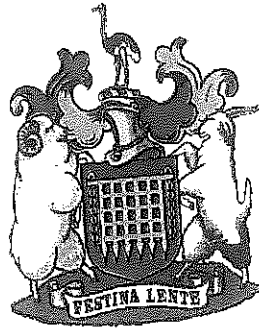


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**MEDIUM TERM REVENUE AND  
EXPENDITURE FRAMEWORK FOR THE  
FINANCIAL PERIOD  
2015/16 - 2017/18**

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**BEAUFORT WEST MUNICIPALITY**

*Copies of this document can be viewed at the offices of the Municipality, all the public libraries in the municipality and the municipal website.*

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### **Annexure A**

Detailed Capital Budget over the 2015/16 Medium Term Revenue Expenditure Framework (MTREF)

### **Annexure B**

Annual Budget Item: For Noting

### **Annexure C**

Municipal Budget Circular No. 75 for the 2015/16 MTREF

## PART 1:

### 1.1 Mayor's Report

Honourable Speaker and Council, as required by section 3 of Schedule A of the Municipal Budget Regulations, I hereby wish to report in summary as follows on the annual budget of the municipality.

An overview of the 2015/16 – 2017/18 MTREF as follows:

Description	Budget Year 2015/16	Budget Year 2016/17	Budget Year 2017/18
	R'000	R'000	R'000
R thousands			
Total Operating Revenue	257 177	250 454	286 998
Total Operating Expenditure	268 715	261 892	298 124
Surplus/(Deficit)	(11 538)	(11 437)	(11 126)
Transfers recognised - capital	16 643	13 720	14 579
Surplus/(Deficit) for the year	5 105	2 283	3 453

The medium-term service delivery objectives and the associated medium-term financial implications, as well as the linkages between the draft annual budget and the Integrated Development Plan, is contained in budget schedules SA4, 5 and 6.

The fact that we are dependent on grant funds for capital projects is a limitation on our ability to structurally grow and develop our local economy. The proposed capital programme is thus mainly based on the Municipal Infrastructure Grant to the amount of R 13,347 million and the main capital projects are listed below:

- Kwa-Mandlenkosi Sport Stadium Upgrade - R 899 612
- Merweville Sports Fields Upgrade - R 1 500 000
- Nelspoort WWTW: Rehabilitate Sanitation - R 2 198 495
- Area S 8 – Sewerage Pump Station & Rising Main - R 4 239 513
- Nelspoort WWTW – Second Phase - R 1 850 000

- Dliso Avenue & Matshaka Street Upgrade - R 353 724
- New refuse transfer station - R 469 067
- Auto re-closer 11kv Smallholdings - R 300 000
- 11 kv Line Smallholdings - R 500 000
- Accelerated Community Water Supply - R 3 266 000
- New pre-paid water meters – S 8 Housing - R 700 000
- Murraysburg, Setlaars, Paarden & Perl Roads Upgrade - R 1 836 589

Honourable Speaker and Council, our financial position remains vulnerable and risky and therefore we need to persist with the implementation of the Financial Turnaround Plan as approved by Council in January 2015. We all need to demonstrate financial discipline in order for us to improve our financial position, so we are able to grow our cash reserves and consequently maintain and expand our current infrastructure network.

## 1.2 Resolutions

### **1.2.1 Consideration of the Annual Tabled Budget by Council**

- a) In terms of Section 16 of the MFMA, Council must, at least 90 days before the start of the financial year, consider the annual budget for approval. The annual budget had been prepared and it is accordingly tabled in Council for consideration.
- b) **It is recommended that Council consider;**
- the tabled medium term revenue and expenditure framework for 2015/16 – 2017/18;
  - The following tariff increases are proposed for the 2015/16 financial year:
    - Property rates - 7% ( zero increase to farm properties)
    - Water - 7%
    - Sanitation - 7%
    - Refuse removal - 7%
    - Electricity - 12.20%
    - Sundry Tariffs - 5%

### **1.2.2 Publication of the Annual Tabled Budget for Public Consultation**

- a) **It is also recommended** that Council approve the publication of the tabled budget within ten working days after tabling in Council as required by Budget Regulation 13(1).

### **1.2.3 Submission to Provincial and National Treasury**

- a) **It is also recommended** that Council approve the submission of the tabled budget within ten working days after tabling in Council to the Provincial Treasury and the National Treasury.

## 1.3 Executive Summary

---

The Beaufort West Municipality has no municipal entities and do not utilise any external mechanisms for service delivery. The rising costs of operating expenses has a negative impact on the draft annual budget and consequently leads to higher tariffs to be charged for municipal services.

Tariffs for the 2015/16 financial year will increase by an average of 7% which is higher than inflation but is mainly driven by the steep increase of 12.20% in electricity as prescribed by the attached Municipal Budget Circular No.75 (Annexure C) issued by National Treasury

The past three years had been very difficult for the municipality as we utilised an overdraft to finance our operations, although unspent conditional grant funds are strictly kept in investments. We experienced significant cash flow constraints which restricted the smooth functioning of our operations.

The monthly financial reports indicate an improvement in the financial position of the municipality over the last six months but the consolidated financial position of the municipality remains vulnerable. It is our medium term revenue and expenditure strategy to improve our liquidity position, eliminate the use of an overdraft and become financially stable again. We are however currently only able to continue with doing only the basics which include maintaining our infrastructure and other assets and provide the required minimum basic services to our communities.

The draft annual budget of the municipality is linked with the Integrated Development Plan and this alignment is illustrated in budget schedules SA 4, 5 and 6. It should further be noted that whilst it is legislatively required to annually review the Integrated Development Plan, no significant amendments were made to the current document.

The Beaufort West Municipality are in alignment with the achievement of national, provincial and district priorities by providing more than the minimum Free Basic Services to the poor and being the implementing agent of various Housing and Electrification projects in the Central Karoo District. We however need more funds to assist with the eradication of possible

backlogs in sanitation facilities on farms, which is private property. We also support the inter-governmental relations platforms and we work well with government departments and agencies to implement the priorities of government.

The Beaufort West municipality does not have any formal backlogs in basic services although the Census results indicated such which is mainly on farms where the municipality has no jurisdiction. The current economic pressures however has led to more unemployment in local areas which had the consequence of an increase in the number of indigent applications. This consequently leads to more pressure on the Equitable Share Grant received from the national government which is a further loss in income and a threat for future sustainability.

The only key amendments that were made to the budget-related policies was in relation to the revenue recognition of traffic fines which detail is captured later in this document.

An overview of the annual budget is provided below;

### **Total Operating Revenue**

Revenue is projected to decrease by 7% from R 294 422 million in 2014/15 to R 273 820 million in 2015/16. The major revenue items are as follows:

Major revenue items	Current Year 2014/15	Budget Year 2015/16	% of total revenue	% incr / (decr)
Property rates	24 984	26 807	9.8%	7.3%
Service charges	96 566	103 838	37.9%	7.5%
Investment revenue	1 060	1 240	0.5%	17.0%
Transfers recognised - operational	85 355	98 681	36.0%	15.6%
Other own revenue	47 202	26 611	9.7%	-43.6%
Transfers recognised - capital	39 256	16 643	6.1%	-57.6%
<b>Total revenue</b>	<b>294 422</b>	<b>273 820</b>	<b>100.0%</b>	

Revenue from service charges represents the bulk of the revenue at 37.9% followed by operational grants of 36%, property rates 9.8%, transfers recognised capital 6.1%, other own revenue 9.7% and investment revenue of 0.5%.

## Total Operating Expenditure

The operational expenditure has increased by 2% from R 264 481 million in 2015/16 to R 268 715 million in 2015/16. The major expenditure items are as follows:

Major expenditure items	Current Year 2014/15	Budget Year 2015/16	% of total revenue	% incr / (decr)
Employee costs	72 300	81 529	30.3%	12.8%
Remuneration of councillors	4 449	4 776	1.8%	7.3%
Depreciation & asset impairment	15 081	16 064	6.0%	6.5%
Finance charges	2 116	1 539	0.6%	-27.3%
Materials and bulk purchases	73 031	85 609	31.9%	17.2%
Transfers and grants	60	60	0.0%	0.0%
Other expenditure	97 445	79 138	29.5%	-18.8%
<b>Total expenditure</b>	<b>264 481</b>	<b>268 715</b>	<b>100.0%</b>	

Employee costs and materials & bulk purchases represents the bulk of the expenditure at 30.3% and 31.9% respectively. Other expenditure comprises among others general expenses such as telephone, audit costs, security services, debt impairment, as well as expenditure on low cost housing (top structures) and electrification of Central Karoo.

## Total Capital Expenditure

A capital budget amounting to R 20 024 million is proposed for 2015/16 (R 15 648 million and R 15 615 million for the outer years). The capital budget will be funded as follows:

Funded by:	Budget Year 2015/16	Budget Year 2016/17	Budget Year 2017/18
National Government	16 613	13 720	14 579
Provincial Government	30	-	-
Internally generated funds	3 381	1 928	1 036
<b>Total Capital Funding</b>	<b>20 024</b>	<b>15 648</b>	<b>15 615</b>

Refer to attached Annexure A Detailed Capital budget over the 2015/16 Medium Term Revenue Expenditure Framework (MTREF)



## 1.4 Annual Budget Tables

In accordance with the Budget and Reporting Regulations the following compulsory schedules are attached reflecting the composition and detail of the above mentioned amounts.

