

MUTALE MUNICIPALITY



2016/2017- 2018/2019
APPROVED MEDIUM TERM REVENUE
&
EXPENDITURE FRAMEWORK

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2. MAYOR'S REPORT

STATE OF THE MUNICIPAL ADDRESS DELIVERED BY THE MAYOR OF MUTALE MUNICIPALITY CLLR RAMBUDA ATHONGOZWIDIVHA SARAH AT Council Chamber on 31 May 2016

Madam Speaker

- Thovhele Vho-Khakhu
- Vho-Rambuda
- Vho-Nethengwe
- Vho-Tshikundamalema
- Vho-Makuya
- Vho-Mutele
- Vho-Manenzhe
- Speaker Cllr Netshipise
- Chief Whip Cllr Nekhunguni
- All Exco Members
- All Councilors
- Municipal Manager
- Officials Of Mutale Municipality And All Representatives Of Sector Departments
- Leadership Of Business Community
- Leadership Of Religious Community
- Representative Of Univen
- Representative Of Vhembe TVET
- Leadership Of SAMWU
- Leadership Of Youth And Woman

- Senior Citizen And People Living With Disability
- Leadership Of SANCO,SACP And COSATU
- Leadership Of ANC And Opposition Parties
- Members Of Ward Committees
- All Invited And Distinguished Guests

Good afternoon to you all, Ndi masiari, avhusheni, go

Let me thank the speaker for affording me this opportunity to share our 2016 programme of action with you this afternoon

Let me also extend my gratitude to all who contributed to the preparation of this address

This year, 2016, marks the completion of our term of office as your representatives. You will elect the new generation of leadership who will continue in the period post of our leadership. The president of the country Jacob Zuma declared the third of August (03-08-2016) as the election day of local government.

We urge all stakeholders to go and vote correctly for the ruling party. The progress we have made need to be accelerated through your active participation in the next local government election.

This year 2016, millions of south Africans will exercise their hard won right to elect their local government representatives in our fifth local government election since 1994.

Local government is in your hands

The lives of the people of Mutale have improved. The services that we have provided reduced poverty and restored dignity to our people.

We acknowledge and celebrate these achievements. Mutale is indeed a better place than it was twenty-two years ago. Mutale local municipality remains fully aware of the challenges facing our people that they need portable water, electricity, housing, better access roads and infrastructure development

Our mandate as councilors is to ensure that we continue to take the lead in addressing poverty, Creating Employment and reducing inequality. President Jacob Zuma on the 18th of September 2014 championing the back to basics approach, which are based on five pillars:

- 1) Putting people first
- 2) Ensuring delivery of basic services
- 3) Good governance
- 4) Sound financial management
- 5) Building strong institution

Therefore Mutale municipality calls upon all councilors, officials and stake holders to intensify the back to basics programme and to ensure that:

- There is direct hands-on support for and monitoring of the work of Mutale municipality

- There is meaningful participation of citizen in IDP budget

Madam speaker

Many of the projects are nearing completion. I will mention just a few; we have a good story to tell. Allow me to highlight progress report on housing. The freedom charter clearly stated that, there shall be houses and comfort for all. The department of co-operative governance, human settlements and traditional affairs together with us, we are building decent houses than ever before. Today is better than yesterday.

Madam speaker

As I am representing this state of the municipality address, contractors are all out in various villages, hitting the ground running in the following areas: Masisi, Tshivhongweni, Tshipise, Mapakoni, Guyuni La Ha-Makuya, Muswodi (Dipeni And Tshisimani), Folovhodwe, Mufulwi, Tshamulungwi, Mphagani, Mutshikilini, Mangaya, Maheni, Tshandama, Lukau and Thengwe. The ANC led-government care for the poor. Together let's move Mutale municipality forward.

Madam speaker

We are very proud as Mutale municipality report on electricity, about 148 villages out of 150 are having electricity. Only two villages are without electricity, which are: Tshamutora and Gwakwani. We have already started with the feasibility study last month, hoping that the outcomes will bear good fruits. Recently we have energized the following villages: Tshidongololwe, Madzivhanani, Maheni, Thengwe Matangula, Mulodi, Muswodi Dipeni, Mapakoni, Tshiungani, Mapuloni, Mabulo, Sheshe and Dovho

Madam speaker, our mandate as councilors is to provide services to our beloved communities

Madam speaker

Mutale municipality to be situated in rural area is an advantage to us, because education is first priority to the communities of Mutale. All our learners are committed and dedicated to learn and study. Madam speaker, allow me to share a good story of Thengwe high school. The school made history by topping all schools in Limpopo province last year (2015) as it has been confirmed by the MEC for education Ishmael Kgetjepe. The overall pass percentage was 95,6 %. That is a good story to tell.

Madam speaker, we are here today to adopt 2016/2017 IDP and budget as working tools for services delivery for the next financial year. It is good for us as we meet when there are 30 days left before we start our financial year on the 1st of July 2016.

Let the 1st of July 2016 come, we must all hit the ground running. All programmes and projects should start immediately, we don't need any excuse, those who don't comply, we will work with them in harmony.

Today we are approving a budget that is aligned with national and provincial policies

Madam speaker

Let me highlight the following: Mutale Local Municipality will no longer be there after election; the process of disestablishment is done and dusted. Some wards will merge with Thulamela municipality whereas some will follow under Musina Municipality. I want to promise the communities that services will be better, quicker and faster than ever before. We leave Mutale Municipality with hope: Mutale has undergone a revolution in facilitating access to services.

To all employees be rest assured that your jobs are secured. No one will lose their job; you will get better than what you are receiving now. Working together we can do more.

Madam Speaker

I thank you

2. 2. Budget Resolutions

On 31 May 2016 the Council of Mutale municipality met in the Council Chamber of Mutale municipality to approve the annual budget of the municipality for the financial year 2016/17. 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 the Mutale Municipality for the financial year 2016/17; and indicative allocations for the two projected outer years 2017/18 and 2018/19; and the multi-year and single year capital appropriations are tabled as set-out in the following tables:**
 - 1.1 Budgeted Financial Performance (revenue and 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); and
 - 1.4 Multi-year and 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; and
 - 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, the tariffs for waste services and property rates as set out in Budget Chapter 21 and annexure A respectively that were used to prepare the estimates of revenue by source, are approved with effect from 1 July 2016.**

- 4 That in terms of section 5 of the Municipal Property Rates Act, 6 of 2004, the rates policy (or the amendments to the rates policy) as set out in Budget Chapter 19 and Annexure A is approved.**

- 5 That in terms of section 24(2)(c)(iii) of the Municipal Finance Management Act, 56 of 2003, the measurable performance objectives for capital and operating expenditure by vote for each year of the medium term revenue and expenditure framework as set out in Supporting Table SA7 are approved.
- 6 That in terms of section 24(2)(c)(iv) of the Municipal Finance Management Act, 56 of 2003, the amendments to the integrated development plan as set out in Budget Chapter 17 are approved.
- 7 That in terms of section 24(2) (c) (v) of the Municipal Finance Management Act, 56 of 2003, the budget-related policies, including any amendments as set out in Budget Chapter 19 are approved for the budget year 2016/17.
- 8 That the Basic Services Package as set out in Budget Chapter 19 is approved for the budget year 2016/17.

