



**MEDIUM TERM REVENUE AND  
EXPENDITURE FRAMEWORK  
(MTREF)/  
BUDGET REPORT  
2015/2016  
TILL  
2017/2018**

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# 1. Introduction

## **Vision and Mission**

The Mission of the Kannaland Municipality is to:

- Promote sustainable growth patterns which mitigates climate change and which enhances the quality of life of residents through sustainable living practices and which contributes to the local economy.
- Promote the establishment of sustainable human settlements in providing housing to residents.
- Promote a healthy community with access to health bearing services such as sewage, sanitation, safe streets, lighting.
- Promote the development and maintenance of infrastructure which promotes service delivery, growth in jobs and facilitates empowerment and opportunity.
- Promote the increase in opportunities for growth and jobs, driven by private sector and the public sector, by creating an enabling environment for business and provide demand-led private sector driven support for growth sectors, industries and business.
- Promote the municipality as a compliant and accountable sphere of local government which is characterised by good governance.
- Promote the management of effective Intergovernmental Relations.
- Promote effective Integrated Development Planning which relates to all spheres of government, civil society and Parastatals.
- Promote the participation of the community in the working of the municipality.

- Promote capacity development within the municipality area so that effective service delivery can be advanced.
- Promote well maintained municipal infrastructure through operations and management
- Effective disaster management practices.
- A fully functional department accountable for delivering quality services to local government of physical assets.

The key values which are:

- Dignity
- Respect
- Trust
- Integrity
- Honesty
- Diligence



## **2. Legal Background**

### **a. MFMA**

#### **Appropriation of funds for expenditure**

**15.** A municipality may, except where otherwise provided in this Act, incur expenditure only—

(a) in terms of an approved budget; and

(b) within the limits of the amounts appropriated for the different votes in an approved budget.

#### **Annual budgets**

- 24 .** (1) The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.
- (2) An annual budget—
- (a) must be approved before the start of the budget year;
  - (b) is approved by the adoption by the council of a resolution referred to in section 17(3)(a)(i); and
  - (c) must be approved together with the adoption of resolutions as may be necessary—
    - (i) imposing any municipal tax for the budget year;
    - (ii) setting any municipal tariffs for the budget year;
    - (iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;
    - (iv) approving any changes to the municipality's integrated development plan; and
    - (v) approving any changes to the municipality's budget-related policies.
- (3) The accounting officer of a municipality must submit the approved annual budget to the National Treasury and the relevant provincial treasury.

#### **Budget Regulations**

Government Gazette no 32141, Local Government: Municipal Budget and Reporting Regulations

### **b. MFMA - Circulars 70,71,72,74 & 75 .**

### **3. Mayoral Speech**

#### **BUDGET – 2014/15**

##### **BUDGET SPEECH BY THE EXECUTIVE MAYOR**

Speaker, Deputy Mayor, Councillors, Municipal Manager, Personnel, member of the media and the public:

Thank you for the opportunity to present this Budget to you. We are all aware of the world-wide economic crisis as well as the social and economic challenges facing our own region. National guidelines require improved yet affordable service delivery with limited tariff increases. Given Eskom's proposed 12.49% increase and rating system, and the need for skilled and capable personnel to ensure effective service delivery, this budget represents a continuation of the past year's enormous challenges which will require the dedicated co-operation and support of the whole community – residents as well as employees – if we are to succeed.

Kannaland's budget for 2015/16 reflects the effect of the recent worldwide economic tendencies of reducing revenues and increasing costs. Our focus is thus on stabilising our service delivery capacity, limiting tariff increases to the lowest practicable levels, attending to infrastructure maintenance and the protection of the poor.

Council's approved Integrated Development Plan is the guiding framework for the 2015/16 budget. The allocation of funds in the proposed budget is intended to enable Council to meet its strategic objectives, namely:

- To Provide access to reliable infrastructure that will contribute to a higher quality of life for Kannaland's citizens
- To Provide adequate Services and improve our Public relations
- To strive towards a safe community in Kannaland through the proactive management of traffic, environmental health, fire and disaster risks
- To Facilitate Economic Growth and Social and Community development
- To Promote efficient and effective Governance with high levels of stakeholder participation
- To Provide an efficient workforce by aligning our institutional arrangements to our overall strategy
- To Strive towards a financially sustainable municipality.

Kannaland still faces insurmountable challenges with regard to service delivery and infrastructure. One of the most important aspects is the establishment of sustainable institutional capacity to ensure cost-effective service delivery. We will strive for

further successes in addressing administrative challenges which include, among others, improving the payment ratio for municipal services, establishment of a skilled management corps, restructuring Council's service delivery units, continued personnel empowerment and greater attention to matters of governance and compliance. The community recognises the improvements of the past year, but demands further improvements in the coming year. The 2015/16 Budget underlines the ever-increasing need to build service delivery capacity.

National guidelines continue to focus on the protection of the poor. The established practice of indigent support will continue. Poverty alleviation is one of Kannaland's top priorities, resulting in the 2015/16 Budget provision for sustained free basic services to indigent households. The provision of free water to the indigent forms part of our strategy to shelter the poor. The current norm of 6kl per indigent household per month remains of effect. Given the unfavourable economic conditions and the natural scarcity of water, we are compelled to consider stricter control measures to preserve our available water resources, including the restriction of free basic water to indigent households only. The existing electricity allowance of 50kWh free electricity for indigent households will continue.

Indigent support includes subsidising basic charges as well as refuse removal and sewage. The exemption level on property rates reverts to R15,000 per residential property, with further relief for indigent and meritorious cases to be considered per application. All households with a monthly income of less than R3 000 per month qualify for indigent support. Residents are encouraged to apply for their rightful benefits.

Service delivery requirements compel Council to raise tariffs for 2015/16 as follows:

- Electricity: [11% - 12.49%] - National Treasury's instruction is based on Eskom's tariff increase. Implementation of the new tariffs is subject to approval by the National Electricity Regulator.
- Water: Tariffs increase by 6% based on scales approved last year.
- Sewage & Refuse Removal: Tariffs increase by 6% based on scales approved last year.
- General tariffs are limited to a maximum 6% increase.
- Property Rates: The market-based valuation roll and legislated tariff ratios have been fully implemented and are set to increase by 6% on the previous years' rate.

The Revenue Budget for 2015/16 amounts to R 152m, including State contributions of R64m, of which R 36m is set aside for capital expenditure. Once again we call on all communities of Kannaland to pay their municipal accounts on time to enable us to realise these revenues which are necessary to provide and improve service delivery.

Council is grateful to those who support us in this regard, while we are aware of parts of the community where a poor payment culture still exists. Stricter credit control measures will have to be applied as a necessity if we do not get the desired co-operation.

The Expenditure Budget amounts to R125m, with the greatest challenge being on the general reduction of expenditures. I wish to commend management for their continued efforts – but also wish to draw their attention to the great challenges awaiting us.

The Capital Budget has been compiled in accordance with the available funds and guidelines prescribed by National Government. Priorities identified by Ward Committees still guide the IDP, which objectives can only be met with proper funding.. While the municipality still has limited capacity to finance capital projects from own resources, we shall continue to approach all possible institutions for additional capital funding. The proposed capital budget for 2015/16 contains projects financed from grant funding and Internally generated funds.

We express our sincere gratitude to the National and Provincial Governments for their assistance. We assure you however that we shall continue to pursue every possible source in our efforts to gain additional funding for the capital programme.

Community participation in the budget process was by ward community meetings on a ward basis. The provisional budget was tabled in Council on 31 March 2015 but was referred back to Administration. The provisional budget was then tabled in Council on 22 April 2015 and then made available for public comment. Inputs were considered as far as possible in finalising this Budget.

I call on our communities, organisations, councillors and personnel to stand together in a greater effort to carry Kannaland through these difficult times and, despite the dark future presented by our economists, to come through stronger with the knowledge that we have the heart and perseverance necessary to face and overcome these challenges.

My sincere thanks to my Councillors, ward committees, interested organisations and the broader community for their contributions to this Budget. A special word of thanks to the Municipal Manager and his team who compiled this Budget under difficult circumstances.

Speaker, it is both my duty and my privilege to present the 2015/16 Medium Term Budget to you for discussion and consideration by Council.

I thank you!

#### **4. Budget Related Resolutions**

The MFMA stipulates that the Mayor must table the annual budget at a council meeting at least 30 days before the start of the budget year and the Mayor must take all reasonable steps to ensure that the municipality approves its annual budget before the start of the budget year.