- Budget Summary Table A1
- Budgeted Financial Performance Table A2
- Budgeted Financial Performance Table A3
- Budgeted Financial Performance Table A4
- Budgeted Capital Expenditure by vote, standard classification Table A5
- Budgeted Financial Position Table A6
- Budgeted Cash flows Table A7
- Cash backed reserves/accumulated surplus reconciliation A8
- Asset Management Table A9
- Basic Service Delivery Measurement Table A10

The required main budget schedules (Table A1 – A10) as listed above are being provided below;

# 1.4.1 Budget Summary Table A1

WC053 Beaufort West - Table A1 Budget Summary										
Description	2011/12			Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	2013/14 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>Financial Performance</b>										
Property rates	19 832	22 253	23 192	24 984	24 984	24 984	-	26 807	28 929	30 956
Service charges	71 821	78 302	85 099	97 492	98 568	98 568	-	103 638	115 356	125 813
Investment revenue	1 227	979	1 012	1 060	1 060	1 060	-	1 240	1 390	1 460
Transfers recognised - operational	48 563	63 941	77 919	83 798	85 355	85 355	-	88 661	78 362	98 448
Other own revenue	20 677	23 051	50 193	24 793	47 202	47 202	-	26 611	26 457	27 322
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>161 920</b>	<b>190 626</b>	<b>237 415</b>	<b>232 125</b>	<b>255 166</b>	<b>255 166</b>	<b>-</b>	<b>257 177</b>	<b>250 454</b>	<b>286 998</b>
Employee costs	54 113	62 335	67 914	74 255	72 300	72 300	-	81 629	86 397	91 315
Remuneration of councillors	3 715	3 698	3 894	4 449	4 449	4 449	-	4 775	5 110	5 488
Depreciation & asset impairment	13 671	13 328	25 024	15 081	15 081	15 081	-	16 064	16 616	16 999
Finance charges	4 206	4 132	4 087	1 940	2 118	2 118	-	1 539	1 335	1 163
Materials and bulk purchases	51 139	54 433	63 798	74 897	73 031	73 031	-	85 608	80 464	104 249
Transfers and grants	35	40	60	60	60	60	-	60	70	80
Other expenditure	44 408	59 563	69 457	74 923	97 445	97 445	-	78 138	61 897	79 156
<b>Total Expenditure</b>	<b>171 287</b>	<b>197 767</b>	<b>254 234</b>	<b>245 644</b>	<b>264 481</b>	<b>264 481</b>	<b>-</b>	<b>268 716</b>	<b>281 892</b>	<b>298 124</b>
Surplus/(Deficit)	(9 367)	(7 240)	(16 819)	(13 519)	(9 315)	(9 315)	-	(11 539)	(11 437)	(11 126)
Transfers recognised - capital	31 865	51 170	21 348	22 868	39 256	39 256	-	16 643	13 720	14 579
Contributions recognised - capital & contributed assets	44 976	61	363	170	-	-	-	5 105	2 283	3 453
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>67 474</b>	<b>43 991</b>	<b>4 893</b>	<b>9 519</b>	<b>29 941</b>	<b>29 941</b>	<b>-</b>	<b>5 105</b>	<b>2 283</b>	<b>3 453</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>67 474</b>	<b>43 991</b>	<b>4 893</b>	<b>9 519</b>	<b>29 941</b>	<b>29 941</b>	<b>-</b>	<b>5 105</b>	<b>2 283</b>	<b>3 453</b>
<b>Capital expenditure &amp; funds sources</b>										
Capital expenditure	37 014	54 204	30 651	29 286	43 899	43 899	-	20 024	15 648	15 615
Transfers recognised - capital	31 655	51 170	21 348	22 868	39 256	39 256	-	16 643	13 720	14 579
Public contributions & donations	324	61	363	170	170	170	-	-	-	-
Borrowing	2 498	2 359	4 082	2 460	2 460	2 460	-	3 391	1 938	1 038
Internally generated funds	2 328	615	4 846	3 788	2 014	2 014	-	20 024	15 648	15 615
<b>Total sources of capital funds</b>	<b>37 014</b>	<b>54 204</b>	<b>30 651</b>	<b>29 286</b>	<b>43 899</b>	<b>43 899</b>	<b>-</b>	<b>20 024</b>	<b>15 648</b>	<b>15 615</b>
<b>Financial position</b>										
Total current assets	63 981	48 628	49 429	43 252	43 782	43 782	-	44 680	45 775	49 101
Total non current assets	337 561	381 262	388 898	408 592	417 716	417 716	-	420 409	419 488	412 112
Total current liabilities	52 245	46 344	46 034	41 104	35 610	35 610	-	37 342	40 180	35 687
Total non current liabilities	44 483	42 335	46 161	47 055	49 795	49 795	-	46 543	41 589	38 659
Community wealth/Equity	294 834	341 240	346 152	364 685	376 074	376 074	-	381 179	383 492	386 945
<b>Cash flows</b>										
Net cash from (used) operating	35 329	63 295	25 616	30 285	35 492	35 492	-	22 347	20 280	21 619
Net cash from (used) investing	(36 647)	(54 317)	(32 343)	(28 815)	(43 428)	(43 428)	-	(20 024)	(15 648)	(15 615)
Net cash from (used) financing	(869)	(1 423)	997	(591)	(391)	(391)	-	(1 978)	(2 012)	(1 375)
<b>Cash/cash equivalents at the year end</b>	<b>10 543</b>	<b>18 098</b>	<b>11 937</b>	<b>5 735</b>	<b>3 610</b>	<b>3 610</b>	<b>-</b>	<b>3 954</b>	<b>6 574</b>	<b>11 202</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	10 543	18 098	11 937	5 735	3 610	3 610	-	3 954	6 574	11 202
Application of cash and investments	14 178	18 239	16 088	2 432	(2 459)	(2 459)	10 166	(4 715)	7 50	(2 741)
<b>Balance - surplus (shortfall)</b>	<b>(3 635)</b>	<b>(142)</b>	<b>(4 151)</b>	<b>3 302</b>	<b>6 069</b>	<b>6 069</b>	<b>(10 166)</b>	<b>8 689</b>	<b>5 824</b>	<b>13 943</b>
<b>Asset management</b>										
Asset register summary (WCV)	334 863	377 926	383 557	407 262	414 039	414 039	414 878	414 978	413 968	408 462
Depreciation & asset impairment	13 671	13 328	25 024	15 081	15 081	15 081	16 064	16 064	16 616	16 693
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	13 178	11 271	17 408	21 053	21 507	21 507	28 353	28 355	24 576	27 870
<b>Free services</b>										
Cost of Free Basic Services provided	7 575	9 382	9 290	9 255	9 255	13 344	14 431	14 431	15 614	16 900
Revenue cost of free services provided	14 184	14 566	16 888	17 378	17 378	17 378	23 253	23 263	25 175	27 130
<b>Households below minimum service level</b>										
Water:	0	0	0	0	0	0	0	0	0	0
Sanitation/seworage:	-	1	1	-	-	-	1	1	1	1
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

# 1.4.2 Budgeted Financial Performance Table A2

WC053 Beaufort West - 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
R thousand	1									
<b>Revenue - Standard</b>										
<i>Governance and administration</i>		101 356	66 051	56 140	72 468	60 374	60 374	64 754	67 707	71 328
Executive and council		77 191	38 949	24 112	38 469	25 879	25 879	29 448	30 608	31 497
Budget and treasury office		23 812	26 605	31 717	33 514	33 150	33 150	34 972	36 746	39 461
Corporate services		352	497	311	485	1 345	1 345	335	351	369
<i>Community and public safety</i>		20 841	32 508	75 086	30 912	66 668	66 668	48 263	28 328	43 730
Community and social services		2 453	4 053	4 161	6 087	6 433	6 433	6 332	5 779	6 147
Sport and recreation		536	514	1 266	3 226	2 972	2 972	3 547	221	1 232
Public safety		13 106	12 646	40 800	16 220	40 065	40 065	16 183	16 199	16 216
Housing		4 746	15 294	28 859	5 360	17 198	17 198	22 203	6 129	20 135
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		19 258	28 731	8 703	8 967	13 058	13 058	5 072	4 238	6 861
Planning and development		591	297	386	452	1 087	1 087	402	407	112
Road transport		18 667	28 434	8 318	8 515	11 971	11 971	4 670	3 831	6 549
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		97 307	114 467	119 197	142 816	154 322	154 322	155 731	163 902	179 859
Electricity		69 832	74 713	73 328	101 801	108 424	108 424	99 736	104 337	119 742
Water		12 665	15 724	21 271	18 471	22 233	22 233	24 109	23 235	24 842
Waste water management		9 499	17 649	17 727	16 279	16 282	16 282	23 413	26 366	26 120
Waste management		5 311	6 381	6 871	6 266	7 363	7 363	8 473	9 964	9 154
Other	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	2	238 781	241 757	269 127	255 163	294 422	294 422	273 820	264 174	301 577
<b>Expenditure - Standard</b>										
<i>Governance and administration</i>		37 543	40 534	54 181	43 258	46 855	46 855	47 328	50 076	53 032
Executive and council		14 842	13 935	16 448	14 980	15 260	15 260	15 494	16 439	17 475
Budget and treasury office		12 514	15 249	14 069	15 169	17 384	17 384	17 477	18 488	19 550
Corporate services		10 187	11 351	23 665	13 109	14 221	14 221	14 356	15 149	16 007
<i>Community and public safety</i>		25 164	41 079	83 680	37 042	60 165	60 165	54 547	38 960	54 373
Community and social services		4 520	6 253	7 291	9 231	8 978	8 978	9 792	9 454	10 000
Sport and recreation		5 180	5 473	7 099	6 827	6 550	6 550	7 566	7 776	8 008
Public safety		10 118	13 320	39 548	14 570	38 056	38 056	13 867	14 418	14 980
Housing		5 345	16 033	29 741	6 413	6 581	6 581	23 321	7 312	21 385
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		21 183	19 509	20 499	27 564	26 371	26 371	28 345	29 066	30 627
Planning and development		3 986	4 255	4 273	4 805	5 328	5 328	4 846	5 131	5 424
Road transport		17 197	15 254	16 227	22 758	21 043	21 043	23 499	23 935	25 203
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		87 210	96 421	95 581	137 449	130 757	130 757	138 098	143 368	159 646
Electricity		57 414	64 481	62 366	97 543	90 108	90 108	93 387	96 236	109 977
Water		17 309	19 822	17 759	22 752	20 900	20 900	22 160	23 170	24 541
Waste water management		4 698	4 118	5 045	6 341	7 448	7 448	9 017	9 604	10 113
Waste management		7 789	8 000	10 411	10 613	12 302	12 302	13 635	14 358	15 014
Other	4	188	224	292	332	332	332	397	421	446
<b>Total Expenditure - Standard</b>	3	171 287	197 767	254 234	245 644	264 481	264 481	268 715	261 632	298 124
<b>Surplus/(Deficit) for the year</b>		67 474	43 991	4 893	9 519	29 941	29 941	5 105	2 283	3 453