**NETSHIPISE LIVHUWANI HILDA
SPEAKER**

DATE

2. Executive Summary

The budget has been compiled and funded in terms section 18 (1) of Municipal Finance Management Act. The results from consultative forums were considered and positively and taken.

The budget process plan was prepared and tabled to council and approved on 28 August 2015. On the 31 March 2016, the draft Integrated Development Plan, draft Budget, draft Organizational structure and draft tariff structure were tabled to council. Public Participation were conducted during April 2016 in all thirteen wards.

The revenue sources to fund both operating and capital expenditure for 2016/2017 financial year are as follows

Grants and Subsidies	R120, 684,000 million
Accumulated Funds [own/other income]	R 10,417,626 million
External Borrowings	<u>R = nil</u>
Total Income Budget	R131, 101,626 million

The Capital budget for 2016/2017 financial year is R31, 733,700 million

The operating budget for 2016/2017 is subdivided as follows:

Employee related costs	R45, 616,634million
Councilors remuneration	R 7,914,672 million
Repairs & Maintenance	R 6,890,951 million
General Expenditure	<u>R31, 024,905million</u>
Total operating expenditure	R91, 447,161million

Municipal Tariffs have been generally increased by 6.0%

Past financial performances for the past two years are indicated below:

REVENUE	2013/2014	2014/2015
	“000”	“000”
Property rates	2,299	1,990
Service charges	542	1,33
Rental of facilities	73	120
Interest- income	1,510	1,625
License and permits	2,200	2,671
Fines	423	358
Grants	48,460	69,084
Other revenue	3,642	4,590
EXPENDITURE		
Employee related costs	28,047	32,612
Councilors allowance	7,122	7,970
Repairs and maintenance	1,376	1,187
General expenditure	29,736	27,909
NET SUPLUS/ DEFICIT	(7,133)	11,993

The priorities as outlined in the Integrated Development Plan are in line with the National, Provincial and District priorities covers (amongst others)

1. job creation
2. local economic development
3. basic service delivery (access to water, sanitation, electricity, refuse removal and municipal roads)
4. financial management (clean audit, revenue enhancement, asset management etc)
5. public participation

The Budgetary constraint that the municipality is facing is the extent of operational budget which exceeds the capital budget. The contributing factor is the salary budget which consumes bigger percentage of the whole budget. This is due to high staff component that is a result of transfer of staff from sector departments to local municipality.

Furthermore National Treasury gives a minimal allocation in respect MIG which is solely utilized to implement capital projects. Whilst the municipality is having a bigger percentage of the budget being salaries (37%) annually there are salary increments which should be affected with low revenue base which the municipality have. This situation will continue until such time that the municipality has improved its revenue base and utilizes that improvement to implement capital projects.

In the year 2016/2017, multi -year projects: Tshipise to Matatani,Thama road and Construction of low level bridge over Mulondondi will continue.

Tariff Policies

Municipality tariff policy provide a board framework within which the council can determine fair, cost benefit, transparent and affordable charges that also promote sustainable service delivery. The policies approved on various dates and a consolidated tariff policy is envisaged to be complied for ease of administration and implementation for the next three years.

3.1 Annual budget tables

The budget tables are detailed in **annexure A**. It includes the following:

Number	Description
Table A1	Budget Summary
Table A2	Budgeted Financial Performance (revenue and expenditure by classification)
Table A3	Budgeted Financial Performance (revenue and expenditure by municipal vote)
Table A4	Budgeted Financial Table Performance(revenue and expenditure)
Table A5	Budgeted Capital Expenditure by vote, standard classification and funding
Table A6	Budgeted Financial Position
Table A7	Budgeted Cash Flows
Table A8	Cash backed reserves/accumulated surplus reconciliation
Table A9	Asset management
Table A10	Basic service delivery measurement

4. SUPPORTING DOCUMENTATION

The budget is accompanied by supporting documents in terms of section 17 (3) of the MFMA.
See supporting tables SA1 –SA 37 in annexure B

4.1 Overview of annual budget process

The budget process plan was prepared and tabled to council on the 31 August 2015. The budget instructions were issued to head of departments in September 2015 for submission of the budget proposals to the Chief Financial Officer for consolidation. The IDP and budget public participation will be held during April 2016 in all thirteen wards.

➤ **Political oversight of the budget process**

The link between priorities and spending plans lies in enhancing political oversight of the budget process. Section 53(1)(a) of the MFMA states that the Mayor of a municipality must provide political guidance over the budget process and priorities that must guide the preparation of the budget. This is essential to ensure that:

- The political Executive is responsible for policy prioritization
- Policy priorities are linked to department spending plans and the delivery of quality services.

Political oversight of the budget process allows municipality to manage the tension between competing policy priorities and fiscal realities. The key to strengthen the linkage between priorities and departmental plans lies in enhancing political oversight of the IDP and budget process.

The Executive committee and extensive community consultation process play a leading role in guiding the alignment of resource allocation with national, provincial and local priorities.

➤ **Schedule of Key deadlines relating to the budget process MFMA s 21(1)(b)**

The budget time schedule for the compilation of the draft 2016/2017 MTREF was approved by Council on 31 August 2015

➤ **Process of tabling and approval of the draft**

Tabling to Council of draft 2016/2017 MTREF for community consultation process was done on 31 March 2016

➤ **Consultation with stakeholders and outcomes**

The draft 2016/2017 MTREF had been tabled before council on 31 March 2016 for community consultation and were made available on municipality's website and hard copies at municipal offices.

All documents in the appropriate format (Electronic & Printed) were provided to Provincial Treasury in accordance with the MFMA, to give opportunity for their inputs.

Community consultation process took place during April 2016

After consideration of all budget submission the Mayor was given opportunity to respond, if necessary revise the budget and table amendments for consideration.

➤ **Stakeholders involved in consultations**

The stakeholders involved are organized businesses, churches, non-governmental institutions, community-based organizations and individual members of the public.

The budget was submitted to Provincial treasury, National treasury and COGSTA on 01 April 2016 for their consideration, in line with section 23 of the MFMA. Inputs were received has been considered in the final draft.

5.1 Overview of alignment of budget with Integrated Development Plan

The programs and Projects that have been reflected in the Integrated Development Plan have been budgeted for. The positions reflected in the Organizational structure will all be filled in the budget year 2016/2017.

1. Vision

A developmental Municipality that ensures sustainable economic growth and equitable service delivery

2. Mission

“We strive to provide quality service & building local economy through information and knowledge building, strong partnerships in harmony with the natural environment.”