The following resolutions were taken by Council with the approval of the 2015/16 Budget on the 22 April 2015

- That Council approves the 2015/16 Review of the Integrated Development Plan (IDP).
- That Council approves the Annual Budget of the Municipality for the financial year 2015/16 and indicative for the two projected outer years, 2016/17 and 2017/18, and the multi-year and single year capital appropriations as set out in the following schedules, after consideration of all public comments:
  - Budgeted Financial Performance (revenue and expenditure by standard classification) reflected in Section 7.2.
  - Budgeted Financial Performance (revenue and expenditure by municipal vote) as reflected in Section 7.3.
  - Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source as reflected in Section 7.5.
- That Council approves the property rates reflected in the 2015/16 Tariff list (Annexure A) and any other municipal tax reflected in the 2015/16 Tariff list are imposed for the budget year 2015/16.
- That Council approves the tariffs and charges, subsidies and discounts as reflected in the 2015/16 Tariff list (Annexure A) for the budget year 2015/16.
- That Council approves the measurable performance objectives for revenue from each source and for each vote reflected in Section 8.13 of this document for the budget year 2015/16.
- That Council approves the amended budget related policies reflected in Annexure B for the budget year 2015/16.
- That all the above-mentioned documentation be amended to include all the amendments approved by Council from the public/departmental comments, objections and recommendations.



**5. Municipal Managers Quality Certificate**

I, Mr M Hoogbaard, Municipal Manager of Kannaland Municipality, hereby certify that the Annual budget (2015/16 – 17/18) 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.

**M HOOGBAARD  
MUNICIPAL MANAGER OF KANNALAND MUNICIPALITY (WC041)**

.....  
**Signature**

.....  
**Date**

## **6. Executive Summary**

The main objective of a municipal budget is to allocate realistically expected resources to the service delivery goals or performance objectives identified as priorities in the approved Integrated Development Plan.

The budget was made possible through consultation with the local community, the relevant government departments and the internal departments of the Municipality to ensure that the priorities are properly aligned and addressed.

The 2015 Budget Review notes that spending plans outlined in the 2015 Budget continue to support government's commitment to broadening service delivery and expanding investment in infrastructure, while taking account of the constrained fiscal environment.

National Treasury also reminded Municipalities that the economic outlook is, however constrained by a difficult global environment and domestic restructuring. When framing the budget, this had a direct impact on the budget as the trends in income growth statistics are still very low, indigent and poor households are growing and property markets not re-acting to the low interest rates.

Consequently, municipal revenues and cash flows are expected to remain under pressure in 2015/16 and municipalities are again reminded to adopt a conservative approach when projecting expected revenues and cash receipts.

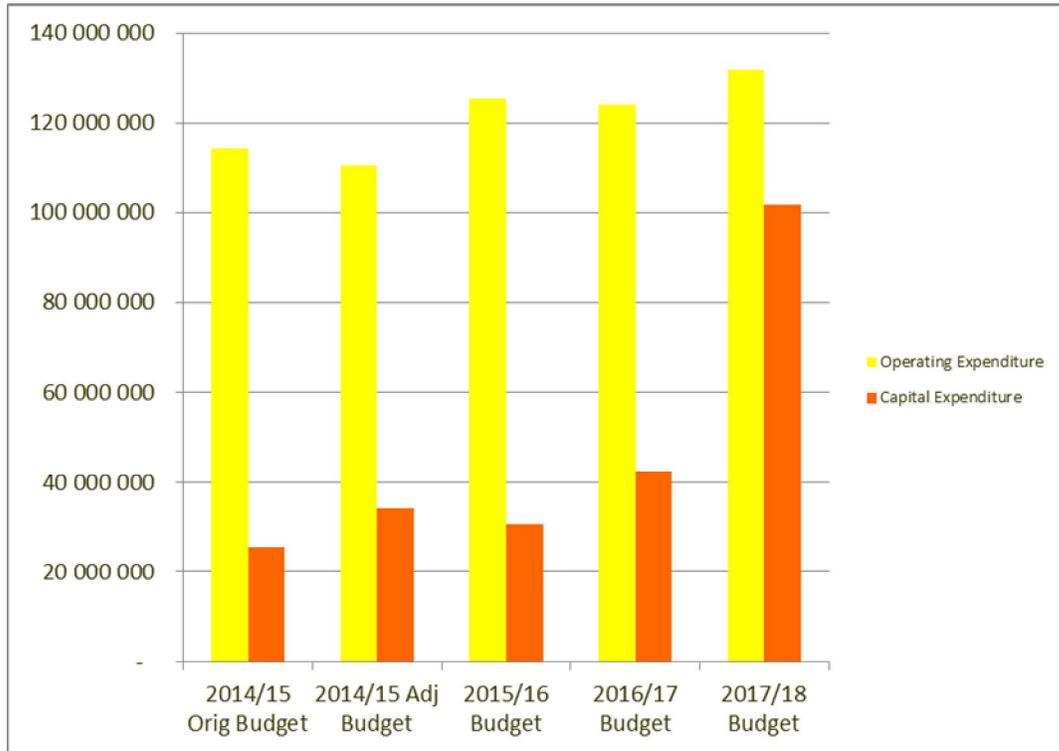
National Treasury also urged municipalities to pay particular attention to the affordability of tariff increases especially on main services, managing all revenue and expenditure and cash streams effectively and carefully evaluation all spending decisions.

It is with this in mind that Kannaland Municipality has only increased its tariffs on main services with an average of 6 per cent for the 2015/16 budget period.

### **FINANCIAL SUMMARY ON 2015/16 MTREF BUDGET**

The total 2015/16 budget amounts to R 155 897 360. This consists of a capital of R 30 544 900 or 19.59 % of the total budget and an operating budget of R 125 352 460 or 80.41% of the total budget.

The following graph shows the operating and capital budgeted figures for the 2015/16 to 2017/18 financial years.



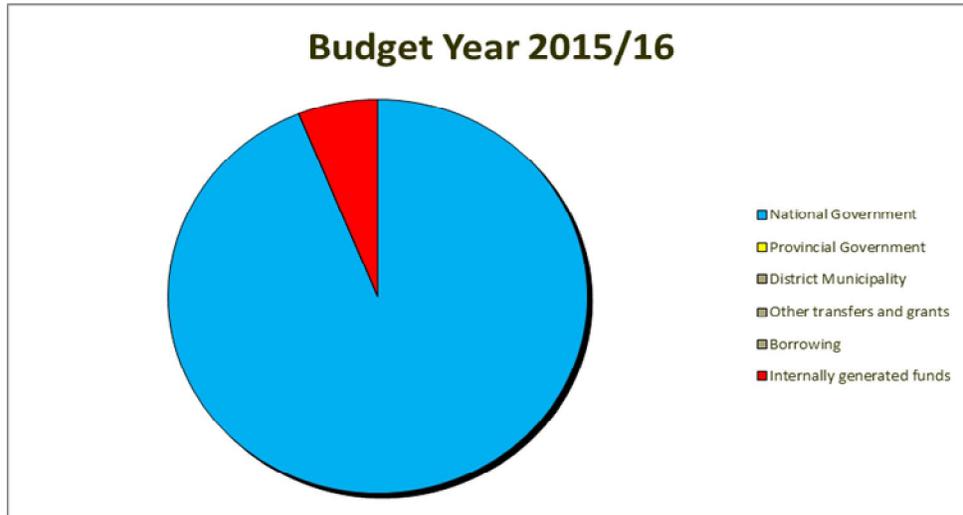
## CAPITAL BUDGET

The following table gives a breakdown of the sources of finance of the 3-year capital budget from 2015/16 to 2017/18.

Sources fo Funding		2015/16	2016/17	2017/18
<b>RBIG</b>	Kannaland Dam Reallocation	10 000 000	20 000 000	34 875 000
<b>RBIG</b>	LDS & CAL WWTW	3 000 000	10 000 000	53 920 000
<b>MIG</b>		9 577 900	9 785 950	10 098 500
<b>Energy Efficiency &amp; Demand Side Mangament</b>		-	-	-
<b>Intergrated Nat Electrification programme (Municipal)</b>		3 000 000	2 000 000	2 000 000
<b>Intergrated Nat Electrification programme(Eskom)</b>		80 000	-	-
<b>Library</b>		-	-	-
<b>ACIP - Ladysmith Reservoir Repairs</b>		2 267 000		
<b>ACIP - Van Wyksdorp Reservoir Repairs</b>		740 000		
<b>Capital Expenditure (Borrowing)</b>		-		
<b>Capital Expenditure (Internal Funds)</b>		1 880 000	689 000	730 350
		<b>30 544 900</b>	<b>42 474 950</b>	<b>101 623 850</b>