### 1.4.3 Budgeted Financial Performance Table A3

WC053 Beaufort West - 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
R thousand										
<b>Revenue by Vote</b>	1									
Vote 1 - Municipal Manager		448	517	491	-	900	900	-	-	-
Vote 2 - Director: Corporate Service		79 614	42 434	27 657	44 063	32 009	32 009	35 321	36 832	38 127
Vote 3 - Director: Financial Services		23 319	26 024	31 334	32 916	32 552	32 552	34 366	36 121	38 798
Vote 4 - Director: Engineering Services		41 126	62 000	48 008	46 812	54 155	54 155	55 725	53 651	58 453
Vote 5 - Director: Community Services		24 422	36 069	78 409	29 571	66 381	66 381	48 653	33 234	46 467
Vote 6 - Director: Electrical Services		69 832	74 713	73 328	101 801	108 424	108 424	99 736	104 337	119 742
		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	238 761	241 757	258 127	255 163	294 422	294 422	273 820	284 174	301 577
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - Municipal Manager		2 683	3 502	3 560	3 680	4 007	4 007	3 808	4 033	4 263
Vote 2 - Director: Corporate Service		21 956	22 287	38 247	26 014	26 783	26 783	28 170	29 876	31 698
Vote 3 - Director: Financial Services		12 635	15 410	14 267	15 348	17 563	17 563	17 656	18 679	19 752
Vote 4 - Director: Engineering Services		80 802	51 572	54 183	67 159	66 271	65 271	71 342	74 058	77 964
Vote 5 - Director: Community Services		25 599	40 515	83 611	35 890	60 749	60 749	54 351	39 010	54 469
Vote 6 - Director: Electrical Services		57 414	84 481	62 366	97 543	90 108	90 108	93 387	96 236	109 977
		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	171 287	197 767	254 234	245 644	264 481	264 481	268 715	261 892	258 124
<b>Surplus/(Deficit) for the year</b>	2	67 474	43 991	4 893	9 519	29 941	29 941	5 105	2 283	3 453

# 1.4.4 Budgeted Financial Performance Table A4

WC053 Beaufort West - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	Current Year 2014/15							2015/16 Medium Term Revenue & Expenditure Framework		
		2011/12	2012/13	2013/14	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
		Audited Outcome	Audited Outcome	Audited Outcome							
<b>Revenue By Source</b>											
Property rates	2	19 315	21 646	22 792	24 364	24 364	24 364	--	26 187	28 266	30 246
Property rates - penalties & collection charges		517	607	400	620	620	620	--	620	663	710
Service charges - electricity revenue	2	49 774	51 718	56 621	67 167	67 058	67 058	--	71 893	81 174	92 283
Service charges - water revenue	2	8 334	11 493	12 150	12 695	12 394	12 394	--	13 147	14 067	15 052
Service charges - sanitation revenue	2	9 028	9 866	10 731	11 670	11 294	11 294	--	12 416	13 285	14 215
Service charges - refuse revenue	2	4 685	5 205	5 588	5 960	5 821	5 821	--	6 383	6 830	7 308
Service charges - other		--	--	--	--	--	--	--	--	--	--
Rental of facilities and equipment		583	750	815	845	854	854	--	1 146	1 293	1 383
Interest earned - external investments		1 227	979	1 012	1 060	1 060	1 060	--	1 240	1 350	1 460
Interest earned - outstanding debtors		1 291	1 392	1 858	1 716	1 796	1 796	--	2 135	2 284	2 444
Dividends received		--	--	--	--	--	--	--	--	--	--
Fines		13 299	12 403	40 874	16 120	39 960	39 960	--	16 135	16 145	16 156
Licences and permits		620	657	546	648	648	648	--	588	611	633
Agency services		469	472	541	520	580	580	--	670	680	690
Transfers recognised - operational		48 363	65 941	77 919	83 796	85 355	85 355	--	98 681	78 362	98 445
Other revenue	2	4 415	7 377	5 680	4 944	3 364	3 364	--	5 937	5 534	6 136
Gains on disposal of PPE		--	--	--	--	--	--	--	--	--	--
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>161 920</b>	<b>190 526</b>	<b>237 415</b>	<b>232 125</b>	<b>255 166</b>	<b>255 166</b>	<b>--</b>	<b>257 177</b>	<b>260 454</b>	<b>286 998</b>
<b>Expenditure By Type</b>											
Employee related costs	2	54 113	62 335	67 914	74 295	72 300	72 300	--	81 529	86 397	91 315
Remuneration of councillors		3 715	3 936	3 894	4 449	4 449	4 449	--	4 776	5 110	5 468
Debt Impairment	3	7 967	8 000	27 217	3 000	26 840	26 840	--	7 191	7 723	8 167
Depreciation & asset impairment	2	13 671	13 328	26 024	15 081	15 081	15 081	--	16 064	16 618	16 693
Finance charges		4 206	4 132	4 087	1 940	2 116	2 116	--	1 539	1 335	1 163
Bulk purchases	2	37 961	43 162	46 390	53 844	51 524	51 524	--	57 255	65 889	76 378
Other materials	8	13 178	11 271	17 408	21 053	21 507	21 507	--	28 355	24 576	27 670
Contracted services		4 377	10 096	11 540	7 807	8 135	8 135	--	4 751	4 876	5 007
Transfers and grants		35	40	60	60	60	60	--	60	70	80
Other expenditure	4, 5	31 995	41 392	50 532	64 016	62 470	62 470	--	67 196	49 298	65 982
Loss on disposal of PPE		70	86	168	--	--	--	--	--	--	--
<b>Total Expenditure</b>		<b>171 287</b>	<b>197 767</b>	<b>254 234</b>	<b>245 644</b>	<b>264 481</b>	<b>264 481</b>	<b>--</b>	<b>268 715</b>	<b>261 892</b>	<b>298 124</b>
<b>Surplus/(Deficit)</b>		<b>(9 367)</b>	<b>(7 240)</b>	<b>(16 819)</b>	<b>(13 519)</b>	<b>(9 315)</b>	<b>(9 315)</b>	<b>--</b>	<b>(11 538)</b>	<b>(11 437)</b>	<b>(11 126)</b>
Transfers recognised - capital		31 865	51 170	21 348	22 868	39 256	39 256	--	16 643	13 720	14 579
Contributions recognised - capital	6	44 652	--	--	170	--	--	--	--	--	--
Contributed assets		324	61	363	--	--	--	--	--	--	--
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>67 474</b>	<b>43 991</b>	<b>4 893</b>	<b>9 519</b>	<b>29 941</b>	<b>29 941</b>	<b>--</b>	<b>5 105</b>	<b>2 283</b>	<b>3 453</b>
Taxation		--	--	--	--	--	--	--	--	--	--
<b>Surplus/(Deficit) after taxation</b>		<b>67 474</b>	<b>43 991</b>	<b>4 893</b>	<b>9 519</b>	<b>29 941</b>	<b>29 941</b>	<b>--</b>	<b>5 105</b>	<b>2 283</b>	<b>3 453</b>
Attributable to minorities		--	--	--	--	--	--	--	--	--	--
<b>Surplus/(Deficit) attributable to municipality</b>		<b>67 474</b>	<b>43 991</b>	<b>4 893</b>	<b>9 519</b>	<b>29 941</b>	<b>29 941</b>	<b>--</b>	<b>5 105</b>	<b>2 283</b>	<b>3 453</b>
Share of surplus/ (deficit) of associate	7	--	--	--	--	--	--	--	--	--	--
<b>Surplus/(Deficit) for the year</b>		<b>67 474</b>	<b>43 991</b>	<b>4 893</b>	<b>9 519</b>	<b>29 941</b>	<b>29 941</b>	<b>--</b>	<b>5 105</b>	<b>2 283</b>	<b>3 453</b>