3. Core Values and Operating Principles

- Deliver on the mandate of the people of Mutale

- Achieve state-led development through an effective Intergovernmental Relations System (IGR);
- Drive integrated development
- Ensure transparency and accountability;
- Provide quality service delivery and implement Batho Pele;
- Build institutional capacity and achieve transformation;
- Develop strategic partnerships;
- Achieve people-centered development
- Use e-governance as a means to make government accessible to the people.

4. Integrated Development Plan

The Constitution of the Republic of South Africa (1996) commits Government to undertake the measures that will ensure that all South Africans have access to adequate housing, health care, education, food, water and social security.

Local Government has as duty to ensure that the abovementioned is achieved through the implementation of development policies and legislation that supports the developmental goals of South Africa

Integrated developmental planning in the South African context is amongst other 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.

In 2000 the Municipal Systems Act 32 of 2000 (MSA) came into operation. According to Section 25(1) of the Act each municipal council must, after the start of its elected term, adopt a single, inclusive, and strategic plan for the development of the municipality which

- Links, integrates and co-ordinates plans and takes into account proposals for the development of the municipality;
- Aligns the resources and capacity of the municipality with the implementation of the plan
- Is compatible with national and provincial development plans and planning requirements binding on the municipality in terms of legislation

5. The five- Year strategic objective Integrated Development Plan

This document comprises the five-year strategic plan and programme of action for the Mutale Municipality embarked on strategic and developmental processes to ensure that it fulfills its mandate and obligations as per the Constitution of South Africa, to

- Provide services in a sustainable manner
- Promote social and economic development
- Promote a safe and healthy environment
- Give priority to the basic needs of communities; and
- Encourage the involvement of communities in the matters of local government

6. Aligning budget priorities

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

NATIONAL PRIORITIES

- Efficient and effective public services
- Job creation
- Procurement reforms and fighting corruption

LIM342 Mutale - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand												
Financial viability	Good sound Financial Management Continuous improvement on basic service infrastructure development Safety on the road Promote a culture of accountability, participatory, responsiveness, transparency and clean governance			47,606	52,999	75,368	94,927	96,516	96,516	97,484	97,400	2,999
Service delivery and Infrastructure Development				19,244	42,370	32,606	29,757	31,063	31,063	28,717	29,827	2,690
Safety and security				1,578	2,921	674	3,717	4,115	4,115	4,354	4,598	4,856
Good governance and public participation				2,549	97	269	516	301	301	547	577	609
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	70,977	99,386	108,916	128,917	131,995	131,995	131,102	132,402	11,155

LIM342 Mutale - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand												
Financial viability	Good sound Financial Management			14,587	29,855	26,953	19,027	20,220	20,220	23,107	24,282	25,537

Good governance and public participation	Promote a culture of accountability, participatory, responsiveness, transparency and clean governance Sustainable economic growth and improve livelihoods of the people through LED	D	3	6,502	802	9	3,487	1,955	1,955	2,110	2,200		
Local Economic Development		E											
		F											
Allocations to other priorities			3										
Total Capital Expenditure			1	77,931	31,751	21,672	32,077	45,335	45,335	31,734	37,030	-	

5.2 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 is constantly refined as the integrated planning process unfolds. The Municipal targets, monitors, assess, and reviews organizational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple year is being considered; plans and budget 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, budget, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

Planning, budgeting and reporting cycle

The performance of Mutale municipality relates directly to the extent to which it has achieved success in realizing 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 and 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:

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 credit worthiness and financial position. The following financial performance indicators have formed part of the compilation of the 2016/2017 MTREF:

- Borrowing to asset ratio is a measure of long-term borrowing as a percentage of total asset base of municipal.
- Borrowing funding of own expenditure measure the degree to which own capital expenditure (excluding grants and contribution) has been founded by way of borrowing.

2.3.1.2 Safety of Capital

- The debt-to-equity ratio is a financial ratio indicating the relative proportion of equity and debt used in financing the municipal's assets.
- The gearing ratio is a measure of total long term borrowing over funds and reserves.

2.3.1.3 Liquidity

- Current ratio is a measure of the current assets divided by the current liabilities
- The liquidity ratio is a measure of ability of municipal to utilized cash and cash equivalent to extinguish or retire its current liabilities immediately.

2.3.1.4 Revenue Management

As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash flow.

2.3.2 Free Basic Services: basic social services package for indigent household

- The social package assists households that have difficulty paying for service and registered as indigent household in terms of the Indigent Policy of Mutale municipality

LIM342 Mutale - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Borrowing Management</u>											
Credit Rating		0.024	0.024	0.03							
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.1%	0.7%	0.8%	0.7%	0.6%	0.6%	0.0%	2.0%	0.2%	0.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	9.2%	4.6%	4.2%	5.7%	3.6%	3.6%	0.0%	18.0%	1.7%	1.7%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
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%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	0.8	0.8	1.8	1.7	3.5	3.5	-	4.3	7.4	(20.2)
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.8	0.8	1.8	1.7	3.5	3.5	-	4.3	7.4	(20.2)
Liquidity Ratio	Monetary Assets/Current Liabilities	0.4	0.2	1.4	0.5	3.0	3.0	-	2.4	5.5	(22.1)
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		1.0%	323.1%	56.8%	114.7%	82.3%	82.3%	0.0%	5.4%	8.6%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		1.0%	323.1%	56.8%	85.6%	77.5%	77.5%	0.0%	64.0%	64.0%	64.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	37.9%	18.0%	5.2%	3.8%	5.6%	5.6%	0.0%	5.8%	5.7%	54.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	27.5%	15.9%	16.0%					19.0%	21.0%	
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	61.0%	43.6%	43.6%					47.0%	50.0%	
Creditors to Cash and Investments		64.0%	90.4%	67.6%	30.8%	31.1%	31.1%	0.0%	42.0%	53.9%	-3.5%

Other Indicators	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)	0	0	0					0	0	
	Electricity Distribution Losses (2)	-	-	-					-	-	
	% Volume (units purchased and generated less units sold)/units purchased and generated										
		-	-	-					-	-	
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)	-	-	-					-	-	
	% Volume (units purchased and generated less units sold)/units purchased and generated	0	0	0					0	0	
		-	-	-					-	-	
Employee costs	Employee costs/(Total Revenue - capital revenue)	53.4%	47.4%	39.9%	43.6%	41.6%	41.6%	0.0%	42.8%	46.0%	472.6%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	70.4%	70.2%	49.7%	51.5%	48.5%	48.5%		50.3%	53.9%	551.4%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	2.3%	1.5%	5.7%	6.0%	6.0%		6.5%	6.8%	69.2%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	4.3%	4.9%	5.2%	3.2%	3.1%	3.1%	0.0%	5.4%	5.4%	51.5%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	4.9	6.0	10.4	3.6	3.6	3.6	-	17.8	18.1	19.0
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	1159.8%	365.0%	126.2%	112.7%	178.8%	178.8%	0.0%	175.6%	164.3%	153.6%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	8.6	5.2	7.1	1.7	6.3	6.3	-	1.2	0.9	(12.9)

5.3 Overview of budget-related policies

There are no changes on budget related policies:

- Cash Management Policy
- Fixed Asset Policy
- Revenue management Policy
- Property Rates Policy
- Risk management policy
- Tariff policy
- Indigent policy
- Virement policy
- Budget policy
- Borrowing policy
- Funding and Reserve policy
- Capital Infrastructure Investment policy
- Supply Chain management policy

5.4 Overview of budget assumptions

The growth rate used for the medium term budget and tariff increase is 6%

1. National priority- Expanding public sector investment in infrastructure

Domestically, after five years of strong growth, during which about five hundred jobs were created, we still intend to create five hundred more jobs.

