Function: Budget & Treasury	1 526 917	1 526 917	1 526 917	1 526 917	1 526 917	1 526 917	1 526 917	1 526 917	1 526 917	1 526 917	1 526 917	1 526 917	18 323 000
<b>DEPARTMENT: COMMUNITY SERVICES</b>													
<u>Vote: Community and Public Safety</u>													
Function: Community & Social Services	1 267 667	1 267 667	1 267 667	1 267 667	1 267 667	1 267 667	1 267 667	1 267 667	1 267 667	1 267 667	1 267 667	1 267 667	15 212 000
Sub-function: Public Library	169 167	169 167	169 167	169 167	169 167	169 167	169 167	169 167	169 167	169 167	169 167	169 167	2 030 000
Sub Function : VR & Testing	285 667	285 667	285 667	285 667	285 667	285 667	285 667	285 667	285 667	285 667	285 667	285 667	3 428 000
Sub Function : Solid Waste													
<b>DEPARTMENT: TECHNICAL</b>	1 762 083	1 762 083	1 762 083	1 762 083	1 762 083	1 762 083	1 762 083	1 762 083	1 762 083	1 762 083	1 762 083	1 762 083	21 145 000
<b>TOTAL BY VOTE</b>	<b>6 970 500</b>	<b>6 970 500</b>	<b>6 970 500</b>	<b>6 970 500</b>	<b>6 970 500</b>	<b>6 970 500</b>	<b>6 970 500</b>	<b>6 970 500</b>	<b>6 970 500</b>	<b>6 970 500</b>	<b>6 970 500</b>	<b>6 970 500</b>	<b>83 646 000</b>

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COMPONENT 2 - MONTHLY PROJECTIONS OF CAPITAL EXPENDITURE BY VOTE

	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Year Total 2015/2016
<b>CAPITAL EXPENDITURE BY VOTE</b>													
<b>DEPARTMENT: MUNICIPAL MANAGER</b>													
<b>Vote: Governance and Administration</b>	204 167	204 167	204 167	204 167	204 167	204 167	204 167	204 167	204 167	204 167	204 167	204 167	2 450 000
<b>Function: Executive &amp; Council</b>													
Sub-function: Municipal Manager													-
<b>DEPARTMENT: CORPORATE SERVICES</b>													
<b>Vote: Governance and Administration</b>													-
<b>Function: Corporate Services</b>													
Sub-function: Corporate Services													
<b>DEPARTMENT: BUDGET &amp; TREASURY</b>													
<b>Vote: Governance and Administration</b>													
<b>Function: Budget &amp; Treasury</b>													-
Sub-function: Budget & Treasury													
<b>DEPARTMENT: PLANNING</b>													
<b>Vote: Economic and Environmental Services</b>													
<b>Function: Development &amp; Planning</b>													
Sub-function: Planning & Development													
<b>DEPARTMENT: COMMUNITY SERVICES</b>													
<b>Vote: Community and Public Safety</b>													
<b>Function: Community &amp; Social Services</b>													-
Sub-function: Other Community													
<b>Function: Library</b>													-
Sub-function: Police & Other													
<b>DEPARTMENT: TECHNICAL</b>													
Sub-function: Technical	1 404 250	1 404 250	1 404 250	1 404 250	1 404 250	1 404 250	1 404 250	1 404 250	1 404 250	1 404 250	1 404 250	1 404 250	16 851 000
<b>DEPARTMENT: LICENSING</b>													
<b>Function: Corporate Services</b>													0
<b>TOTAL BY VOTE</b>	1608416.7	1608416.7	1608416.7	1608416.7	1608416.7	1608416.7	1608416.7	1608416.7	1608416.7	1608416.7	1608416.7	1608416.7	19301000