# 1.4.5 Budgeted Capital Expenditure by Vote Table A5

WC053 Beaufort West - 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
R thousand	1										
<b>Single-year expenditure to be appropriated</b>	2			9	7	3	3	-	40	-	-
Vote 1 - Municipal Manager		-	-								
Vote 2 - Director: Corporate Service		540	392	355	1 067	1 675	1 675	-	726	988	495
Vote 3 - Director: Financial Services		31	136	125	164	159	159	-	63	-	-
Vote 4 - Director: Engineering Services		24 385	40 318	18 220	21 715	18 987	18 987	-	17 373	12 501	14 650
Vote 5 - Director: Community Services		240	379	2 427	1 474	12 739	12 739	-	779	1 404	-
Vote 6 - Director: Electrical Services		11 808	12 980	9 514	4 860	10 338	10 338	-	1 043	755	170
		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		37 014	54 204	30 651	29 286	43 899	43 899	-	20 024	15 648	15 615
<b>Total Capital Expenditure - Vote</b>		37 014	54 204	30 651	29 286	43 899	43 899	-	20 024	15 648	15 615
<b>Capital Expenditure - Standard</b>											
<i>Governance and administration</i>		719	361	474	991	1 077	1 077	-	923	1 097	611
Executive and council		1	-	16	31	24	24	-	181	-	-
Budget and treasury office		31	136	125	104	99	99	-	53	-	-
Corporate services		687	225	332	857	954	954	-	690	1 097	611
<i>Community and public safety</i>		1 390	688	2 018	4 174	15 647	15 647	-	2 762	-	1 600
Community and social services		28	329	383	490	12 609	12 609	-	105	-	-
Sport and recreation		1 225	359	883	3 200	2 928	2 928	-	2 470	-	1 600
Public safety		136	-	635	465	92	92	-	175	-	-
Housing		-	-	117	18	18	18	-	13	-	-
Health		-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		18 630	35 589	7 968	7 520	10 555	10 555	-	2 427	2 277	5 121
Planning and development		69	237	2	397	66	66	-	20	-	-
Road transport		18 560	35 352	7 966	7 123	10 489	10 489	-	2 407	2 277	5 121
Environmental protection		-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		16 277	17 566	20 190	16 601	16 621	16 621	-	13 913	12 274	8 983
Electricity		11 808	12 980	9 514	4 860	10 338	10 338	-	1 043	755	170
Water		4 014	3 654	4 673	5 859	2 736	2 736	-	4 016	934	981
Waste water management		365	568	4 541	4 942	2 570	2 570	-	8 358	9 181	7 732
Waste management		90	374	1 462	940	977	977	-	485	1 404	-
Other		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	3	37 014	54 204	30 651	29 286	43 899	43 899	-	20 024	15 648	15 615
<b>Funded by:</b>											
National Government		28 699	39 905	21 186	22 489	26 605	26 605	-	16 613	13 720	14 579
Provincial Government		2 883	11 264	163	379	12 651	12 651	-	30	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		283	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	51 865	51 170	21 348	22 868	39 256	39 256	-	16 643	13 720	14 579
Public contributions & donations	5	324	61	363	170	170	170	-	-	-	-
Borrowing	6	2 498	2 358	4 092	2 460	2 460	2 460	-	-	-	-
Internally generated funds		2 328	615	4 848	3 788	2 014	2 014	-	3 381	1 928	1 036
<b>Total Capital Funding</b>	7	37 014	54 204	30 651	29 286	43 899	43 899	-	20 024	15 648	15 615

# 1.4.6 Budgeted Financial Position Table A6

WC053 Beaufort West - Table A6 Budgeted Financial Position											
Description	Ref	Current Year 2014/15						2015/16 Medium Term Revenue & Expenditure Framework			
		2011/12	2012/13	2013/14	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand		Audited Outcome	Audited Outcome	Audited Outcome							
<b>ASSETS</b>											
Current assets									950	1 200	1 400
Cash		12	1 266	2 605	952	762	762				
Call investment deposits	1	14 191	16 812	9 332	4 783	2 848	2 848		3 004	5 374	9 602
Consumer debtors	1	30 908	20 640	28 866	29 617	32 253	32 253		32 252	30 157	28 221
Other debtors		5 527	4 399	4 612	4 500	4 500	4 500		4 815	5 152	5 513
Current portion of long-term receivables		262	2 334	1 222	-	-	-		-	-	-
Inventory	2	3 090	3 166	2 791	3 409	3 400	3 400		3 638	3 893	4 185
<b>Total current assets</b>		<b>53 981</b>	<b>48 628</b>	<b>49 429</b>	<b>43 252</b>	<b>43 762</b>	<b>43 762</b>		<b>44 660</b>	<b>45 776</b>	<b>49 101</b>
Non current assets									3 934	4 209	4 504
Long-term receivables		1 333	1 622	3 677	1 150	3 677	3 677				
Investments		-	-	-	-	-	-				
Investment property		9 970	9 361	8 648	9 058	8 336	8 336		8 336	8 336	8 336
Investment in Associate		-	-	-	-	-	-				
Property, plant and equipment	3	324 480	368 210	374 641	398 093	402 582	402 582		406 542	405 572	398 126
Agricultural		-	-	-	-	-	-				
Biological		434	335	269	142	150	150		100	50	-
Intangible		1 345	1 745	1 664	1 149	2 971	2 971		1 491	1 318	1 145
Other non-current assets		-	-	-	-	-	-				
<b>Total non current assets</b>		<b>327 561</b>	<b>381 292</b>	<b>388 898</b>	<b>409 592</b>	<b>417 716</b>	<b>417 716</b>		<b>420 403</b>	<b>419 466</b>	<b>412 112</b>
<b>TOTAL ASSETS</b>		<b>391 542</b>	<b>429 919</b>	<b>438 327</b>	<b>452 844</b>	<b>461 478</b>	<b>461 478</b>		<b>465 063</b>	<b>465 261</b>	<b>461 212</b>
<b>LIABILITIES</b>											
Current liabilities											
Bank overdraft	1	3 660	-	-	-	-	-				
Borrowing	4	3 518	2 809	3 476	2 611	3 476	3 476		3 953	2 010	1 527
Consumer deposits		1 060	1 160	1 139	1 284	1 284	1 284		1 374	1 470	1 573
Trade and other payables	4	35 725	35 219	33 909	26 675	20 316	20 316		23 996	26 104	23 462
Provisions		8 282	7 156	7 509	10 534	10 534	10 534		8 019	8 596	9 125
<b>Total current liabilities</b>		<b>52 245</b>	<b>46 344</b>	<b>46 034</b>	<b>41 104</b>	<b>35 610</b>	<b>35 610</b>		<b>37 342</b>	<b>40 180</b>	<b>35 687</b>
Non current liabilities									15 085	11 132	9 122
Borrowing		15 417	14 703	14 603	17 320	20 059	20 059				
Provisions		29 046	27 632	31 558	29 735	29 735	29 735		31 468	30 458	29 458
<b>Total non current liabilities</b>		<b>44 463</b>	<b>42 335</b>	<b>46 161</b>	<b>47 055</b>	<b>49 795</b>	<b>49 795</b>		<b>46 543</b>	<b>41 589</b>	<b>38 580</b>
<b>TOTAL LIABILITIES</b>		<b>96 708</b>	<b>88 680</b>	<b>92 194</b>	<b>88 159</b>	<b>85 404</b>	<b>85 404</b>		<b>83 884</b>	<b>81 769</b>	<b>74 267</b>
<b>NET ASSETS</b>	5	<b>294 834</b>	<b>341 240</b>	<b>346 132</b>	<b>364 685</b>	<b>376 074</b>	<b>376 074</b>		<b>381 179</b>	<b>383 492</b>	<b>386 945</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		268 044	331 468	335 966	358 367	385 467	365 467		369 864	370 484	370 684
Reserves	4	6 790	9 752	10 166	8 316	10 606	10 606		11 315	13 007	16 061
Minorities' interests		-	-	-	-	-	-				
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>294 834</b>	<b>341 240</b>	<b>346 132</b>	<b>364 685</b>	<b>376 074</b>	<b>376 074</b>		<b>381 179</b>	<b>383 492</b>	<b>386 945</b>

# 14.7 Budgeted Cash Flows Table A7

WC053 Beaufort West - Table A7 Budgeted Cash Flows											
Description	Ref	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework					
		2011/12	2012/13	2013/14	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand		Audited Outcome	Audited Outcome	Audited Outcome							
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
Receipts											
Property rates, penalties & collection charges		14 219	18 047	20 409	24 234	22 486	22 486		25 498	27 194	29 038
Service charges		50 060	65 882	75 807	94 659	93 530	93 530		101 697	112 915	126 148
Other revenue		19 198	19 052	23 166	24 793	21 480	21 480		22 312	22 005	22 707
Government - operating	1	52 897	65 024	75 009	83 796	84 387	84 387		96 681	78 362	98 448
Government - capital	1	33 473	66 987	28 322	23 038	34 159	34 159		16 643	13 720	14 579
Interest		2 519	2 371	2 870	1 060	2 856	2 856		3 375	3 634	3 904
Dividends		-	-	-	-	-	-		-	-	-
Payments											
Suppliers and employees		(133 596)	(180 836)	(195 820)	(219 295)	(221 231)	(221 231)		(243 861)	(236 148)	(272 021)
Finance charges		(4 206)	(4 132)	(4 087)	(1 940)	(2 116)	(2 116)		(1 539)	(1 335)	(1 163)
Transfers and Grants	1	(35)	(40)	(60)	(60)	(60)	(60)		(60)	(70)	(80)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>35 329</b>	<b>63 295</b>	<b>25 616</b>	<b>30 285</b>	<b>65 492</b>	<b>35 452</b>		<b>22 347</b>	<b>20 286</b>	<b>21 619</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
Receipts											
Proceeds on disposal of PPE		44	118	-	-	-	-		-	-	-
Decrease (increase) in non-current debtors		-	-	-	-	-	-		-	-	-
Decrease (increase) other non-current receivables		-	(288)	(2 055)	472	472	472		-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-		-	-	-
Payments											
Capital assets		(36 690)	(54 149)	(30 288)	(29 286)	(43 889)	(43 889)		(20 024)	(15 648)	(15 615)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(36 647)</b>	<b>(54 317)</b>	<b>(32 343)</b>	<b>(28 815)</b>	<b>(43 428)</b>	<b>(43 428)</b>		<b>(20 024)</b>	<b>(15 648)</b>	<b>(15 615)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
Receipts											
Short term loans		2 498	2 358	4 092	-	-	-		-	-	-
Borrowing long term/refinancing		-	-	-	2 460	2 460	2 460		-	-	-
Increase (decrease) in consumer deposits		-	-	-	84	84	84		-	-	-
Payments											
Repayment of borrowing		(3 467)	(3 781)	(3 526)	(2 935)	(2 935)	(2 935)		(1 978)	(2 012)	(1 376)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(969)</b>	<b>(1 423)</b>	<b>567</b>	<b>(391)</b>	<b>(391)</b>	<b>(391)</b>		<b>(1 978)</b>	<b>(2 012)</b>	<b>(1 376)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(2 286)</b>	<b>7 556</b>	<b>(6 161)</b>	<b>1 080</b>	<b>(8 327)</b>	<b>(8 327)</b>		<b>345</b>	<b>2 619</b>	<b>4 623</b>
Cash/cash equivalents at the year begin:	2	12 829	10 543	18 098	4 655	11 937	11 937		3 610	3 954	6 574
Cash/cash equivalents at the year end:	2	10 543	18 098	11 937	5 735	3 610	3 610		3 954	6 574	11 202