2. Image of local government

There are 5 keys factors that have been taken into consideration in the compilation of the 2016/17 MTREF

3. Procurement reforms and fighting corruption

Our Supply Chain Management policy have been reviewed and approved

4. Taking the 2011 Local Government Budgets and Expenditure Review forward

The review highlights the following:

- Revenue management
- Collecting outstanding debts
- Pricing services correctly
- Under spending on repairs and maintenance
- Spending on non-priorities base assumption is that tariff and rating increases will increase at a rate slightly higher that CPI over long term

5. Local government equitable share formula review and 2011 Census

6. Impact of the new formula on our municipal budget

Our equitable share and Municipal Infrastructure Grant have increased.

7. Local government conditional grants and additional allocations to local government

8. Council oversight over the budget process

9. Regulation of SCOA for local government

10. Financial applications (systems) and the impact of SCOA

11. Management accounting and tariff setting

12. Municipal budget and benchmark engagements and timeframes for tabling MTREF'S

5.5 Overview of budget funding

The budget is funded by the following sources:

- Rates, tariffs and other charges
- Grant allocations

The table below illustrates the breakdown of operating revenue over the medium-term:

	2016/17 Medium Term Revenue & Expenditure Framework					
	Budget Year		Budget Year +1		Budget Year +2	
	2016/2017	%	2017/2018	%	2018/2019	%
Property rates	2,030,103	1.9%	2,152,189	2.0%	2,281,112	20.4%
Service charges	1,379,577	1.3%	1,456,833	1.4%	1,538,416	13.8%
Investment revenue	659,850	0.6%	667,745	0.6%	677,139	6.1%
Transfers recognized-operational	120,684,000	96,054,300	90.2%	95,902,200	90.0%	0
Other own revenue	6,348,095	6.0%	6,360,646	6.0%	6,657,987	59.7%
Total operating revenue (excluding capital transfers)	106,471,925	100%	106,539,613	100.0%	11,154,653	100%
Total operating expenditure	37,915,856		40,114,975		42,441,644	
Surplus/Deficit	88,945,265		87,680,666		(36,280,542)	

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

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

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 70 per cent annual collection rate for consumer revenue;

- National Treasury guidelines;

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts. The proposed tariff increases for the 2016/17 MTREF on the different revenue categories is 6%

LIM342 Mutale - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
RECEIPTS:	1, 2									
<u>Operating Transfers and Grants</u>										
National Government:		46,189	48,460	69,060	94,127	94,127	94,127	96,054	95,902	-
Local Government Equitable Share		42,889	44,920	64,971	88,938	88,938	88,938	91,791	91,163	
Finance Management		1,500	1,650	1,800	1,875	1,875	1,875	2,010	2,345	
Municipal Systems Improvement		800	890	934	930	930	930	957	1,033	
EPWP Incentive		1,000	1,000	1,355	1,131	1,131	1,131	-	-	
Other transfers/grants [MIG]		-			1,253	1,253	1,253	1,296	1,361	
Provincial Government:		-	-	-	-	-	-	-	-	-
Other transfers/grants [MIG]										
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	24	-	-	-	-	-	-
<i>LED</i>										
Total Operating Transfers and Grants	5	46,189	48,460	69,084	94,127	94,127	94,127	96,054	95,902	-
<u>Capital Transfers and Grants</u>										
National Government:		18,223	40,238	27,246	23,807	23,807	23,807	24,630	25,863	-
Municipal Infrastructure Grant (MIG)		17,486	15,595	27,246	23,807	23,807	23,807	24,630	25,863	-

Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		18,223	40,238	20,420	24,060	23,872	23,872	23,764	24,630	-
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		64,412	88,698	89,504	118,187	117,999	117,999	119,818	120,532	-
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

5.7 Councilor and board member allowances and employee benefits

LIM342 Mutale - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		5,914	5,287	5,876	4,874	4,635	4,635	4,885	5,149	5,427
Pension and UIF Contributions		684	433	504	690	690	690	733	772	814

		359	465		382	563	563	562	589	616
Performance Bonus		2,060	–	1,677	500	500	500	1,000	1,047	1,095
Motor Vehicle Allowance	3	2,266	2,794	2,495	2,461	3,690	3,690	4,095	4,285	4,484
Cellphone Allowance	3	160	182	150	150	166	166	166	173	181
Housing Allowances	3	29	27	23	45	54	54	54	56	59
Other benefits and allowances	3	709	1,243	890	690	832	832	865	905	947
Payments in lieu of leave		–		972	285	285	285	285	298	312
Long service awards		273	161	285	200	200	200	200	209	219
Post-retirement benefit obligations	6	–								
Sub Total - Other Municipal Staff		28,537	31,109	29,913	42,284	41,394	41,394	41,849	45,095	48,589
% increase	4		9.0%	(3.8%)	41.4%	(2.1%)	–	1.1%	7.8%	7.7%
Total Parent Municipality		37,599	41,512	40,582	54,164	52,503	52,503	53,531	57,380	61,508
			10.4%	(2.2%)	33.5%	(3.1%)	–	2.0%	7.2%	7.2%
TOTAL SALARY, ALLOWANCES & BENEFITS		37,599	41,512	40,582	54,164	52,503	52,503	53,531	57,380	61,508
% increase	4		10.4%	(2.2%)	33.5%	(3.1%)	–	2.0%	7.2%	7.2%
TOTAL MANAGERS AND STAFF	5,7	30,968	34,385	32,612	45,826	44,985	44,985	45,617	49,038	52,716

NOTE:

Employee cost:

Circular 78 was considered when calculating the employee related costs.

The percentage increase in the coming year is low compared to 2015/16 due to salary areas paid to employee during the year.

Councillor's remunerations

The Government Gazette on Upper Limits for Councillors remuneration was used to determine the remuneration of councillors.