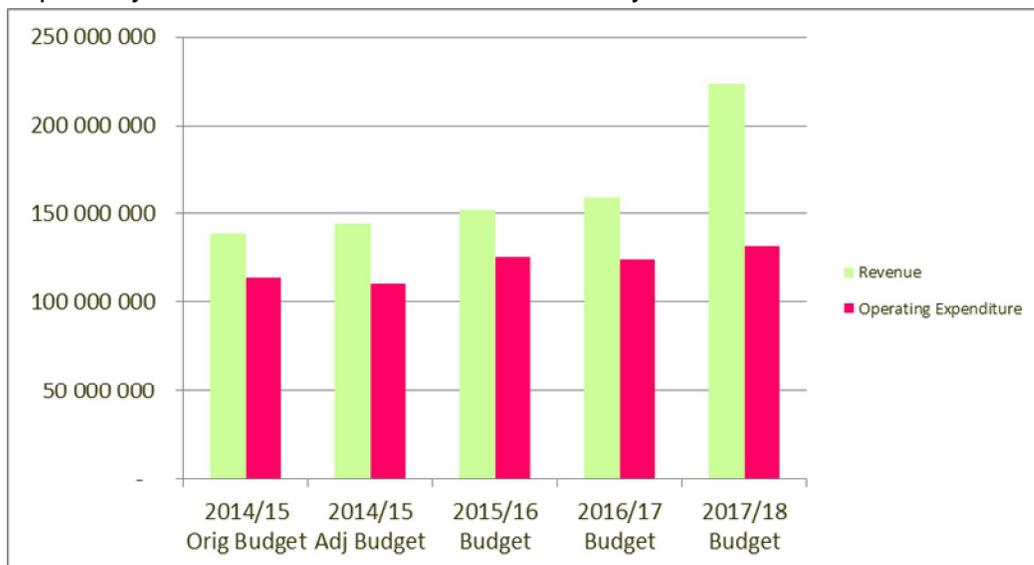
From the above it is clear that the main source of funding will be external funds (Grants) of which RBIG funding are the largest external source.

The graph below shows the capital expenditure for 2015/2016 per funding source.



## OPERATING BUDGET

The following graph shows the operating income and expenditure budgeted figures separately for the 2015/16 to 2017/18 financial years.

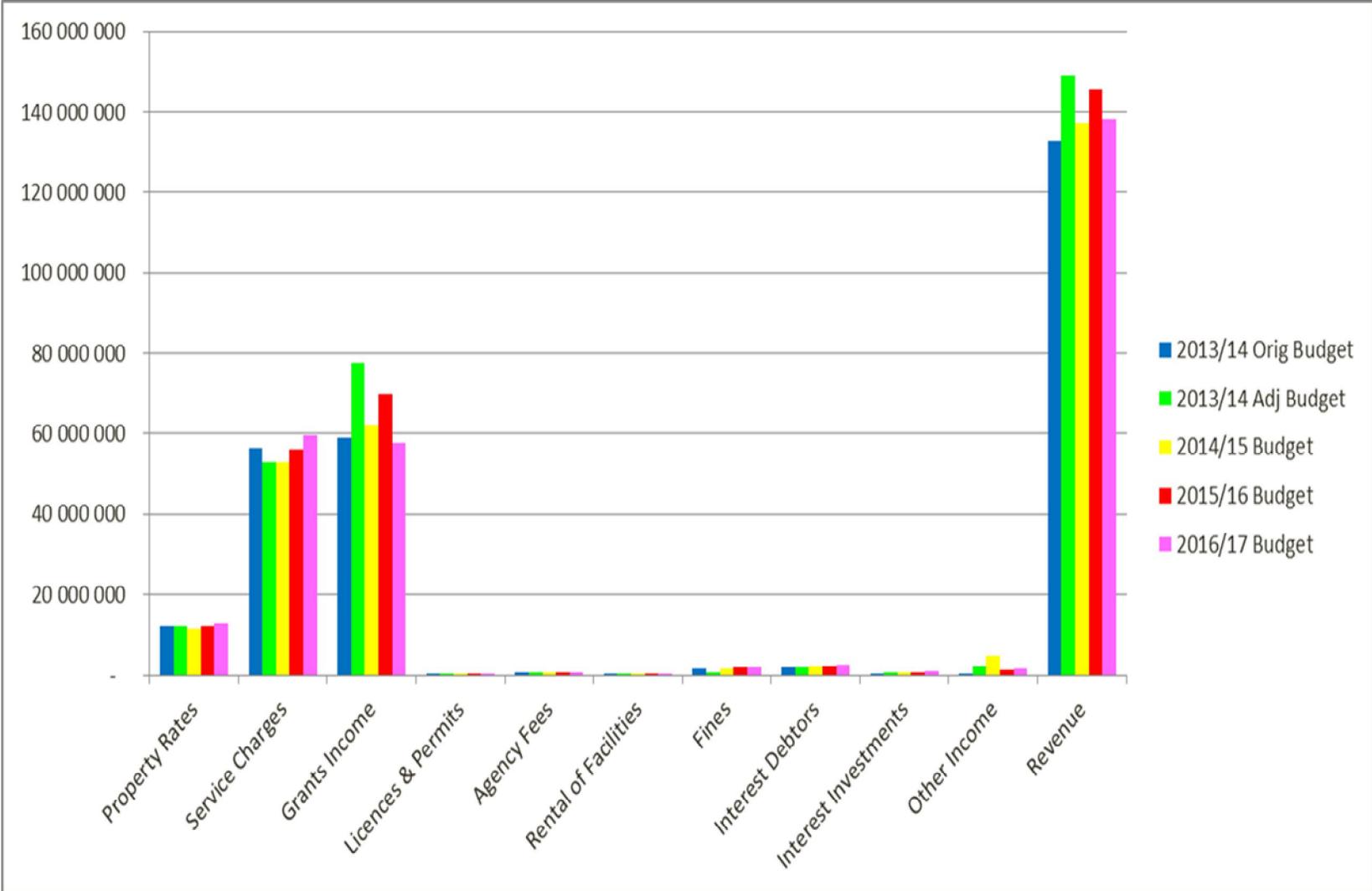


The Total Budgeted Revenue for 2015/16 is R 152 239 002.

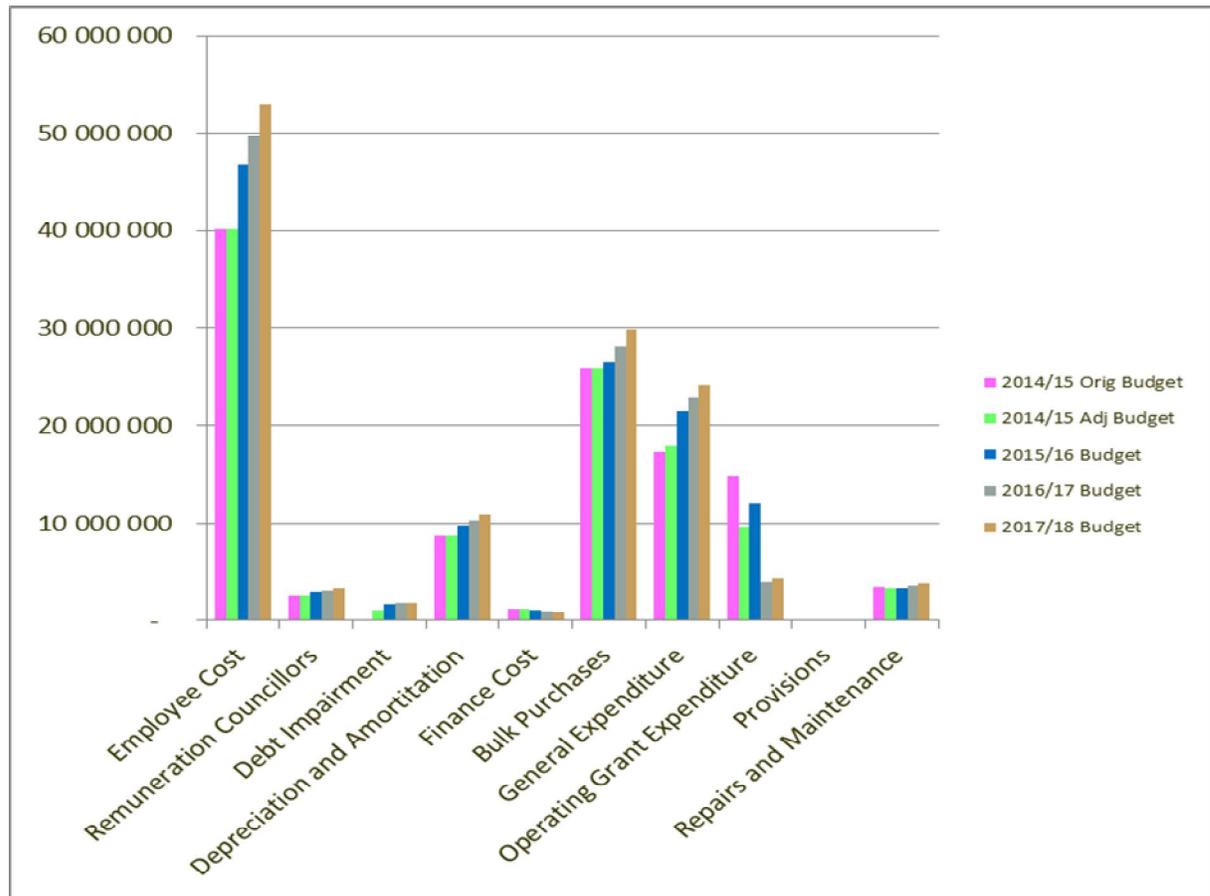
**OPERATING REVENUE**  
**Budgeted Operating Revenue**

The operating revenue budget amounts to R 152 239 002. This includes capital transfers of R 30 544 900.