# 1.4.8 Cash Backed Reserves Reconciliation Table A8

WC053 Beaufort West - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework					
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	10 543	18 098	11 937	5 735	3 610	3 610	-	3 954	6 574	11 202
Other current investments > 90 days		-	-	-	-	-	-	-	-	-	-
Non current assets - investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>10 543</b>	<b>18 098</b>	<b>11 937</b>	<b>5 735</b>	<b>3 610</b>	<b>3 610</b>	<b>-</b>	<b>3 954</b>	<b>6 574</b>	<b>11 202</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		13 596	7 774	7 275	1 304	922	922	-	922	922	922
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(6 208)	713	(1 353)	(9 038)	(13 548)	(13 548)	-	(15 804)	(10 339)	(13 630)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	6 790	9 752	10 166	10 166	10 166	10 166	10 166	10 166	10 166	10 166
<b>Total Application of cash and investments:</b>		<b>14 178</b>	<b>18 239</b>	<b>18 088</b>	<b>2 432</b>	<b>(2 459)</b>	<b>(2 459)</b>	<b>10 166</b>	<b>(4 715)</b>	<b>750</b>	<b>(2 741)</b>
<b>Surplus(shortfall)</b>		<b>(3 635)</b>	<b>(142)</b>	<b>(4 151)</b>	<b>3 302</b>	<b>6 069</b>	<b>6 069</b>	<b>(10 166)</b>	<b>8 669</b>	<b>5 824</b>	<b>13 943</b>
<b>Other working capital requirements</b>											
Debtors		28 337	28 732	27 988	34 409	32 941	32 941	-	38 877	37 521	36 370
Creditors due		22 129	27 445	26 635	25 371	19 393	19 393	-	23 073	27 182	22 540
<b>Total</b>		<b>6 208</b>	<b>(713)</b>	<b>1 353</b>	<b>9 038</b>	<b>13 548</b>	<b>13 548</b>	<b>-</b>	<b>15 804</b>	<b>10 339</b>	<b>13 830</b>
<b>Debtors collection assumptions</b>											
Balance outstanding - debtors		37 769	26 651	37 155	35 287	40 429	40 429	-	41 001	39 516	38 238
Estimate of debtors collection rate		75.0%	100.3%	75.3%	97.6%	81.5%	81.5%	0.0%	94.8%	94.3%	95.1%
<b>Reserves to be backed by cash/investments</b>											
Housing Development Fund		4 139	4 170	4 198	4 232	4 228	4 228	-	4 258	4 318	4 348
Capital replacement		1 886	4 547	4 650	2 940	5 200	5 200	-	5 818	7 390	10 354
Self-insurance		765	1 035	1 119	1 145	1 179	1 179	-	1 239	1 299	1 369
<b>Total</b>		<b>6 790</b>	<b>9 752</b>	<b>10 166</b>	<b>8 318</b>	<b>10 606</b>	<b>10 606</b>	<b>-</b>	<b>11 315</b>	<b>13 007</b>	<b>16 061</b>

# 1.4.9 Asset Management Table A9

WC053 Beaufort West - Table A9 Asset Management										
Description	Ref	Current Year 2014/15					2015/16 Medium Term Revenue & Expenditure Framework			
		Audited Outcome 2011/12	Audited Outcome 2012/13	Audited Outcome 2013/14	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	37 014	54 204	30 651	29 286	43 899	43 899	20 024	15 648	15 615
Infrastructure - Road transport		18 229	35 196	5 655	6 067	9 493	9 493	2 220	2 201	4 866
Infrastructure - Electricity		11 716	12 822	9 351	4 501	10 025	10 025	975	125	-
Infrastructure - Water		3 928	2 929	4 165	5 719	2 644	2 644	3 266	934	981
Infrastructure - Sanitation		259	556	5 234	4 942	14 011	14 011	8 288	318	5 732
Infrastructure - Other		37	374	460	-	137	137	469	1 404	-
Infrastructure		34 169	51 877	25 065	21 229	36 310	36 310	15 218	4 982	11 579
Community		370	210	645	3 000	2 916	2 916	2 400	-	1 000
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
Agricultural Assets		2 469	2 110	4 917	5 057	4 673	4 673	2 408	10 666	3 036
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		7	7	28	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	4	18 229	35 196	5 655	6 067	9 493	9 493	2 220	2 201	4 866
Infrastructure - Road transport		11 716	12 822	9 351	4 501	10 025	10 025	975	125	-
Infrastructure - Electricity		3 928	2 929	4 165	5 719	2 644	2 644	3 266	934	981
Infrastructure - Water		259	556	5 234	4 942	14 011	14 011	8 288	318	5 732
Infrastructure - Sanitation		37	374	460	-	137	137	469	1 404	-
Infrastructure - Other		34 169	51 877	25 065	21 229	36 310	36 310	15 218	4 982	11 579
Infrastructure		370	210	645	3 000	2 916	2 916	2 400	-	1 000
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		2 469	2 110	4 917	5 057	4 673	4 673	2 408	10 666	3 036
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		7	7	28	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	2	37 014	54 204	30 651	29 286	43 899	43 899	20 024	15 648	15 615
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	99 433	128 905	130 918	136 298	135 149	135 149	131 763	128 165	127 203
Infrastructure - Road transport		49 774	60 831	68 460	72 083	76 518	76 518	75 397	73 354	71 176
Infrastructure - Electricity		45 458	48 216	48 275	50 469	48 221	48 221	48 513	46 574	44 570
Infrastructure - Water		47 970	48 883	50 502	54 624	62 671	62 671	68 997	67 285	70 976
Infrastructure - Sanitation		693	1 002	1 412	833	3 044	3 044	3 334	4 553	4 358
Infrastructure - Other		243 329	284 837	299 567	314 308	325 003	325 603	328 104	319 637	318 295
Infrastructure		19 226	14 941	14 599	16 004	16 964	16 964	15 807	15 201	15 592
Community		-	2 971	2 971	2 971	2 971	2 971	2 971	2 971	2 971
Heritage assets		-	9 381	8 648	9 058	8 336	8 336	8 336	8 336	8 336
Investment properties		9 970	65 462	57 504	62 781	60 015	60 015	59 650	67 469	61 268
Other assets		61 950	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		434	335	269	142	150	150	100	50	-
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	334 883	377 926	383 557	407 292	414 039	414 039	414 978	413 958	408 462
<b>EXPENDITURE OTHER ITEMS</b>										
<b>Depreciation &amp; asset impairment</b>	3	13 671	13 328	25 024	15 081	15 081	15 081	16 064	16 618	16 693
<b>Repairs and Maintenance by Asset Class</b>		13 178	11 271	17 408	21 053	21 507	21 507	23 355	24 576	27 870
Infrastructure - Road transport		1 770	1 514	2 338	2 868	2 888	2 888	3 808	3 300	3 743
Infrastructure - Electricity		1 487	1 272	1 964	2 426	2 426	2 426	3 169	2 772	3 144
Infrastructure - Water		829	794	1 227	1 516	1 516	1 516	1 958	1 732	1 964
Infrastructure - Sanitation		333	385	440	543	543	543	716	620	704
Infrastructure - Other		594	608	785	970	970	970	1 279	1 108	1 257
Infrastructure		5 112	4 372	6 763	8 343	8 343	8 343	10 999	9 533	10 811
Community		1 276	1 091	1 885	2 082	2 082	2 082	2 745	2 379	2 698
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		6 790	5 888	8 970	10 628	11 082	11 082	14 811	12 663	14 361
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	6,7	28 849	24 599	42 433	36 133	36 588	36 588	44 419	41 184	44 563
<b>Renewal of Existing Assets as % of total capex</b>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Renewal of Existing Assets as % of deprecn</b>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>R&amp;M as a % of PPE</b>		4.1%	3.1%	4.6%	5.3%	5.3%	5.3%	7.0%	6.1%	7.0%
<b>Renewal and R&amp;M as a % of PPE</b>		4.0%	3.0%	5.0%	5.0%	5.0%	5.0%	7.0%	6.0%	7.0%