LIM342 Mutale - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
<u>Councillors</u>	3							
Speaker	4		381,527	57,229	227,480			666,236
Chief Whip			357,681	53,652	139,042			550,375
Executive Mayor			476,909	71,536	153,233			701,679
Deputy Executive Mayor			-	-	-			-
Executive Committee			752,996	104,863	354,713			1,212,572
Total for all other councillors			2,915,749	445,448	1,422,612			4,783,809
Total Councillors	8	-	4,884,862	732,729	2,297,081			7,914,672
<u>Senior Managers of the Municipality</u>	5							
Municipal Manager (MM)			681,822	199,118	317,830			1,198,770
Chief Finance Officer			578,711	99,138	311,876			989,725
Technical Manager			544,712	120,837	293,313			958,863
Corporate manager			361,012	81,207	178,112			620,331
<i>List of each official with packages >= senior manager</i>								-
Total Senior Managers of the Municipality	8,10	-	2,166,257	500,300	1,101,131	-		3,767,688
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	-	7,051,119	1,233,030	3,398,212	-		11,682,360

The post of the Corporate Manager has been vacant and there is no indication of filling it.

LIM342 Mutale - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	Ref 1,2	2014/15			Current Year 2015/16			Budget Year 2016/17		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)	4			26			26			26
Board Members of municipal entities	5									
Municipal employees										
Municipal Manager and Senior Managers	3	14	10	4	14	10	4	16	12	4
Other Managers	7	22	22		22	22		24	24	
Professionals		44	43	1	46	45	-	84	68	5
<i>Finance</i>		26	25	1	26	25		38	22	5
<i>Spatial/town planning</i>		2	2		1	1		7	7	
<i>Information Technology</i>		3	3		2	2		2	2	
<i>Roads</i>					5	5		2	2	
<i>Electricity</i>										
<i>Water</i>										
<i>Sanitation</i>		11	11							
<i>Refuse</i>					10	10		10	10	
<i>Other</i>		2	2		2	2		25	25	
Technicians		47	47	-	46	46	-	84	68	5
<i>Finance</i>		1	1		1	1		38	22	5
<i>Spatial/town planning</i>		2	2		2	2		7	7	
<i>Information Technology</i>		3	3		3	3		2	2	
<i>Roads</i>								2	2	
<i>Electricity</i>										
<i>Water</i>										
<i>Sanitation</i>		11	11		10	10				

5.8 Monthly targets for revenue, expenditure and cash flows

LIM342 Mutale - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote																
Vote 1 - EXECUTIVE AND COUNCIL	-												-	-	-	-
Vote 2 - MUNICIPAL MANAGER'S OFFICE	-												-	-	-	-
Vote 3 - BUDGET AND TREASURY OFFICE		22,211	3,938	2,938	3,938	21,156	4,938	3,938	2,938	20,059	4,938	3,938	2,556	97,484	97,400	2,999
Vote 4 - INFRASTRUCTURE DEVELOPMENT		5,109	4,474	696	796	696	796	5,849	796	796	7,109	796	806	28,717	29,827	2,690
Vote 5 - CORPORATE SERVICES		453	353	381	353	353	353	271	353	471	353	381	829	4,901	5,175	5,465
Total Revenue by Vote		27,773	8,764	4,014	5,086	22,204	6,086	10,058	4,086	21,325	12,400	5,114	4,191	131,102	132,402	11,155
Expenditure by Vote to be appropriated																
Vote 1 - EXECUTIVE AND COUNCIL	-	833	733	833	833	833	933	633	1,933	833	833	833	1,249	11,313	11,938	12,597
Vote 2 - MUNICIPAL MANAGER'S OFFICE		757	790	710	760	757	755	757	757	780	757	757	1,381	9,723	10,391	11,106
Vote 3 - BUDGET AND TREASURY OFFICE		2,586	1,586	1,986	486	2,486	1,386	1,586	1,586	2,586	1,286	1,586	3,965	23,107	24,282	25,537
Vote 4 - INFRASTRUCTURE DEVELOPMENT		6,002	4,009	2,006	801	782	2,004	1,002	700	600	3,502	900	1,790	24,096	25,713	27,441
Vote 5 - CORPORATE SERVICES		3,772	1,972	1,772	2,972	1,672	1,802	1,772	2,572	1,672	1,872	1,872	1,713	25,435	27,204	29,098
Total Expenditure by Vote		13,950	9,091	7,306	5,852	6,530	6,880	5,750	7,548	6,471	8,250	5,948	10,098	93,674	99,529	105,779
Surplus/(Deficit) before assoc.		13,823	(326)	(3,292)	(766)	15,675	(794)	4,308	(3,462)	14,854	4,150	(834)	(5,907)	37,428	32,874	(94,624)
Surplus/(Deficit)	1	13,823	(326)	(3,292)	(766)	15,675	(794)	4,308	(3,462)	14,854	4,150	(834)	(5,907)	37,428	32,874	(94,624)

LIM342 Mutale - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue - Standard	-															
Governance and administration		22,255	3,981	2,979	3,981	21,196	4,981	3,980	2,981	20,100	4,981	3,983	2,635	98,030	97,977	3,609
Executive and council																
Budget and treasury office		22,211	3,938	2,938	3,938	21,156	4,938	3,938	2,938	20,059	4,938	3,938	2,556	97,484	97,400	2,999
Corporate services		44	43	41	43	40	43	42	43	41	43	45	78	547	577	609
Community and public safety		61	41	46	46	46	42	46	41	46	40	49	517	1,017	1,074	1,134
Community and social services		30	18	20	18	20	18	20	18	20	18	20	347	572	604	638
Sport and recreation																
Public safety		30	22	25	27	25	23	25	22	25	21	28	170	445	470	496
Housing																
Health																
Economic and environmental services		5,260	6,574	1,298	1,318	1,328	1,318	7,060	1,328	1,318	1,281	1,328	1,266	30,675	31,895	4,874
Planning and development		100	100	100	120	130	120	110	130	120	130	130	119	1,411	1,146	1,152
Road transport		5,159	6,474	1,198	1,198	1,198	1,198	6,949	1,198	1,198	1,151	1,198	1,148	29,264	30,749	3,722
Environmental protection																
Trading services		115	115	115	115	115	115	115	115	115	115	115	115	1,380	1,457	1,538
Electricity																
Water																
Waste water management																