		2014/15	2014/15	2014/15	2015/16	2016/17
Revenue		2014/15 Orig Budget	2014/15 Adj Budget	2015/16 Budget	2016/17 Budget	2017/18 Budget
	Property Rates	11 763 260	11 763 260	14 031 760	14 873 640	15 766 030
	Service Charges	53 456 080	55 637 400	59 347 000	62 907 850	66 682 350
	Grants Income	62 332 000	65 924 452	64 564 002	69 842 000	129 649 000
	Licences & Permits	194 200	194 200	555 860	603 220	654 830
	Agency Fees	717 010	734 610	875 700	928 270	984 000
	Rental of Facilities	339 280	339 280	531 560	563 500	597 360
	Fines	2 004 940	2 019 540	3 626 720	3 844 330	4 075 000
	Interest Debtors	2 164 290	2 164 290	2 294 150	2 431 810	2 577 730
	Interest Investments	742 000	742 000	400 000	424 000	449 440
	Other Income	5 309 100	5 354 160	6 012 250	2 075 600	2 200 270
	<b>Revenue</b>	<b>139 022 160</b>	<b>144 873 192</b>	<b>152 239 002</b>	<b>158 494 220</b>	<b>223 636 010</b>



## Budgeted Operating Expenditure





## 7.2 A2 BUDGETED FINANCIAL PERFORMANCE (revenue and expenditure by standard classification)

WC041 Kannaland - 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>Revenue - Standard</b>	1									
<b>Governance and administration</b>		76 855	120 083	154 253	27 867	29 864	29 864	30 969	28 232	29 861
Executive and council		76 855	120 083	154 253	6 455	8 317	8 317	7 121	3 183	3 303
Budget and treasury office		-	-	-	21 358	21 458	21 458	23 847	25 048	26 558
Corporate services		-	-	-	54	89	89	0	0	0
<b>Community and public safety</b>		-	-	-	18 227	9 101	9 101	13 885	2 755	2 920
Community and social services		-	-	-	3 910	6 566	6 566	2 536	2 710	2 873
Sport and recreation		-	-	-	3 811	115	115	4 039	7	8
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	10 506	2 419	2 419	7 310	38	40
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		-	-	-	4 525	7 052	7 052	9 825	15 663	16 329
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	4 525	7 052	7 052	9 825	15 663	16 329
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	-	-	88 403	93 154	93 154	97 560	111 844	174 525
Electricity		-	-	-	46 200	48 484	48 484	43 719	44 806	47 100
Water		-	-	-	19 873	19 671	19 671	29 267	34 630	50 217
Waste water management		-	-	-	14 328	16 816	16 816	16 068	23 604	68 090
Waste management		-	-	-	8 002	8 184	8 184	8 506	8 804	9 118
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	2	76 855	120 083	154 253	139 022	139 171	139 171	152 239	158 494	223 636
<b>Expenditure - Standard</b>										
<b>Governance and administration</b>		79 435	109 411	146 118	43 737	45 809	45 809	53 516	56 844	60 619
Executive and council		79 435	109 411	146 118	15 699	18 161	18 161	20 127	21 353	22 655
Budget and treasury office		-	-	-	19 218	18 828	18 828	20 005	21 257	22 826
Corporate services		-	-	-	8 820	8 820	8 820	13 384	14 234	15 138
<b>Community and public safety</b>		-	-	-	16 449	6 988	6 988	13 302	6 415	6 805
Community and social services		-	-	-	4 157	4 169	4 169	3 605	3 852	4 091
Sport and recreation		-	-	-	1 012	1 012	1 012	937	994	1 055
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	11 280	1 807	1 807	8 760	1 569	1 659
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		-	-	-	9 372	9 382	9 382	9 735	9 211	9 754
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	9 372	9 382	9 382	9 735	9 211	9 754
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	-	-	44 598	46 316	46 316	48 799	51 617	54 600
Electricity		-	-	-	30 187	30 776	30 776	32 489	34 394	36 411
Water		-	-	-	7 203	7 813	7 813	8 371	8 820	9 294
Waste water management		-	-	-	4 627	4 887	4 887	5 618	5 939	6 279
Waste management		-	-	-	2 581	2 841	2 841	2 320	2 464	2 617
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	3	79 435	109 411	146 118	114 156	108 495	108 495	125 352	124 087	131 778
<b>Surplus/(Deficit) for the year</b>		(2 579)	10 672	8 135	24 866	30 676	30 676	26 887	34 407	91 858

### 7.3 A3 FINANCIAL PERFORMANCE (revenue and expenditure by municipal vote)

#### WC041 Kannaland - 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>Revenue by Vote</b>	1									
Vote 1 - Executive Council		76 855	120 083	154 253	6 455	8 317	8 317	7 121	3 183	3 303
Vote 2 - Corporate Services		-	-	-	21 183	12 124	12 124	18 929	8 115	8 617
Vote 3 - Financial Services		-	-	-	21 358	21 458	21 458	23 847	25 048	26 558
Vote 4 - Technical Services		-	-	-	90 027	97 272	97 272	102 341	122 147	185 158
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
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>76 855</b>	<b>120 083</b>	<b>154 253</b>	<b>139 022</b>	<b>139 171</b>	<b>139 171</b>	<b>152 239</b>	<b>158 494</b>	<b>223 636</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - Executive Council		79 435	109 411	146 118	15 699	18 161	18 161	20 127	21 353	22 655
Vote 2 - Corporate Services		-	-	-	28 240	18 779	18 779	29 463	23 601	25 081
Vote 3 - Financial Services		-	-	-	19 218	18 828	18 828	20 005	21 257	22 826
Vote 4 - Technical Services		-	-	-	50 999	52 727	52 727	55 757	57 876	61 216
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
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>79 435</b>	<b>109 411</b>	<b>146 118</b>	<b>114 156</b>	<b>108 495</b>	<b>108 495</b>	<b>125 352</b>	<b>124 087</b>	<b>131 778</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>(2 579)</b>	<b>10 672</b>	<b>8 135</b>	<b>24 866</b>	<b>30 676</b>	<b>30 676</b>	<b>26 887</b>	<b>34 407</b>	<b>91 858</b>