# 1.4.10 Basic Service Delivery Measurement Table A10

WC053 Beaufort West - Table A10 Basic service delivery measurement										
Description	Ref	Current Year 2014/15						2015/16 Medium Term Revenue & Expenditure Framework		
		2011/12	2012/13	2013/14	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
		Outcome	Outcome	Outcome						
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		9 755	10 638	11 205	11 040	11 040	11 040	11 159	11 408	11 608
Piped water inside yard (but not in dwelling)		1 000	2 122	2 122	900	900	900	40	40	49
Using public tap (at least min. service level)	2	50	49	49	40	40	40	49	49	49
Other water supply (at least min. service level)	4	30	31	31	20	20	20	31	31	31
<i>Minimum Service Level and Above sub-total</i>		10 845	12 840	13 407	12 000	12 000	12 000	11 279	11 528	11 726
Using public tap (< min. service level)	3	--	--	--	--	--	--	167	167	167
Other water supply (< min. service level)	4	187	260	260	187	187	187	--	--	--
No water supply		--	--	--	--	--	--	--	--	--
<i>Below Minimum Service Level sub-total</i>		187	260	260	187	187	187	187	167	167
<b>Total number of households</b>	5	11 032	13 100	13 667	12 187	12 187	12 187	11 466	11 713	11 813
<b>Sanitation/sewage:</b>										
Flush toilet (connected to sewerage)		10 632	10 522	11 069	11 380	11 380	11 380	11 514	11 761	11 861
Flush toilet (with septic tank)		808	1 568	1 568	808	808	808	1 568	1 568	1 568
Chemical toilet		--	--	--	--	--	--	--	--	--
Pit toilet (ventilated)		--	355	355	--	--	--	--	--	--
Other toilet provisions (> min. service level)		--	31	31	--	--	--	--	--	--
<i>Minimum Service Level and Above sub-total</i>		11 440	12 476	13 043	12 188	12 188	12 188	13 082	13 329	13 529
Bucket toilet		--	309	309	--	--	--	309	309	309
Other toilet provisions (< min. service level)		--	--	--	--	--	--	305	305	305
No toilet provisions		--	305	305	--	--	--	614	614	614
<i>Below Minimum Service Level sub-total</i>		--	614	614	--	--	--	614	614	614
<b>Total number of households</b>	5	11 440	13 090	13 657	12 188	12 188	12 188	13 696	13 943	14 143
<b>Energy:</b>										
Electricity (at least min. service level)		2 103	2 281	2 281	2 284	2 284	2 284	2 284	2 284	2 284
Electricity - prepaid (min. service level)		8 850	9 256	9 414	8 859	8 859	8 859	8 933	9 257	9 487
<i>Minimum Service Level and Above sub-total</i>		10 953	11 576	11 695	11 143	11 143	11 143	11 277	11 551	11 751
Electricity (< min. service level)		--	--	--	--	--	--	--	--	--
Electricity - prepaid (< min. service level)		--	--	--	--	--	--	--	--	--
Other energy sources		--	--	--	--	--	--	--	--	--
<i>Below Minimum Service Level sub-total</i>		--	--	--	--	--	--	--	--	--
<b>Total number of households</b>	5	10 953	11 576	11 695	11 143	11 143	11 143	11 277	11 551	11 751
<b>Refuse:</b>										
Removed at least once a week		10 705	10 940	11 491	12 188	12 188	12 188	12 322	12 596	12 786
<i>Minimum Service Level and Above sub-total</i>		10 705	10 940	11 491	12 188	12 188	12 188	12 322	12 596	12 786
Removed less frequently than once a week		--	--	--	--	--	--	--	--	--
Using communal refuse dump		--	--	--	--	--	--	--	--	--
Using own refuse dump		--	--	--	--	--	--	--	--	--
Other rubbish disposal		--	--	--	--	--	--	--	--	--
No rubbish disposal		--	--	--	--	--	--	--	--	--
<i>Below Minimum Service Level sub-total</i>		--	--	--	--	--	--	--	--	--
<b>Total number of households</b>	5	10 705	10 940	11 491	12 188	12 188	12 188	12 322	12 596	12 786
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		4 345	6 239	6 342	5 100	5 100	5 100	6 476	6 750	6 950
Sanitation (free minimum level service)		3 114	2 661	2 898	2 910	2 910	2 910	3 032	3 308	3 506
Electricity/other energy (50kwh per household per month)		4 140	5 435	4 627	4 950	4 950	4 950	6 297	6 571	6 771
Refuse (removed at least once a week)		1 112	957	3 378	1 200	1 200	1 200	1 334	1 605	1 808
<b>Cost of Free Basic Services provided (R'000)</b>	8									
Water (6 kilolitres per household per month)		5 088	6 648	6 315	3 424	3 424	7 140	7 640	8 175	8 747
Sanitation (free sanitation service)		1 890	2 051	2 158	2 295	2 295	2 372	2 538	2 716	2 906
Electricity/other energy (50kwh per household per month)		38	45	46	2 792	2 792	2 850	3 310	3 714	4 167
Refuse (removed once a week)		549	638	709	743	743	882	944	1 010	1 080
<b>Total cost of FBS provided (minimum social package)</b>		7 675	9 382	9 230	9 255	9 255	13 344	14 431	15 614	16 900
<b>Highest level of free service provided</b>										
Property rates (R value threshold)		19 000	19 000	19 000	19 000	19 000	19 000	19 000	19 000	19 000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		--	--	--	--	--	--	--	--	--
Sanitation (Rand per household per month)		68	71	77	94	94	94	100	108	115
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		38	41	44	90	90	90	95	103	110
<b>Revenue cost of free services provided (R'000)</b>	9									
Property rates (R15 000 threshold rebates)		2 334	1 530	2 825	3 002	3 002	3 002	3 259	3 487	3 731
Property rates (other exemptions, reductions and rebates)		4 275	3 644	4 831	5 121	5 121	5 121	5 563	6 074	6 499
Water		5 088	6 648	6 315	3 424	3 424	3 424	7 840	8 175	8 747
Sanitation		1 890	2 051	2 158	2 295	2 295	2 295	2 538	2 716	2 906
Electricity/other energy		38	45	46	2 792	2 792	2 792	3 310	3 714	4 167
Refuse		549	638	709	743	743	743	944	1 010	1 080
Municipal Housing - rental rebates		--	--	--	--	--	--	--	--	--
Housing - top structure subsidies		--	--	--	--	--	--	--	--	--
Other		--	--	--	--	--	--	--	--	--
<b>Total revenue cost of free services provided (total social package)</b>		14 184	14 566	16 886	17 378	17 378	17 378	23 253	25 175	27 130

## PART 2:

### 2.1 Overview of the Budget Assumptions

In terms of Budget Regulation 6, the Municipal Manager must take all reasonable steps to ensure that the basis of measurement and accounting policies underpinning the municipality's annual financial statements are the same as those used in the preparation of the municipality's annual budget and supporting documentation; and any differences or changes between financial years should be explicitly noted.

In this light it should be noted that the municipality were compelled to make adjustments in the basis of recording revenue from traffic fines as now required by the I-GRAP 1 statement. This interpretation statement requires that municipalities now record all issued fines as revenue and not just the cash receipts from traffic fines.

Other than this change, all the basis of measurement and accounting policies underpinning the municipality's annual financial statements are the same as those used in the preparation of the municipality's annual budget and supporting documentation. Future impacts of revenue streams, expenditure requirements and the financial implications for the community at large (i.e. the potential influence on rates, tariffs and service charges).

The following assumptions were made when the budget was prepared:

- Employee costs will increase by 7.2%
- Electricity bulk purchases increase by 14.2% in line with Eskom's electricity tariff increase to municipalities;
- CPIX for 2015/16, 2016/17 and 2017/18 are projected at 4.8%, 5.9% and 5.6% respectively;
- Although inflation expectations as projected by National Treasury are 4.8%, most expenditure items were increased by more than that due to expected increases in input costs; and
- Provision for doubtful debts is 5.5% of total rates and service charges.

## 2.2 Alignment of the Budget with the IDP

### Reconciliation between the IDP strategic objectives and budgeted revenue:

Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
				R thousand	R thousand	R thousand	R thousand	R thousand	R thousand	R thousand	R thousand	R thousand	R thousand
Basic service delivery and infrastructure development	Water, sanitation, refuse removal, roads, stormwater, public transport, electricity, land and housing	A		137 559	176 177	203 221	182 729	234 311	235 171	209 367	196 783	230 581	
Institutional development and municipal transformation	Organisational transformation to match IDP requirements, internal policies dealing with national priorities, general management practices and training	B		272	517	431	-	1 560	700	-	-	-	
Financial viability and management	Financial policies, budget management, assets and liability control, and supporting strategies to fund priorities	C		23 319	26 024	31 334	32 804	32 592	32 532	34 388	36 121	38 788	
Local economic development	LED, food security, social infrastructure, health, environment, education and skills development	D		176	-	60	432	200	200	-	-	-	
Good governance and community participation	Public relations, marketing and communication, empowering wards, public participation structures and mechanisms, and service ethics (Batho Pele)	E		77 436	39 039	24 081	38 089	25 799	25 799	30 068	31 271	32 207	
Allocations to other priorities													
Total Revenue (excluding capital transfers and contributions)				1	238 761	241 757	259 127	255 163	294 422	294 422	273 820	264 174	301 577

### Reconciliation between the IDP strategic objectives and budgeted operating expenditure:

Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
				R thousand	R thousand	R thousand	R thousand	R thousand	R thousand	R thousand	R thousand	R thousand	R thousand
Basic service delivery and infrastructure development	Water, sanitation, refuse removal, roads, stormwater, public transport, electricity, land and housing	A		143 297	167 883	223 081	201 762	223 891	230 977	228 116	218 882	252 548	
Institutional development and municipal transformation	Organisational transformation to match IDP requirements, internal policies dealing with national priorities, general management practices and training	B		2 378	2 963	3 122	11 617	10 402	3 316	9 751	10 331	10 923	
Financial viability and management	Financial policies, budget management, assets and liability control, and supporting strategies to fund priorities	C		12 635	15 410	14 287	15 169	17 563	17 563	17 658	18 679	19 752	
Local economic development	LED, food security, social infrastructure, health, environment, education and skills development	D		513	529	437	5 137	691	691	752	798	845	
Good governance and community participation	Public relations, marketing and communication, empowering wards, public participation structures and mechanisms, and service ethics (Batho Pele)	E		12 473	10 972	13 325	11 958	11 934	11 934	12 438	13 203	14 057	
Allocations to other priorities													
Total Expenditure				1	171 287	197 767	254 234	245 644	264 481	264 481	268 715	261 892	298 124

## Reconciliation between the IDP objectives and budgeted capital expenditure

WC053 Beaufort West - Supporting Table S45 Reconciliation of IDP strategic objectives and budget (capital expenditure)												
Strategic Objective	Goal	Geol Code	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
R (thousand)												
Basic service delivery and infrastructure development	Water, sanitation, refuse removal, roads, stormwater, public transport, electricity, land and housing	A	36 795	54 055	30 483	28 098	43 772	43 772	19 738	15 648	15 615	
Institutional development and municipal transformation	Organisational transformation to match IDP requirements, internal policies dealing with national priorities, general management practices and training	B	188	13	26	657	3	3	43	-	-	
Financial viability and management	Financial policies, budget management, assets and liability control, and supporting strategies to fund priorities	C	31	136	125	104	99	99	63	-	-	
Local economic development	LED, food security, social infrastructure, health, environment, education and skills development	D	-	-	-	397	3	3	20	-	-	
Good governance and community participation	Public relations, marketing and communication, empowering wards, public participation structures and mechanisms, and service ethics (Baho Pele)	E	1	-	7	31	24	24	151	-	-	
Allocations to other priorities		3										
<b>Total Capital Expenditure</b>		1	<b>37 014</b>	<b>54 204</b>	<b>30 651</b>	<b>29 286</b>	<b>43 899</b>	<b>43 899</b>	<b>20 024</b>	<b>15 648</b>	<b>15 615</b>	