Waste management	115	115	115	115	115	115	115	115	115	115	115	115	1,380	1,457	1,538
<i>Other</i>													-	-	-
Total Revenue - Standard	27,690	10,710	4,437	5,459	22,684	6,455	11,200	4,464	21,578	6,416	5,474	4,533	131,102	132,402	11,155
Expenditure - Standard															
Governance and administration	6,316	4,656	4,587	4,188	5,088	4,409	4,087	5,228	6,007	4,031	5,097	7,188	60,884	64,490	68,335
Executive and council	1,701	1,991	1,591	1,891	1,591	1,691	1,491	2,591	1,601	1,691	1,701	1,510	21,036	22,329	23,702
Budget and treasury office	2,586	1,586	1,986	486	2,486	1,386	1,586	1,586	2,586	1,286	1,586	3,965	23,107	24,282	25,537
Corporate services	2,030	1,080	1,011	1,812	1,012	1,333	1,011	1,052	1,821	1,055	1,811	1,712	16,740	17,879	19,096
Community and public safety	176	174	182	173	170	182	174	171	178	173	172	268	2,195	2,339	2,492
Community and social services													-	-	-
Sport and recreation	45	45	50	45	45	50	45	45	50	45	45	74	585	628	674
Public safety	101	100	99	99	96	99	99	97	99	99	98	99	1,182	1,251	1,323
Housing	30	29	33	29	29	33	30	29	29	29	29	95	428	461	495
Health													-	-	-
Economic and environmental services	2,292	2,092	2,192	2,292	2,192	1,992	2,692	1,892	2,192	2,212	2,292	2,278	26,611	28,448	30,413
Planning and development	307	307	307	307	307	307	307	307	307	307	307	307	3,682	3,934	4,204
Road transport	1,985	1,785	1,885	1,985	1,885	1,685	2,385	1,585	1,885	1,905	1,985	1,971	22,929	24,514	26,210
Environmental protection													-	-	-
Trading services	348	324	340	324	323	344	322	324	339	324	321	353	3,984	4,252	4,539
Electricity	130	106	122	106	105	126	104	106	121	106	103	135	1,372	1,452	1,536
Water													-	-	-
Waste water management													-	-	-
Waste management	218	218	218	218	218	218	218	218	218	218	218	218	2,612	2,800	3,002
<i>Other</i>													-	-	-

Total Expenditure - Standard		9,132	7,246	7,301	6,977	7,773	6,927	7,275	7,615	8,716	6,740	7,882	10,087	93,674	99,529	105,779
Surplus/(Deficit) before assoc.		18,557	3,464	(2,864)	(1,518)	14,911	(472)	3,925	(3,151)	12,862	(324)	(2,408)	(5,554)	37,428	32,874	(94,624)
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	18,557	3,464	(2,864)	(1,518)	14,911	(472)	3,925	(3,151)	12,862	(324)	(2,408)	(5,554)	37,428	32,874	(94,624)

LIM342 Mutale - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Multi-year expenditure to be appropriated	1															
Vote 1 - EXECUTIVE AND COUNCIL														-	-	-
Vote 2 - MUNICIPAL MANAGER'S OFFICE														-	-	-
Vote 3 - BUDGET AND TREASURY OFFICE														-	-	-
Vote 4 - INFRASTRUCTURE DEVELOPMENT		2 000	1 000	3 000	2 000	3 000	-	4 000	-	3 000	2 928			20 928	-	-
Vote 5 - CORPORATE SERVICES													-	-	-	
Capital multi-year expenditure sub-total	2	2 000	1 000	3 000	2 000	3 000	-	4 000	-	3 000	2 928	-	-	20 928	-	-
Single-year expenditure to be appropriated																
Vote 1 - EXECUTIVE AND COUNCIL														-	-	-
Vote 2 - MUNICIPAL MANAGER'S OFFICE														-	-	-
Vote 3 - BUDGET AND TREASURY OFFICE				60			75			40			55	230	-	-
Vote 4 - INFRASTRUCTURE DEVELOPMENT		100	385	2 010	290	905	-	2 480	400	-	1 500	-	395	8 465	34 830	-
Vote 5 - CORPORATE SERVICES	110	100	200	-	200	-	300	373	427	200	200	-	2 110	2 200	-	

Capital single-year expenditure sub-total	2	210	485	2 270	290	1 105	75	2 780	773	467	1 700	200	450	10 805	37 030	-
Total Capital Expenditure	2	2 210	1 485	5 270	2 290	4 105	75	6 780	773	3 467	4 628	200	450	31 734	37 030	-

LIM342 Mutale - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital Expenditure - Standard	1															
<i>Governance and administration</i>		5	110	95	-	20	75	35	100	40	-	-	150	630	600	-
Executive and council													-	-	-	-
Budget and treasury office				60			75			40			55	230	600	-
Corporate services		5	110	35		20		35	100				95	400	-	-
<i>Community and public safety</i>		200	-	150	240	100	80	100	225	278	100	-	237	1 710	26 230	-
Community and social services		100			90		80		175	80			185	710	1 600	-
Sport and recreation		100		150	150	100		100	50	198	100		52	1 000	24 630	-
Public safety													-	-	-	-
Housing													-	-	-	-
Health													-	-	-	-
<i>Economic and environmental services</i>		2 000	1 000	3 000	2 000	3 000	-	4 000	-	3 000	2 928	-	-	20 928	3 200	-
Planning and development													-	-	-	-
Road transport		2 000	1 000	3 000	2 000	3 000	-	4 000	-	3 000	2 928	-	-	20 928	3 200	-
Environmental protection													-	-	-	-
<i>Trading services</i>		-	10	10	-	-	-	-	10	-	-	-	-	30	-	-
Electricity													-	-	-	-
Water													-	-	-	-
Waste water management													-	-	-	-
Waste management			10	10					10				-	30	-	-

Other		100	385	2 010	290	905	-	2 480	400	-	1 500	-	365	8 435	7 000	-
Total Capital Expenditure - Standard	2	2 305	1 505	5 265	2 530	4 025	155	6 615	735	3 318	4 528	-	752	31 734	37 030	-
Funded by:																
National Government		5 725		6 174		5 814		5 254					797	23 764	24 630	-
Provincial Government													-	-	-	-
District Municipality													-	-	-	-
Other transfers and grants													-	-	-	-
Transfers recognised - capital		5 725		6 174		5 814		5 254					797	23 764	24 630	-
Public contributions & donations													-	-	-	-
Borrowing													-	-	-	-
Internally generated funds		708	898	998	698	698	698	898	829	608	600		338	7 970	12 400	-
Total Capital Funding		6 433	898	7 171	698	6 512	698	6 151	829	608	600	-	1 136	31 734	37 030	-

LIM342 Mutale - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash Receipts By Source														1		
Property rates	92	92	92	92	92	92	92	102	202	92	92	92	1,218	1,291	1,369	
Property rates - penalties & collection charges													-			
Service charges - electricity revenue													-			
Service charges - water revenue													-			
Service charges - sanitation revenue													-			
Service charges - refuse revenue	80	80	80	80	80	80	80	80	80	80	80	80	966	1,020	1,077	
Service charges - other													-			
Rental of facilities and equipment	6	6	6	6	6	6	6	6	6	6	6	6	74	78	82	