## 7.4 A4 BUDGETED FINANCIAL PERFORMANCE (revenue and expenditure)

WC041 Kannaland - 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>Revenue By Source</b>											
Property rates	2	7 793	8 790	11 604	11 763	11 763	11 763	11 763	14 032	14 874	15 766
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	19 852	33 437	34 708	31 710	32 710	32 710	32 710	35 512	37 643	39 901
Service charges - water revenue	2	4 086	4 199	10 088	10 456	10 456	10 456	10 456	10 783	11 430	12 116
Service charges - sanitation revenue	2	4 244	3 979	4 146	6 859	7 859	7 859	7 859	8 330	8 830	9 360
Service charges - refuse revenue	2	3 915	3 279	4 543	4 432	4 614	4 614	4 614	4 722	5 005	5 305
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		294	245	243	329	329	329	329	532	564	597
Interest earned - external investments		642	997	1 637	742	742	742	742	400	424	449
Interest earned - outstanding debtors		827	1 594	3 557	2 164	2 164	2 164	2 164	2 294	2 432	2 578
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		1 717	704	3 371	2 005	2 020	2 020	2 020	3 627	3 844	4 075
Licences and permits		163	313	411	194	194	194	194	556	603	655
Agency services		508	585	682	717	735	735	735	876	928	984
Transfers recognised - operational		20 988	25 425	40 762	37 405	30 166	30 166	30 166	35 899	28 056	28 756
Other revenue	2	361	2 376	10 606	5 319	5 364	5 364	5 364	6 012	2 076	2 200
Gains on disposal of PPE		-	-	49	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>65 389</b>	<b>85 922</b>	<b>126 408</b>	<b>114 096</b>	<b>109 115</b>	<b>109 115</b>	<b>109 115</b>	<b>123 574</b>	<b>116 708</b>	<b>122 743</b>
<b>Expenditure By Type</b>											
Employee related costs	2	24 394	32 995	43 876	40 142	40 152	40 152	40 152	46 702	49 691	52 871
Remuneration of councillors		2 848	2 801	2 739	2 621	2 621	2 621	2 621	2 891	3 065	3 249
Debt impairment	3	5 267	4 627	15 495	-	1 100	1 100	1 100	1 666	1 766	1 872
Depreciation & asset impairment	2	7 628	8 259	12 941	8 748	8 748	8 748	8 748	9 723	10 307	10 925
Finance charges		2 693	3 676	4 439	1 179	1 179	1 179	1 179	1 031	940	837
Bulk purchases	2	17 917	20 747	22 434	25 901	25 901	25 901	25 901	26 493	28 082	29 767
Other materials	8	-	2 311	96	3 372	3 347	3 347	3 347	3 349	3 550	3 764
Contracted services		660	20 250	16 502	-	-	-	-	-	-	-
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	17 845	13 641	27 595	32 193	25 446	25 446	25 446	33 497	26 686	28 493
Loss on disposal of PPE		184	104	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>79 435</b>	<b>109 411</b>	<b>146 118</b>	<b>114 156</b>	<b>108 495</b>	<b>108 495</b>	<b>108 495</b>	<b>125 352</b>	<b>124 087</b>	<b>131 778</b>
<b>Surplus/(Deficit)</b>											
Transfers recognised - capital		(14 046)	(23 489)	(19 709)	(61)	620	620	620	(1 778)	(7 379)	(9 035)
Contributions recognised - capital	6	11 467	34 160	27 845	24 927	30 056	30 056	30 056	28 665	41 786	100 894
Contributed assets		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(2 579)</b>	<b>10 672</b>	<b>8 135</b>	<b>24 866</b>	<b>30 676</b>	<b>30 676</b>	<b>30 676</b>	<b>26 887</b>	<b>34 407</b>	<b>91 858</b>
Taxation		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>(2 579)</b>	<b>10 672</b>	<b>8 135</b>	<b>24 866</b>	<b>30 676</b>	<b>30 676</b>	<b>30 676</b>	<b>26 887</b>	<b>34 407</b>	<b>91 858</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(2 579)</b>	<b>10 672</b>	<b>8 135</b>	<b>24 866</b>	<b>30 676</b>	<b>30 676</b>	<b>30 676</b>	<b>26 887</b>	<b>34 407</b>	<b>91 858</b>
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>		<b>(2 579)</b>	<b>10 672</b>	<b>8 135</b>	<b>24 866</b>	<b>30 676</b>	<b>30 676</b>	<b>30 676</b>	<b>26 887</b>	<b>34 407</b>	<b>91 858</b>

## 7.5 A5 BUDGETED CAPITAL EXPENDITURE by vote , standard classification and funding

WC041 Kannaland - 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>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Executive Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 3 - Financial Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
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>	7	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Executive Council		-	-	-	-	-	-	-	540	551	584
Vote 2 - Corporate Services		-	-	-	5 733	6 135	6 135	6 135	5 312	106	112
Vote 3 - Financial Services		-	-	-	525	456	456	456	30	32	34
Vote 4 - Technical Services		-	-	-	19 218	24 015	24 015	24 015	24 663	41 786	100 894
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
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>		-	-	-	25 477	30 606	30 606	30 606	30 545	42 475	101 624
<b>Total Capital Expenditure - Vote</b>		-	-	-	25 477	30 606	30 606	30 606	30 545	42 475	101 624
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		-	-	-	6 258	6 591	6 591	6 591	5 882	689	730
Executive and council		-	-	-	-	-	-	-	540	551	584
Budget and treasury office		-	-	-	525	456	456	456	30	32	34
Corporate services		-	-	-	5 733	6 135	6 135	6 135	5 312	106	112
<b>Community and public safety</b>		-	-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		-	-	-	101	2 595	2 595	2 595	3 244	9 786	10 099
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	101	2 595	2 595	2 595	3 244	9 786	10 099
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	-	-	19 118	21 420	21 420	21 420	21 419	32 000	90 795
Electricity		-	-	-	9 696	10 938	10 938	10 938	3 080	2 000	2 000
Water		-	-	-	6 422	5 995	5 995	5 995	15 309	20 000	34 875
Waste water management		-	-	-	3 000	4 487	4 487	4 487	3 000	10 000	53 920
Waste management		-	-	-	-	-	-	-	30	-	-
<b>Other</b>		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	3	-	-	-	25 477	30 606	30 606	30 606	30 545	42 475	101 624
<b>Funded by:</b>											
National Government		-	-	-	24 627	22 836	22 836	22 836	25 658	41 786	100 894
Provincial Government		-	-	-	300	1 686	1 686	1 686	-	-	-
District Municipality		-	-	-	-	2 535	2 535	2 535	-	-	-
Other transfers and grants		-	-	-	-	3 000	3 000	3 000	3 007	-	-
<b>Transfers recognised - capital</b>	4	-	-	-	24 927	30 056	30 056	30 056	28 665	41 786	100 894
<b>Public contributions &amp; donations</b>	5	-	-	-	-	-	-	-	-	-	-
<b>Borrowing</b>	6	-	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		-	-	-	550	550	550	550	1 880	689	730
<b>Total Capital Funding</b>	7	-	-	-	25 477	30 606	30 606	30 606	30 545	42 475	101 624

## 7.6 A6 Budgeted Financial Position

WC041 Kannaland - Table A6 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>ASSETS</b>											
<b>Current assets</b>											
Cash		1 465	9 410	1 430	-	-	-	-	1 430	-	-
Call investment deposits	1	-	-	-	-	-	-	-	-	-	-
Consumer debtors	1	3 811	16 718	-	33 014	33 014	33 014	33 014	13 056	13 056	13 056
Other debtors		2 059	6 215	22 775	-	-	-	-	9 719	9 719	9 719
Current portion of long-term receivables		4	-	-	-	-	-	-	-	-	-
Inventory	2	741	926	1 469	-	-	-	-	1 469	1 469	1 469
<b>Total current assets</b>		<b>8 080</b>	<b>33 269</b>	<b>25 674</b>	<b>33 014</b>	<b>33 014</b>	<b>33 014</b>	<b>33 014</b>	<b>25 674</b>	<b>24 244</b>	<b>24 244</b>
<b>Non current assets</b>											
Long-term receivables		10	-	-	-	-	-	-	-	-	-
Investments		3 124	4 044	4 586	4 044	4 044	4 044	4 044	5 315	-	-
Investment property		1 648	1 739	6 875	1 526	1 526	1 526	1 526	6 875	6 875	6 875
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	209 087	229 968	247 722	221 728	221 728	221 728	221 728	244 981	287 456	389 079
Agricultural		-	-	-	-	-	-	-	-	-	-
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		394	298	315	-	-	-	-	315	315	315
Other non-current assets		119	-	-	-	-	-	-	-	-	-
<b>Total non current assets</b>		<b>214 383</b>	<b>236 049</b>	<b>259 498</b>	<b>227 298</b>	<b>227 298</b>	<b>227 298</b>	<b>227 298</b>	<b>257 485</b>	<b>294 645</b>	<b>396 269</b>
<b>TOTAL ASSETS</b>		<b>222 463</b>	<b>269 318</b>	<b>285 172</b>	<b>260 312</b>	<b>260 312</b>	<b>260 312</b>	<b>260 312</b>	<b>283 160</b>	<b>318 890</b>	<b>420 514</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1	484	-	-	31 943	31 943	31 943	31 943	-	-	-
Borrowing	4	-	534	606	605	605	605	605	685	776	879
Consumer deposits		543	-	-	-	-	-	-	-	-	-
Trade and other payables	4	16 478	42 122	46 151	30 733	30 733	30 733	30 733	40 607	40 607	40 607
Provisions		5 027	7 578	8 548	-	-	-	-	-	-	-
<b>Total current liabilities</b>		<b>22 532</b>	<b>50 235</b>	<b>55 305</b>	<b>63 281</b>	<b>63 281</b>	<b>63 281</b>	<b>63 281</b>	<b>41 292</b>	<b>41 383</b>	<b>41 486</b>
<b>Non current liabilities</b>											
Borrowing		17 170	-	8 775	8 538	8 538	8 538	8 538	7 853	7 077	6 198
Provisions		7 780	19 270	13 143	7 600	7 600	7 600	7 600	24 492	24 492	24 492
<b>Total non current liabilities</b>		<b>24 950</b>	<b>19 270</b>	<b>21 918</b>	<b>16 138</b>	<b>16 138</b>	<b>16 138</b>	<b>16 138</b>	<b>32 345</b>	<b>31 569</b>	<b>30 690</b>
<b>TOTAL LIABILITIES</b>		<b>47 483</b>	<b>69 504</b>	<b>77 224</b>	<b>79 419</b>	<b>79 419</b>	<b>79 419</b>	<b>79 419</b>	<b>73 637</b>	<b>72 952</b>	<b>72 176</b>
<b>NET ASSETS</b>	5	<b>174 980</b>	<b>199 813</b>	<b>207 948</b>	<b>180 892</b>	<b>180 892</b>	<b>180 892</b>	<b>180 892</b>	<b>209 522</b>	<b>245 938</b>	<b>348 337</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		174 980	199 813	207 948	180 892	180 892	180 892	180 892	209 522	245 938	348 337
Reserves	4	-	-	-	-	-	-	-	-	-	-
Minorities' interests		-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>174 980</b>	<b>199 813</b>	<b>207 948</b>	<b>180 892</b>	<b>180 892</b>	<b>180 892</b>	<b>180 892</b>	<b>209 522</b>	<b>245 938</b>	<b>348 337</b>