## 2.3 Transfers and grant receipts

WC053 Beaufort West - Supporting Table SA18 Transfers and grant receipts										
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcomes	Audited Outcomes	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>		43 858	40 165	45 672	73 259	70 619	70 619	71 733	67 204	72 653
<b>National Government:</b>		28 956	32 765	35 567	38 990	38 990	38 990	44 160	46 322	48 220
Local Government Equitable Share		1 155	1 250	1 450	1 600	1 600	1 600	1 600	1 625	1 700
Finance Management		790	800	890	934	934	934	930	957	1 033
Municipal Systems Improvement		693	1 000	1 000	1 834	1 834	1 834	1 743	--	--
EPWP Incentive		--	--	3 000	4 000	4 000	4 000	8 000	3 000	5 000
Energy Efficiency and Demand Management		12 000	4 000	4 450	25 541	22 969	22 969	15 000	15 000	17 000
Integrated National Electrification Programme		263	350	315	360	292	292	300	300	--
Municipal Infrastructure Grant (MIG)		7 704	23 758	28 016	10 537	14 446	14 446	26 948	11 158	25 495
<b>Provincial Government:</b>		4 625	19 030	23 607	5 257	5 425	5 425	22 080	6 000	20 000
Human Settlements Development Grant		2 100	2 993	3 244	4 072	3 927	3 927	4 570	4 844	5 135
Library Service		267	324	208	192	192	192	199	209	219
Community Development Workers (CDW)		--	436	--	222	222	222	100	105	141
Thusong Service Centres Grant		204	400	800	--	3 887	3 887	--	--	--
Department Local Government		401	347	--	--	--	--	--	--	--
Transport and Public Works		37	9	--	--	--	--	--	--	--
Refuse Recycling Project		--	18	--	--	--	--	--	--	--
Internship: Water		50	--	--	--	--	--	--	--	--
Internship: Roads		--	200	--	--	--	--	--	--	--
World Aids Day		--	--	100	--	--	--	--	--	--
Upgrade Sport Facilities Murraysburg		--	--	57	--	--	--	--	--	--
Mandela Memorial Services		--	--	--	--	--	--	--	--	--
Compliance Module		547	522	319	--	290	290	--	--	--
<b>District Municipality:</b>		146	380	319	--	260	260	--	--	--
Contribution EPWP		242	142	--	--	--	--	--	--	--
Shared Services		22	--	--	--	--	--	--	--	--
Salary Contribution		136	--	--	--	--	--	--	--	--
Mull Purpose Centre		760	579	3	--	--	--	--	--	--
<b>Other grant providers:</b>		488	--	--	--	--	--	--	--	--
Electrification Central Karoo: ESKOM		5	4	--	--	--	--	--	--	--
Disaster Fund		132	--	--	--	--	--	--	--	--
Electrification Central Karoo		76	83	3	--	--	--	--	--	--
Existing Houses Nelspoort		89	491	--	--	--	--	--	--	--
Customer Care Services										
<b>Total Operating Transfers and Grants</b>	5	52 897	65 024	75 009	83 796	83 355	83 355	98 681	78 382	98 448
<b>Capital Transfers and Grants</b>		32 504	48 414	28 038	22 489	26 605	--	16 613	13 720	14 579
<b>National Government:</b>		17 410	21 087	20 038	16 385	16 453	--	13 347	13 720	14 579
Municipal Infrastructure Grant (MIG)		--	--	--	--	1 000	--	3 266	--	--
Accelerated Community Water Supply (ACIP) - DWAF		12 000	21 000	8 000	1 959	9 152	--	--	--	--
Integrated National Electrification Programme		800	1 028	--	4 145	--	--	--	--	--
Regional Bulk Infrastructure		2 200	5 300	--	--	--	--	--	--	--
Neighbourhood Development Partnership		95	--	--	--	--	--	--	--	--
Finance Management		721	8 573	149	379	12 651	--	30	--	--
<b>Provincial Government:</b>		--	--	--	--	897	--	30	--	--
Maintenance and Construction of Transport Infrastructure		--	36	149	379	--	--	--	--	--
<b>Library Service:</b>		--	--	--	--	11 651	--	--	--	--
Library Service: Conditional Grant		--	8 537	--	--	--	--	--	--	--
Human Settlements Development Grant		600	--	--	--	103	--	--	--	--
Public Transport Infrastructure		95	--	--	--	--	--	--	--	--
Western Cape Management Support Grant		25	--	--	--	--	--	--	--	--
Community Development Workers (CDWs)		8	--	--	--	--	--	--	--	--
<b>District Municipality:</b>		8	--	--	--	--	--	--	--	--
Shared Services		240	--	135	--	--	--	--	--	--
<b>Other grant providers:</b>		240	--	--	--	--	--	--	--	--
Warteville		--	--	135	--	--	--	--	--	--
Menueville Library Alteration										
<b>Total Capital Transfers and Grants</b>	5	33 473	56 987	28 322	22 868	39 256	--	16 643	13 720	14 579
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		86 370	122 011	103 331	106 664	124 611	83 355	115 324	92 082	113 027

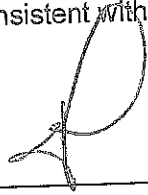
## 2.4 Councillor Remuneration and Employee Benefits

WC053 Beaufort West - Supporting Table SA22 Summary councillor and staff benefits										
Summary of Employee and Councillor remuneration R thousand	Ref	Current Year 2014/15					2015/16 Medium Term Revenue & Expenditure Framework			
		2011/12	2012/13	2013/14	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
		Audited Outcome	Audited Outcome	Audited Outcome	D	E	F	G	H	I
		A	B	C						
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages		2 485	2 696	2 633	3 147	3 147	3 147	3 289	3 519	3 765
Pension and UIF Contributions		186	208	193	181	181	181	251	269	288
Medical Aid Contributions		4	24	38	42	42	42	46	49	52
Motor Vehicle Allowance		742	770	711	739	739	739	790	845	904
Cellphone Allowance		299	238	318	340	340	340	400	428	458
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
<b>Sub Total - Councillors</b>		3 715	3 936	3 894	4 449	4 449	4 449	4 776	5 110	5 468
% increase	4		5.8%	(1.1%)	14.3%	-	-	7.3%	7.0%	7.0%
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages		3 139	3 089	3 029	5 438	3 669	3 669	4 724	5 014	5 308
Pension and UIF Contributions		631	475	489	532	541	541	562	597	632
Medical Aid Contributions		69	46	31	27	26	26	27	28	30
Overtime		-	3	3	-	-	-	-	-	-
Performance Bonus		218	412	358	380	380	380	513	564	620
Motor Vehicle Allowance	3	488	414	348	324	424	424	444	444	444
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	147	23	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		4 541	4 586	4 286	6 800	5 041	5 041	6 270	6 647	7 033
% increase	4		1.0%	(6.5%)	58.7%	(25.9%)	-	24.4%	6.0%	5.8%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		37 621	41 338	47 954	51 217	50 968	50 968	58 050	61 600	65 180
Pension and UIF Contributions		5 599	8 538	6 549	8 360	8 111	8 111	9 494	10 078	10 667
Medical Aid Contributions		936	1 074	1 147	1 244	1 253	1 253	1 255	1 317	1 383
Overtime		2 080	2 316	3 266	2 011	2 381	2 381	1 935	2 054	2 175
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	709	944	1 237	1 728	1 510	1 510	1 618	1 618	1 618
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	268	252	246	268	285	285	270	286	303
Other benefits and allowances	3	815	1 153	1 656	1 072	1 158	1 158	1 197	1 267	1 338
Payments in lieu of leave		579	954	517	300	300	300	200	212	225
Long service awards		452	366	276	421	421	421	310	328	346
Post-retirement benefit obligations	6	525	815	780	875	875	875	931	988	1 046
<b>Sub Total - Other Municipal Staff</b>		49 572	57 749	63 628	67 485	67 259	67 259	75 260	79 750	84 282
% increase	4		16.5%	10.2%	6.1%	(0.3%)	-	11.9%	6.0%	5.7%
<b>Total Parent Municipality</b>		57 828	66 271	71 808	78 744	76 749	76 749	86 305	91 507	96 783
			14.8%	8.4%	9.7%	(2.5%)	-	12.5%	6.0%	5.8%
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		57 828	66 271	71 808	78 744	76 749	76 749	86 305	91 507	96 783
% increase	4		14.6%	8.4%	9.7%	(2.5%)	-	12.5%	6.0%	5.8%
<b>TOTAL MANAGERS AND STAFF</b>	5,7	54 113	62 335	67 914	74 295	72 300	72 300	81 529	86 397	91 315



## 2.5 The Quality Certificate

- a) In my capacity as the municipal manager of the Beaufort West Local Municipality, I hereby certify that the draft 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 draft annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.