Interest earned - external investments		25	15				130				120	210	500	500	500
Interest earned - outstanding debtors	7	7	7	7	7	7	7	7	7	7	7	7	79	84	89
Dividends received												-			
Fines	22	22	22	22	22	22	22	22	22	22	22	22	267	282	298
Licences and permits	277	280	280	280	276	282	280	280	280	281	280	284	3,357	3,545	3,743
Agency services												-			
Transfer receipts - operational	32,828				29,646		377		29,646	3,557		-	96,054	95,902	-
Other revenue												1,952	1,952	1,751	1,796
Cash Receipts by Source	33,312	512	502	487	30,129	489	994	497	30,243	4,045	607	2,652	104,466	104,453	8,954
Other Cash Flows by Source															
Transfer receipts - capital Contributions recognised - capital & Contributed assets	6,157				6,157			6,157		6,157		-	24,630	25,863	-
Proceeds on disposal of PPE												-			
Short term loans												-			
Borrowing long term/refinancing												-			
Increase (decrease) in consumer deposits												-			
Decrease (Increase) in non-current debtors												(2,000)	(2,000)	(2,000)	(2,000)
Decrease (increase) other non-current receivables												-			
Decrease (increase) in non-current investments												-			
Total Cash Receipts by Source	39,469	512	502	487	36,286	489	994	6,654	30,243	10,202	607	652	127,096	128,316	6,954
Cash Payments by Type															
Employee related costs	3,801	3,801	3,801	3,801	3,801	3,801	3,801	3,801	3,801	3,801	3,801	3,801	45,617	49,038	52,716
Remuneration of councillors	605	605	605	605	605	605	605	1,031	660	660	660	669	7,915	8,342	8,793
Finance charges	14	14	14	14	14	14	14	14	14	14	14	14	170	180	190

Bulk purchases - Electricity												-			
Bulk purchases - Water & Sewer												-			
Other materials												-			
Contracted services	329	329	229	229	229	229	229	229	229	229	529	929	3,951	4,180	4,423
Transfers and grants - other municipalities												-			
Transfers and grants - other												-			
Other expenditure	2,451	2,593	2,744	-	-	-	-	-	-	-	-	21,625	29,412	31,118	32,923
Cash Payments by Type	7,201	7,343	7,394	4,650	4,650	4,650	4,650	5,075	4,704	4,704	5,004	27,039	87,064	92,858	99,044
Other Cash Flows/Payments by Type															
Capital assets	644	644	2,644	2,644	2,644	2,744	2,644	2,644	2,644	4,644	3,644	3,544	31,734	37,030	-
Repayment of borrowing	142	142	142	142	142	142	142	142	142	142	142	142	1,705	-	-
Other Cash Flows/Payments												-			
Total Cash Payments by Type	7,988	8,130	10,180	7,436	7,436	7,536	7,436	7,862	7,491	9,491	8,791	30,725	120,503	129,888	99,044
NET INCREASE/(DECREASE) IN CASH HELD	31,482	(7,618)	(9,678)	(6,950)	28,850	(7,048)	(6,443)	(1,208)	22,752	712	(8,184)	(30,073)	6,593	(1,572)	(92,091)
Cash/cash equivalents at the month/year begin:	550	32,032	24,414	14,735	7,785	36,635	29,587	23,145	21,937	44,689	45,400	37,216	550	7,143	5,571
Cash/cash equivalents at the month/year end:	32,032	24,414	14,735	7,785	36,635	29,587	23,145	21,937	44,689	45,400	37,216	7,143	7,143	5,571	(86,520)

NOTE:

The above table indicates that the municipality has budget for the capital payment equal to the capital expenditure. That is our plan to spend the amount allocated within the year as we are busy doing the final processes of Supply Chain Management processes.

Our municipality budget is credible.

5.9 Annual budgets and service delivery and budget implementation plans-internal departments

As per attachment (ANNEXTURE D)

5.10 Contracts having future budgetary implications

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

LIM342 Mutale - Supporting Table SA35 Future financial implications of the capital budget

Vote Description R thousand	Ref	2016/17 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Present value
Capital expenditure	1							
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-				
Vote 2 - MUNICIPAL MANAGER'S OFFICE		-	-	-				
Vote 3 - BUDGET AND TREASURY OFFICE		230	-	-				
Vote 4 - INFRASTRUCTURE DEVELOPMENT		29 394	34 830	-				
Vote 5 - CORPORATE SERVICES		2 110	2 200	-				
<i>List entity summary if applicable</i>								
Total Capital Expenditure		31 734	37 030	-	-	-	-	-
Future operational costs by vote	2							
Vote 1 - EXECUTIVE AND COUNCIL								
Vote 2 - MUNICIPAL MANAGER'S OFFICE								
Vote 3 - BUDGET AND TREASURY OFFICE								
Vote 4 - INFRASTRUCTURE DEVELOPMENT								
Vote 5 - CORPORATE SERVICES								
<i>List entity summary if applicable</i>								
Total future operational costs		-	-	-	-	-	-	-
Future revenue by source	3							
Property rates								
Property rates - penalties & collection charges								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								

Other assets		-	7,401	1,252	5,957	6,610	6,610	5,940	5,400	-
General vehicles		598			400	400	400	450	5,400	-
Specialised vehicles	10	-	-	1,172	-	-	-	-	-	-
Plant & equipment		5,751	28	2,385	4,920	4,920	4,610	-	-	-
Computers - hardware/equipment		19	44	170	300	300	230	-	-	-
Furniture and other office equipment		476	9	1,752	490	490	550	-	-	-
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings									-	-
Other Land				1,250	500	500	100	-	-	-
Surplus Assets - (Investment or Inventory)										
Other		556								
Agricultural assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Biological assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (<i>list sub-class</i>)										
Total Capital Expenditure on new assets	1	-	16,471	9,009	18,123	26,223	26,223	8,805	30,030	-
Specialised vehicles		-	-	1,172	-	-	-	-	-	-
Refuse				1,172						

Other assets		-	2,769	1,076	1,774	1,277	1,277	1,416	1,416	1,416
General vehicles				140	525	201	201	311	311	311
Specialised vehicles	10	-	-	62	-	78	78	94	94	94
Plant & equipment				368	257	368	368	367	367	367
Computers - hardware/equipment				41	480	251	251	162	162	162
Furniture and other office equipment			42	155	512	66	66	169	169	169
Abattoirs						-	-			
Markets						25	25	25	25	25
Civic Land and Buildings						-	-			
Other Buildings				247		162	162	162	162	162
Other Land						-	-			
Surplus Assets - (Investment or Inventory)						-	-			
Other			2,727	62		126	126	126	126	126
Agricultural assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Biological assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Intangibles		-	-	-	-	410	410	76	76	76
Computers - software & programming						410	410	76	76	76
Other (<i>list sub-class</i>)										
Total Depreciation	1	-	2,769	4,015	3,174	3,174	3,174	5,560	5,560	5,560
Specialised vehicles		-	-	62	-	78	78	94	94	94

Refuse			62		78	78	94	94	94
Fire									
Conservancy									
Ambulances									

5.12 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 municipal's website.