## 7.7 A7 BUDGETED CASH FLOWS

WC041 Kannaland - 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
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates, penalties & collection charges		7 091	6 766	6 444	-	-	-	-	11 225	14 874	15 766
Service charges		24 802	32 288	43 993	39 886	39 886	39 886	39 886	46 326	49 105	52 051
Other revenue		2 078	2 554	4 844	-	-	-	-	12 222	12 956	13 733
Government - operating	1	28 663	64 660	64 588	37 705	37 705	37 705	37 705	35 899	38 053	40 336
Government - capital	1	-	-	-	24 627	24 627	24 627	24 627	28 665	41 786	100 894
Interest		1 469	2 619	5 316	2 041	2 041	2 041	2 041	2 235	2 369	2 512
Dividends		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees		(42 230)	(76 842)	(101 991)	(104 484)	(104 484)	(104 484)	(104 484)	(112 532)	(119 284)	(126 441)
Finance charges		(2 693)	(3 042)	(4 439)	(140)	(140)	(140)	(140)	(1 031)	(940)	(837)
Transfers and Grants	1	-	-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>19 180</b>	<b>29 003</b>	<b>18 754</b>	<b>(366)</b>	<b>(366)</b>	<b>(366)</b>	<b>(366)</b>	<b>23 010</b>	<b>38 919</b>	<b>98 014</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		-	-	6 291	4 000	4 000	4 000	4 000	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	3	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		(375)	(479)	(542)	-	-	-	-	-	-	-
<b>Payments</b>											
Capital assets		(20 142)	(20 823)	(32 901)	(25 477)	(25 477)	(25 477)	(25 477)	-	-	-
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(20 513)</b>	<b>(21 303)</b>	<b>(27 153)</b>	<b>(21 477)</b>	<b>(21 477)</b>	<b>(21 477)</b>	<b>(21 477)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	1 062	308	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		22	38	-	-	-	-	-	-	-	-
<b>Payments</b>											
Repayment of borrowing		(471)	-	111	(534)	(534)	(534)	(534)	(685)	(776)	(879)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(449)</b>	<b>1 100</b>	<b>419</b>	<b>(534)</b>	<b>(534)</b>	<b>(534)</b>	<b>(534)</b>	<b>(685)</b>	<b>(776)</b>	<b>(879)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(1 782)</b>	<b>8 800</b>	<b>(7 980)</b>	<b>(22 377)</b>	<b>(22 377)</b>	<b>(22 377)</b>	<b>(22 377)</b>	<b>22 325</b>	<b>38 143</b>	<b>97 135</b>
Cash/cash equivalents at the year begin:	2	3 247	606	9 410	15 024	15 024	15 024	15 024	(7 352)	14 972	53 115
Cash/cash equivalents at the year end:	2	1 465	9 406	1 430	(7 352)	(7 352)	(7 352)	(7 352)	14 972	53 115	150 250

## 7.8 A8 Cash Back and Reserves

WC041 Kannaland - Table A8 Cash backed reserves/accumulated surplus reconciliation

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>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	1 465	9 406	1 430	(7 352)	(7 352)	(7 352)	(7 352)	14 972	53 115	150 250
Other current investments > 90 days		(484)	4	-	(24 591)	(24 591)	(24 591)	(24 591)	(13 542)	(53 115)	(150 250)
Non current assets - Investments	1	3 124	4 044	4 586	4 044	4 044	4 044	4 044	5 315	-	-
<b>Cash and investments available:</b>		<b>4 105</b>	<b>13 454</b>	<b>6 016</b>	<b>(27 899)</b>	<b>(27 899)</b>	<b>(27 899)</b>	<b>(27 899)</b>	<b>6 745</b>	<b>-</b>	<b>-</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		5 172	9 652	5 545	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	6 741	16 434	25 611	13 395	13 896	13 896	13 896	22 399	20 747	20 750
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>11 913</b>	<b>26 085</b>	<b>31 155</b>	<b>13 395</b>	<b>13 896</b>	<b>13 896</b>	<b>13 896</b>	<b>22 399</b>	<b>20 747</b>	<b>20 750</b>
<b>Surplus(shortfall)</b>		<b>(7 808)</b>	<b>(12 632)</b>	<b>(25 139)</b>	<b>(41 294)</b>	<b>(41 795)</b>	<b>(41 795)</b>	<b>(41 795)</b>	<b>(15 654)</b>	<b>(20 747)</b>	<b>(20 750)</b>

WC041 Kannaland - Table A9 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
<b>R thousand</b>										
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	-	-	-	18 697	30 606	30 606	22 773	32 475	47 704
Infrastructure - Road transport		-	-	-	101	61	61	3 244	9 786	10 099
Infrastructure - Electricity		-	-	-	9 696	10 938	10 938	3 080	2 000	2 000
Infrastructure - Water		-	-	-	6 422	5 970	5 970	12 302	20 000	34 875
Infrastructure - Sanitation		-	-	-	-	3 000	3 000	-	-	-
Infrastructure - Other		-	-	-	-	-	-	2 267	-	-
Infrastructure		-	-	-	16 218	19 968	19 968	20 893	31 786	46 974
Community		-	-	-	1 629	8 365	8 365	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	850	2 273	2 273	1 880	689	730
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	2	-	-	-	6 779	-	-	7 772	10 000	53 920
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	740	-	-
Infrastructure - Sanitation		-	-	-	3 000	-	-	3 000	10 000	53 920
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	3 000	-	-	3 740	10 000	53 920
Community		-	-	-	3 779	-	-	4 032	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	101	61	61	3 244	9 786	10 099
Infrastructure - Electricity		-	-	-	9 696	10 938	10 938	3 080	2 000	2 000
Infrastructure - Water		-	-	-	6 422	5 970	5 970	13 042	20 000	34 875
Infrastructure - Sanitation		-	-	-	3 000	3 000	3 000	3 000	10 000	53 920
Infrastructure - Other		-	-	-	-	-	-	2 267	-	-
Infrastructure		-	-	-	19 218	19 968	19 968	24 633	41 786	100 894
Community		-	-	-	5 408	8 365	8 365	4 032	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	850	2 273	2 273	1 880	689	730
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	2	-	-	-	25 477	30 606	30 606	30 545	42 475	101 624
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>										
Infrastructure - Road transport	5	209 087	229 968	247 722	101	101	101	-	-	-
Infrastructure - Electricity		-	-	-	9 696	9 696	9 696	-	-	-
Infrastructure - Water		-	-	-	6 422	6 422	6 422	-	-	-
Infrastructure - Sanitation		-	-	-	3 000	3 000	3 000	-	-	-
Infrastructure - Other		-	-	-	196 251	196 251	196 251	244 981	287 456	389 079
Infrastructure		209 087	229 968	247 722	215 469	215 469	215 469	244 981	287 456	389 079
Community		-	-	-	5 708	5 708	5 708	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		1 648	1 739	6 875	1 526	1 526	1 526	6 875	6 875	6 875
Other assets		-	-	-	550	550	550	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		394	298	315	-	-	-	315	315	315
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	211 130	232 005	254 911	223 254	223 254	223 254	252 170	294 645	396 269
<b>EXPENDITURE OTHER ITEMS</b>										
<b>Depreciation &amp; asset impairment</b>		7 628	8 259	12 941	8 748	8 748	8 748	9 723	10 307	10 925
<b>Repairs and Maintenance by Asset Class</b>	3	-	2 311	96	3 372	3 347	3 347	3 349	3 550	3 764
Infrastructure - Road transport		-	-	-	331	331	331	351	372	395
Infrastructure - Electricity		-	-	-	283	277	277	300	318	337
Infrastructure - Water		-	-	-	580	580	580	615	652	691
Infrastructure - Sanitation		-	-	-	270	270	270	270	286	303
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	1 464	1 458	1 458	1 536	1 628	1 726
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	-	2 311	96	1 907	1 889	1 889	1 813	1 922	2 038
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		7 628	10 570	13 037	12 120	12 096	12 096	13 072	13 857	14 689
<b>Renewal of Existing Assets as % of total capex</b>		0.0%	0.0%	0.0%	26.6%	0.0%	0.0%	25.4%	23.5%	53.1%
<b>Renewal of Existing Assets as % of deprecn"</b>		0.0%	0.0%	0.0%	77.5%	0.0%	0.0%	79.9%	97.0%	493.5%
<b>R&amp;M as a % of PPE</b>		0.0%	1.0%	0.0%	1.5%	1.5%	1.5%	1.4%	1.2%	1.0%
<b>Renewal and R&amp;M as a % of PPE</b>		0.0%	1.0%	0.0%	5.0%	1.0%	1.0%	4.0%	5.0%	15.0%



## 8. SUPPORTING DOCUMENTATION

### 8.1 Budget process overview

#### POLITICAL OVERSIGHT OF THE BUDGET PROCESS

Section 53 (1) (a) of the MFMA (no 56 of 2003) stipulates that the Mayor of a municipality must provide general political guidance over the budget process and the priorities that must guide the preparation of a budget.

Political oversight of the budget process is necessary to ensure that the needs and priorities of the community, as set out in the IDP, are properly linked to the municipality's spending plans. The mayoral committee is one of the key elements in accomplishing the linkage between the IDP and the Budget of a municipality.

#### SCHEDULE OF KEY DEADLINES RELATING TO THE BUDGET PROCESS

The mayor must, according to the MFMA, co-ordinate the processes for preparing the annual budget and for reviewing the municipality's IDP and budget-related policies.

#### PURPOSE OF THE BUDGET AND IDP PROCESS PLAN

The purpose of the process plan is to indicate the various planned activities and strategies on which the municipality will embark to compose its Integrated Development Plan for the five year cycle (2012/2013-2016/2017) and the budget for the 2015/2016 financial year and the two outer years. The process plan enhances integration and alignment between the IDP and the Budget, thereby ensuring the development of an IDP-based budget. It fulfils the role of an operational framework for the IDP and Budget process outlining the manner in which this process was undertaken. In addition, it identifies the activities in the processes around the key statutory annual operational processes of the budget and IDP compilation, performance management implementation and the adoption of the municipality's annual report.

### 8.2 Alignment between Budget and IDP Revenue (*Capital & Operating*)

STRATEGIC OBJECTIVE (KPA)		2015/16	2016/17	2017/18
		R	R	R
1	<b>KPA 1:</b> To Provide access to reliable infrastructure that will contribute to a higher quality of life for Kannaland citizens	102 341 256	122 147 390	185 157 690
2	<b>KPA 2:</b> To Provide adequate Services and improve our Public relations	463 610	512 750	542 800
3	<b>KPA 3:</b> To strive towards a safe community in Kannaland through the proactive management of traffic, environmental health, fire and disaster risks	5 043 070	5 359 680	5 696 700
4	<b>KPA 4:</b> To Facilitate Economic Growth and Social and Community development	13 426 876	2 247 980	2 383 110
5	<b>KPA 5:</b> To Promote efficient and effective Governance with high levels of stakeholder participation	7 121 410	3 183 420	3 303 180
6	<b>KPA 6:</b> To Provide an efficient workforce by aligning our institutional arrangements to our overall strategy	380	410	450
7	<b>KPA 7:</b> To Strive towards a financially sustainable municipality	23 842 400	25 042 590	26 552 080
		<b>152 239 002</b>	<b>158 494 220</b>	<b>223 636 010</b>

## Operating Expenditure

STRATEGIC OBJECTIVE (KPA)		2015/16	2016/17	2017/18
		R	R	R
1	<b>KPA 1:</b> To Provide access to reliable infrastructure that will contribute to a higher quality of life for Kannaland citizens	55 756 690	57 875 950	61 216 000
2	<b>KPA 2:</b> To Provide adequate Services and improve our Public relations	1 539 310	1 654 420	1 754 460
3	<b>KPA 3:</b> To strive towards a safe community in Kannaland through the proactive management of traffic, environmental health, fire and disaster risks	2 777 150	2 952 080	3 138 040
4	<b>KPA 4:</b> To Facilitate Economic Growth and Social and Community development	11 763 670	4 761 340	5 051 180
5	<b>KPA 5:</b> To Promote efficient and effective Governance with high levels of stakeholder participation	20 127 240	21 353 400	22 654 940
6	<b>KPA 6:</b> To Provide an efficient workforce by aligning our institutional arrangements to our overall strategy	13 383 870	14 233 730	15 137 540
7	<b>KPA 7:</b> To Strive towards a financially sustainable municipality	20 004 530	21 256 360	22 825 520
		<b>125 352 460</b>	<b>124 087 280</b>	<b>131 777 680</b>

## Capital Expenditure

STRATEGIC OBJECTIVE (KPA)		2015/16	2016/17	2017/18
		R	R	R
1	<b>KPA 1:</b> To Provide access to reliable infrastructure that will contribute to a higher quality of life for Kannaland citizens	24 663 134	41 785 950	100 893 500
2	<b>KPA 2:</b> To Provide adequate Services and improve our Public relations			
3	<b>KPA 3:</b> To strive towards a safe community in Kannaland through the proactive management of traffic, environmental health, fire and disaster risks			
4	<b>KPA 4:</b> To Facilitate Economic Growth and Social and Community development	4 031 766		
5	<b>KPA 5:</b> To Promote efficient and effective Governance with high levels of stakeholder participation			
6	<b>KPA 6:</b> To Provide an efficient workforce by aligning our institutional arrangements to our overall strategy	-		
7	<b>KPA 7:</b> To Strive towards a financially sustainable municipality	1 850 000	689 000	730 350
		<b>30 544 900</b>	<b>42 474 950</b>	<b>101 623 850</b>

### 8.3 Budget related Policies overview and amendments

The following budget related policies have been approved by Council, or have been reviewed / amended and / or are currently being reviewed / amended, in line with National Guidelines and Legislation.

- Tariff Policy
- Asset Management Policy
- Credit Control and Debt Collection Policy
- Bank, Cash Management and Investment Policy
- Rates Policy
- Supply Chain Management Policy

- Budget Policy
- Virement Policy
- Bad Debt Write off Policy
- Funding and Reserves Policy
- Indigent Policy
- Fleet Management Policy

## 8.4 Overview of Budget Assumptions

### ➤ Expenditure

#### ✓ **General Expenditure**

*Legal fees* – It should be noted that only R 1 022 420 are budgeted for Legal fees and expenditure relating to this cost should be minimized.

*Audit fee* – R2 120 000 have been included

*Tourism & Community Events* – Provision of R 1 704 000 have been made available, which include contributions the two Tourism Boards , Eden FM and internal & external festivals .

*Subsistence & Travel expenses* – An Amount of R 582 690 have been budgeted for.

#### ✓ **Salaries**

A salary increase of 5.8 % have been provided for but might have to be adjusted after Salary negotiations have been finalised. This will be implemented from 01 July 2015 and it is budgeted accordingly.

The following is included in Employee Cost:

- Overtime ,
- Standby,
- Bonuses,
- Car Allowances,
- Acting Allowances

#### ✓ **Repairs and Maintenance**

Repairs and Maintenance should be 10% of operating expenditure, but Kannaland is currently at 2.76%.

•Repairs and maintenance regarding water services increased from R 902 060 for the 2014/15 Adjustment budget to R 946 190 in the 2015/16 budget year.

•Repairs and maintenance regarding electricity services decreased from R 367 640 in the 2014/154 budget year to R 337 190 in the 2015/16 budget year.

- Repairs and maintenance regarding refuse services decreased from R 331 500 to R 321 410 in the 2015/16 budget year.
- Repairs and maintenance regarding sanitation services decreased from R 544 060 in the 2014/15 budget year to R 534 060 in the 2015/16 budget year.

✓ **Bulk Purchases**

Bulk purchases increased from R 25 900 870 for the 2014/15 budget year to R 26 492 730 for the 2015/16 budget year. This increase relates to the increases of the Eskom electricity tariffs that will be implemented from the 1st of July 2014.

An Adjustment also had to be made to the loss of income from Ladismith Chees (fire).

➤ **Revenue**

✓ **Grants**

It is assumed that the National and Provincial grants as per Division of Revenue Act (DORA) and Government Gazette 7235 which has been included in the budget will be received during the 2015/16 financial year. Grant Income for 2015/16 amounts to R64 564 000.

✓ **Fines**

Income from fines are expected to increase during the 2015/16 financial year and therefor an amount of R 3 500 000 has been budgeted for.