2. Internship programme

The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Since the introduction of the Internship programme the municipality has successfully employed and trained 5 interns through this programme and a majority of them were appointed either in the municipality or other Institutions.

3. Budget and Treasury Office

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

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalized after approval of the 2016/17 MTREF in May 2016 directly aligned and informed by the 2016/17 MTREF.

6. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. MFMA Training

Most of the employees in the Budget and Treasury Office have finished the training and few are busy with the training. (Interns have already done with the training program).

8. Policies

Budget related policies are in place and reviewed annually.

5.13 Other supporting documents

LIM342 Mutale - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		1,440	2,429	2,061	2,300	2,059	2,059		2,180	2,302	2,431
<i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i>			130	71	150	70	70		150	150	150
Net Property Rates		1,440	2,299	1,990	2,150	1,988	1,988	-	2,030	2,152	2,281
Service charges - refuse revenue	6										
Total refuse removal revenue		249	548	1,245	1,294	1,315	1,315		1,393	1,470	1,553
Total landfill revenue											
<i>less Revenue Foregone (in excess of one removal a week to indigent households)</i>			6	11	10	12	12		13	14	14
<i>less Cost of Free Basis Services (removed once a week to indigent households)</i>		-	-	-	-	-	-		-	-	-
Net Service charges - refuse revenue		249	542	1,233	1,283	1,303	1,303	-	1,380	1,457	1,538
Other Revenue by source											
<i>Licenses & permits</i>			3,642		-	-	-		-	-	-
<i>Buildings Approval</i>					91	70	70		90	95	101
<i>Penalties</i>					3	4	4		4	4	4
Admin charges		497		561	156	450	450		477	504	532
AdvertisinG									293	309	

Depreciation of Property, Plant & Equipment		2,127	2,769	4,096	3,174	3,174	3,174		5,560	5,560	5,560
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE	10										
Total Depreciation & asset impairment	1	2,127	2,769	4,096	3,174	3,174	3,174	-	5,560	5,560	5,560
Contracted services											
<i>List services provided by contract</i>		1 503	1 729		2 273	3 758	3 758		3 951	4 180	4 423
<i>sub-total</i>	1	1 503	1 729	-	2 273	3 758	3 758	-	3 951	4 180	4 423
Total contracted services		1 503	1 729	-	2 273	3 758	3 758	-	3 951	4 180	4 423
Other Expenditure By Type											
Collection costs											
Contributions to 'other' provisions											
Consultant fees											
Audit fees					1 901	1 901	1 901		2 015	2 132	2 255
General expenses	3	10 622	11 664		20 956	19 371	19 371		20 507	21 696	22 954
<i>List Other Expenditure by Type</i>											
<i>Repairs and maintenance</i>					5 974	6 510	6 510		6 891	7 291	7 713
Total 'Other' Expenditure	1	10 622	11 664	-	28 831	27 781	27 781	-	29 412	31 118	32 923
Repairs and Maintenance by Expenditure Item											
Employee related costs	8										
Other materials											
Contracted Services											
Other Expenditure			1 376		5 974	6 510	6 510		6 891	7 291	7 713
Total Repairs and Maintenance Expenditure	9	-	1 376	-	5 974	6 510	6 510	-	6 891	7 291	7 713

Breakdown of general expenses:

DESCRIPTION	2015 /16	Adjustment	2016 /17	2017 /18	2018 /19
Advertising	460,712	134,912	142,307	150,561	159,293
Bank Charges : Finance	120,411	200,000	210,000	222,180	235,066
Books, Magazines/Newspaper etc. : MM	105,600	250,000	265,000	280,370	296,631
Budget Speech Expenses : Council	52,400	52,400	55,544	58,766	62,174
Audit Committee Allowance : Council	214,840	276,000	292,560	309,528	327,481
Cattle Pounding Costs : Community	10,000	0	0	0	0
Consultancy Fees/Technical(Town Planning)	1,700,000	0	0	0	0
Consultancy Fees/Finance(Budget and Treasury Office)	174,570	150,000	157,500	166,635	176,300
Electricity (ESKOM) : Corporate	700,000	896,888	950,701	1,005,842	1,064,181
Licensing : Finance	42,320	42,320	44,436	47,013	49,740
Entertainment	5,037	9,000	9,540	10,093	10,679
Free Basic Electricity : Technical	1,264,800	1,264,800	1,340,688	1,418,448	1,500,718
Water Meter expenses	1,883	1,883	0	0	0
Free Basic water expense	50,666	50,666	0	0	0
Freight & Postage	22,079	23,234	24,606	26,033	27,543
Indigent Funeral : Council	10,480	10,480	11,109	11,753	12,435
Insurance Composite : Finance	360,664	360,664	378,697	400,661	423,900
Lease	682,346	682,346	775,640	820,627	868,223
Special Programmes	90,225	150,000	159,000	168,222	177,979
Legal Fees : Corporate	350,000	2,000,000	2,120,000	2,242,960	2,373,052
Printing & Stationery	1,130,400	1,193,600	1,260,984	1,334,121	1,411,500
Professional Fees - Other	217,325	105,600	111,936	118,428	125,297
Protective Clothing : Corporate	350,000	350,000	371,000	392,518	415,284
Provision for Landfill Site/Technical(Town Planning)	2,000,000	100,000	106,000	112,148	118,653
SALGA : Council	603,344	650,000	689,000	728,962	771,242
Cell Phones & Data Cards : Corporate	150,000	150,000	159,000	168,222	177,979
Travel Re-imbursible	1,251,840	0	0	0	0
Sitting Allowance - Chiefs : Council	46,950	46,950	49,767	52,654	55,708
Special Transport	104,800	104,800	111,088	117,531	124,348
Rental printers	35,496	0	0	0	0
Staff Bursaries : Corporate	94,320	94,320	99,979	105,778	111,913
Sports Arts and Culture Programmes : Community	55,334	70,000	74,200	78,504	83,057
Staff Conference Fees	150,054	217,254	230,290	243,646	257,778
Mayoral Imbizo : Council	209,600	60,000	63,600	67,289	71,192

growth (electricity) Consumption growth (water)										
Collection rates	7									
Property tax/service charges				50.0%	50.0%			60.0%	60.0%	60.0%
Rental of facilities & equipment				100.0%	100.0%			80.0%	80.0%	80.0%
Interest - external investments								100.0%	100.0%	100.0%
Interest - debtors Revenue from agency services								30.0%	30.0%	30.0%

5.14 Municipal manager's quality certification

I **Razwiedani Shumani Samuel**, the municipal manager of Mutale municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: Marutha Ramadiga Melvin

Chief Financial Officer of Mutale local Municipality (LIM342)

Signature _____

Date _____

Print Name: Razwiedani Shumani Samuel

Municipal Manager of Mutale local Municipality (LIM342)

Signature _____

Date _____