✓ **Other Income**

An amount of R 4 000 000 has been identified for the sale of properties.

## 8.5 Overview of Budget Funding

### Summary

The operating budget for 2015/16 will be financed as follows:

- |   |              |
|---|--------------|
| • Charged for electricity, water, refuse and sewage | R 59 347 000 |
| • Property Rates                                    | R 14 031 760 |
| • Provincial and National Grants                    | R 64 564 000 |
| • Sundry charges / Other                            | R 14 296 240 |

The capital budget for 2014/15 will be financed as follows:

- |             |              |
|-------------|--------------|
| • Own Funds | R 1 880 000  |
| • Grant     | R 28 664 000 |

<b>Funded by:</b>	<b>Budget Year 2014/15</b>	<b>Budget Year +1 2015/16</b>	<b>Budget Year +2 2016/17</b>
National Government	28 664 900	41 785 950	100 893 500
Provincial Government	-	-	-
District Municipality	-	-	-
Other transfers and grants	-	-	-
<b>Transfers recognised - capital</b>	<b>28 664 900</b>	<b>41 785 950</b>	<b>100 893 500</b>
<b>Public contributions &amp; donations</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Borrowing</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>	<b>1 880 000</b>	<b>689 000</b>	<b>730 350</b>
<b>Total Capital Funding</b>	<b>30 544 900</b>	<b>42 474 950</b>	<b>101 623 850</b>

## 8.6 Expenditure on allocations and grant programmes

<b>Division of Revenue 2015/16 - 2017/18</b>				<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>
<b>National Grants</b>				<b>52 158 000</b>	<b>67 602 000</b>	<b>127 276 000</b>
	Equitable share		O	22 391 000	22 534 000	22 673 000
	RBIG					
	RBIG	Kannaland Dam Reallocation	C	10 000 000	20 000 000	34 875 000
	RBIG	LDS & CAL WWTW	C	3 000 000	10 000 000	53 920 000
	MIG - Capital	Municipal Ingrastructure Grant	C	9 577 900	9 785 950	10 098 500
	MIG - PMU	Municipal Ingrastructure Grant	O	504 100	515 050	531 500
	FMG	Financial Management Grant	O	1 675 000	1 810 000	2 145 000
	MSIG	Municipal Systems Improvement Grant	O	930 000	957 000	1 033 000
	EPWP	Expanded public Works Programme	O	1 000 000	-	-
	Energy Efficiency & Demand Side Mangament		c			
	Intergrated Nat Electrification programme (Municipal)		c	3 000 000	2 000 000	2 000 000
	Intergrated Nat Electrification programme(Eskom)		C	80 000		
<b>Provincial Grants</b>				<b>9 399 000</b>	<b>2 240 000</b>	<b>2 373 000</b>
	Library	Replacement Fund	O	1 493 000	1 583 000	1 678 000
	Library		c			
	Library	Conditional Grant	O	280 000	297 000	315 000
	Housing		O	7 275 000		
	Proclaimed Roads		O	31 000		
	Western Cape Financial Mngt Support Grant		O			
	Human Settlement Development Grant					
	Municipal Infrastructure Support Grant					
	Thusong Centre - Operational Support Grant		O	212 000	246 000	260 000
	CDW's		O	108 000	114 000	120 000
	Post Disaster Reconstruction & Rehabilitation fund Eden Distric					
<b>Other</b>				<b>3 007 000</b>	<b>-</b>	<b>-</b>
	ACIP - Ladysmith Reservoir Repairs		C	2 267 000		
	ACIP - Van Wyksdorp Reservoir Repairs		C	740 000		
<b>Total</b>				<b>64 564 000</b>	<b>69 842 000</b>	<b>129 649 000</b>

The above allocations and grants have been included in the operating and capital budgets

### 8.7 Transfers and grants made by the municipality

None

### 8.8 Councillor allowances and Employee benefits

<b>COUNCILLORS REMUNERATION 2015/16</b>							
<b>Determination of Municipality's Grade</b>							
Population	26 000	8.33					
Income	R76 million	25					
Total points		33.33					
Grade		2					
<b>Remuneration Councillors- Kannaland 2015/16</b>							
				<b>2015/16</b>	<b>total</b>		
<b>Councillor</b>	<b>Salary</b>	<b>Car Allowance</b>	<b>Total</b>	<b>Telephone</b>	<b>Data Card</b>		
Mayor	713 128.78	-	713 128.78	22 120.08	3 816.00	739 064.86	
Deputy Mayor	570 502.60	-	570 502.60	22 120.08	3 816.00	596 438.68	
Speaker	570 502.60	-	570 502.60	22 120.08	3 816.00	596 438.68	
	-		-			-	
4 Councillors	855 754.96	-	855 754.96	88 480.32	15 264.00	959 499.28	
<b>Total</b>	<b>2 709 888.94</b>	<b>-</b>	<b>2 709 888.94</b>	<b>-</b>	<b>154 840.56</b>	<b>26 712.00</b>	<b>2 891 441.50</b>
Gazette nr: <b>10400</b> dated 25 March 2015							

### 8.9 Monthly targets for revenue, expenditure and cash flow

The monthly targets for revenue, expenditure and cash flows is provided in SA 25 of the Supporting Tables

### 8.10 Contracts having future budgetary implications

- Not Applicable

### 8.11 Annual budgets and service delivery agreements

- None

- **Other external mechanisms**

- None

## 8.12 Annual budgets and service delivery and budget implementation plans

In terms of Section 53(1)(c)(ii) of the Municipal Finance Management Act (MFMA), the mayor must take all reasonable steps to ensure that the municipality's service delivery and budget implementation plan (SDBIP) is approved by the Mayor within 28 days after the approval of the budget.

The Mayor must also ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators for each quarter, as set out in the SDBIP, are made public no later than 14 days after the approval of the SDBIP. Kannaland Municipality's SDBIP for the 2014/15 financial year will therefore be approved by the Mayor 28 days after the approval of the 2014/15 Annual Budget.

## 8.13 Measurable performance objectives

### (a) KEY FINANCIAL INDICATORS AND RATIOS

Information regarding key financial indicators and ratios are provided on Supporting Table SA 8.

### (b) MEASURABLE PERFORMANCE OBJECTIVES

Information regarding revenue is provided as follows:

- Revenue for each vote - SA 26
- Revenue for each source - SA 25

Provision of Basic Services:

#### (i) Rand value for each of the free basic services:

- Refuse R 3 146 730
- Water R 1 842 850
- Sewerage R 1 260 580
- Electricity R 1 139 020

#### (ii) Level of service to be provided

Indigents will receive 50 kWh of electricity and 6 kilolitre of water per month while their basic charges for water, refuse and sewerage will be subsidized.

## 8.14 Legislation compliance status

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

### • **Budget and Treasury Office:**

This office has been established in accordance with the MFMA.

### • **Budgeting:**

The annual budget is prepared in accordance with the MFMA and National Treasury regulations and requirements.

• **Financial reporting:**

Compliance with regards to monthly, quarterly and annual reporting to the Executive Mayor, Mayoral Committee, Council, Provincial Government and National Treasury.

• **Annual Financial Statements:**

The financial statements are prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance.

• **Annual report:**

The annual report is prepared in accordance with the MFMA and National Treasury requirements.

## 8.15 Other Supporting documentation

(Budget Schedule SA1 till SA37)

### 1. AANBEVELING

1. Dat die Meerjarige Bedryfsbegroting vir 2015/16 – 2017/18 oorweeg word vir goedkeuring in terme van artikel 24 van die MFMA.
2. Dat die Meerjarige Kapitaalbegroting vir 2015/16 – 2017/18 oorweeg word vir goedkeuring in terme van artikel 24 van die MFMA.
3. Dat die tariefverhogings vir die 2015/16 finansiële jaar soos volg oorweeg sal word vir goedkeuring:
  - a) Elektrisiteit - Gemiddelde verhoging (11.49) % (huishoudings)  
Gemiddelde verhoging (12.49) % (Besighede)
  - b) Eiendomsbelasting - Gemiddelde verhoging van 6%
  - c) Water - Gemiddelde Verhoging 6%
  - d) Sanitasie - Gemiddelde Verhoging 6%
  - e) Vullisverwydering - Gemiddelde verhoging 7%
  - f) Alle ander tariewe - 7%
4. Dat die Munisipaliteit se Begrotings, Dienslewings- en Ontwikkelingsplan voorgelê word aan die Burgermeesterskomitee binne die tydraamwerk soos uiteengesit in die Wet op Plaaslike Regering: Munisipale Finansiële Bestuur ( Artikel 53(1)(c)(ii).
5. Dat die Raad kennis neem van die inhoud van die MFMA omsendskrywes nommer 70-75.