Jafta Booysen

Beaufort West Local Municipality (WC053)

27-3-2015

Date

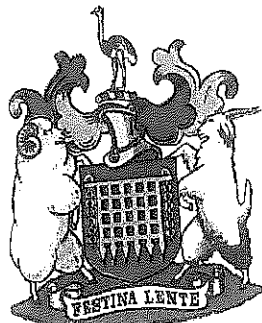
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Annexure A : Detailed Capital budget over the 2015/16 Medium Term Revenue Expenditure Framework (MTREF)

Category	Vote	Municipal Vote	Description	Total Budget	Budget Year 2015/16	Budget Year 2016/17	Budget Year 2017/18	Funding Source
Directorate	1100	2.1 - Admin: Corporate Service	Filing cabinet	2,500	2,500	-	-	CRR
Corporate services	1100	2.1 - Admin: Corporate Service	Office Furniture - Compliance Officer	20,000	20,000	-	-	CRR
Corporate services	1100	2.1 - Admin: Corporate Service	Office Furniture - Prefiding Official	20,000	20,000	-	-	CRR
Executive and council	3010	1.5 - Labour Relations	Councillor Support - Air conditioner	8,200	8,200	-	-	CRR
Executive and council	1120	2.2 - General Expenses	Councillor Support - Chair	2,500	2,500	-	-	CRR
Executive and council	1120	2.2 - General Expenses	Councillor Support - Cabinet	3,000	3,000	-	-	CRR
Executive and council	1120	2.2 - General Expenses	Councillor Support - Office chairs	10,000	10,000	-	-	CRR
Executive and council	1120	2.2 - General Expenses	Councillor Support - Computer	5,000	5,000	-	-	CRR
Executive and council	1120	2.2 - General Expenses	Councillor Support - Office desk	125,000	125,000	-	-	CRR
Executive and council	1120	2.2 - General Expenses	Councillor Support - Office Furniture - Councillors	9,460	9,460	-	-	CRR
Executive and council	1120	2.2 - General Expenses	De-stop computer	1,425	1,425	-	-	CRR
Community and social services	1130	2.9 - Thusing Centre: Beaufort West	Digital camera	480	480	-	-	CRR
Community and social services	1130	2.9 - Thusing Centre: Beaufort West	Laminating machine	1,000	1,000	-	-	CRR
Community and social services	1130	2.9 - Thusing Centre: Beaufort West	Microwave	15,000	15,000	-	-	CRR
Community and social services	1130	2.9 - Thusing Centre: Beaufort West	6 x filing cabinets	7,000	7,000	-	-	CRR
Budget and treasury office	1200	3.1 - Admin: Financial Services	Office Desk	9,000	9,000	-	-	CRR
Budget and treasury office	1200	3.1 - Admin: Financial Services	High back chair arms X3, Draughtsman chair X2, Calculator, Filing Cabinet	607,000	300,000	307,000	-	CRR
Corporate services	1201	2.12 - Information Technology	Disaster Recovery: Servers, routers, switches, server rack, UPS's, Generator	460,000	300,000	160,000	-	CRR
Corporate services	1201	2.12 - Information Technology	Fire detection & suppression & Environmental Control for Server rooms	170,000	80,000	90,000	-	CRR
Corporate services	1201	2.12 - Information Technology	Carrier Class Wireless	510,000	170,000	340,000	-	CRR
Corporate services	1201	2.12 - Information Technology	20 x PC Workstation Complete (20" LCD Monitors, Windows 8 an Office Home	37,000	10,000	27,000	-	CRR
Corporate services	1201	2.12 - Information Technology	Finger reader: Corporate server kamer en DR site	165,000	50,000	115,000	-	CRR
Corporate services	1201	2.12 - Information Technology	1000 VA UPS's	30,000	30,000	-	-	CRR
Corporate services	1201	2.12 - Information Technology	Ms Office Licenses	25,000	25,000	-	-	CRR
Corporate services	1201	2.12 - Information Technology	Portable IT 5 Back-up tape streamer	1,500	1,500	-	-	CRR
Corporate services	1201	2.12 - Information Technology	Safekeeping of switches	10,000	10,000	-	-	CRR
Corporate services	1201	2.12 - Information Technology	Office Chair	6,100	6,100	-	-	CRR
Corporate services	1201	2.12 - Information Technology	Geyser	1,500	1,500	-	-	CRR
Corporate services	1201	2.12 - Information Technology	Notice Board	1,500	1,500	-	-	CRR
Corporate services	1201	2.12 - Information Technology	Office Chair	12,000	12,000	-	-	CRR
Corporate services	1201	2.12 - Information Technology	Upgrading of the Merweville mortuary	13,600	13,600	-	-	CRR
Corporate services	1201	2.12 - Information Technology	2 x Holly beds 10 Ton & 2 Ton	2,200	2,200	-	-	CRR
Corporate services	1201	2.12 - Information Technology	1 x Mig / Tig / Stick welder & acc kit	2,945	2,945	-	-	CRR
Corporate services	1201	2.12 - Information Technology	1 x Grinders 115mm & 23cm	2,000	2,000	-	-	CRR
Corporate services	1201	2.12 - Information Technology	1 x Cabinet	40,000	40,000	-	-	CRR
Corporate services	1201	2.12 - Information Technology	Grage donrs (Merweville)	130,000	130,000	-	-	CRR
Corporate services	1201	2.12 - Information Technology	Safety equipment	102,000	32,000	70,000	-	CRR
Corporate services	1201	2.12 - Information Technology	Equipment	90,000	25,000	65,000	-	CRR
Corporate services	1201	2.12 - Information Technology	Equipment	1,000,000	20,000	980,000	-	CRR
Corporate services	1201	2.12 - Information Technology	Beaufort West Sports Stadium	50,000	50,000	-	-	CRR
Corporate services	1201	2.12 - Information Technology	Equipment	899,612	899,612	-	-	CRR
Corporate services	1201	2.12 - Information Technology	Equipment	1,500,000	1,500,000	-	-	CRR
Corporate services	1201	2.12 - Information Technology	Kva Mandlenkosi Sport Stadium Upgrade	10,000	10,000	-	-	CRR
Corporate services	1201	2.12 - Information Technology	Merweville Sports Fields Upgrade	36,338	36,338	-	-	CRR
Corporate services	1201	2.12 - Information Technology	Equipment	4,000,000	4,000,000	-	-	CRR
Corporate services	1201	2.12 - Information Technology	External Sewerage Pipeline - Rustdene Butekant Street (Ph4 Housing)	2,196,495	168,737	2,027,758	-	CRR
Corporate services	1201	2.12 - Information Technology	External Sewerage Pipeline PH2 - Rustdene Butekant Street (Ph4 Housing)	2,357,732	2,357,732	-	-	CRR
Corporate services	1201	2.12 - Information Technology	External Sewerage Pipeline PH2 - Rustdene Butekant Street (Ph4 Housing)	4,357,635	4,357,635	-	-	CRR
Corporate services	1201	2.12 - Information Technology	Area 55 - Sewerage Pump Station & Rising Main	3,582,881	1,000,000	2,582,881	-	CRR
Corporate services	1201	2.12 - Information Technology	Area 55 - Sewerage Pump Station & Rising Main	150,000	45,000	105,000	-	CRR
Corporate services	1201	2.12 - Information Technology	Area 55 - Sewerage Pump Station & Rising Main	295,000	75,000	220,000	-	CRR
Corporate services	1201	2.12 - Information Technology	Area 55 - Sewerage Pump Station & Rising Main	353,724	353,724	-	-	CRR
Corporate services	1201	2.12 - Information Technology	Area 55 - Sewerage Pump Station & Rising Main	30,000	30,000	-	-	CRR
Corporate services	1201	2.12 - Information Technology	Area 55 - Sewerage Pump Station & Rising Main	853,399	853,399	-	-	CRR
Corporate services	1201	2.12 - Information Technology	Area 55 - Sewerage Pump Station & Rising Main	1,094,108	1,094,108	-	-	CRR
Corporate services	1201	2.12 - Information Technology	Area 55 - Sewerage Pump Station & Rising Main	562,680	562,680	-	-	CRR
Corporate services	1201	2.12 - Information Technology	Area 55 - Sewerage Pump Station & Rising Main	4,000	4,000	-	-	CRR
Corporate services	1201	2.12 - Information Technology	Area 55 - Sewerage Pump Station & Rising Main	1,000	1,000	-	-	CRR
Corporate services	1201	2.12 - Information Technology	Area 55 - Sewerage Pump Station & Rising Main	15,000	15,000	-	-	CRR
Corporate services	1201	2.12 - Information Technology	Area 55 - Sewerage Pump Station & Rising Main	20,000	20,000	-	-	CRR

Community and social services	Vote 5 - Director: Community Services	1820 5.2 - Housing Office	Air conditioner	7,500	7,500	-	CRR
Housing	Vote 5 - Director: Community Services	1820 5.2 - Housing Office	2 x Steel Filing cabinets	5,000	5,000	-	CRR
Waste management	Vote 5 - Director: Community Services	1920 5.3 - Pound	1 X Flushable toilet complete with wash hand basin and 160 litre removable drum	12,000	12,000	-	CRR
Waste management	Vote 5 - Director: Community Services	1980 5.6 - Refuse Removal	Sewerage pump	45,000	45,000	-	CRR
Waste management	Vote 5 - Director: Community Services	1980 5.6 - Refuse Removal	7 X Fire Extinguisher	2,100	2,100	-	CRR
Waste management	Vote 5 - Director: Community Services	2000 5.8 - Admin: Traffic Services	2 x flushable toilets complete with wash hand basin & 160L removable drum	24,000	24,000	-	MIG
Public safety	Vote 5 - Director: Community Services	2000 5.8 - Admin: Traffic Services	New refuse transfer station	1,873,360	469,057	1,404,293	CRR
Public safety	Vote 5 - Director: Community Services	2000 5.8 - Admin: Traffic Services	Tables and chairs	20,000	20,000	-	CRR
Public safety	Vote 5 - Director: Community Services	2000 5.8 - Admin: Traffic Services	Motorcycle Testing equipment	60,000	60,000	-	CRR
Public safety	Vote 5 - Director: Community Services	2000 5.8 - Admin: Traffic Services	Two-way radios	12,000	12,000	-	CRR
Public safety	Vote 5 - Director: Community Services	2000 5.8 - Admin: Traffic Services	Cameras	18,000	18,000	-	CRR
Public safety	Vote 5 - Director: Community Services	2000 5.8 - Admin: Traffic Services	Air conditioner & chairs	20,000	20,000	-	CRR
Public safety	Vote 5 - Director: Community Services	2000 5.8 - Admin: Traffic Services	Air conditioner	2,500	2,500	-	CRR
Public safety	Vote 5 - Director: Community Services	2000 5.8 - Admin: Traffic Services	Office chairs & Tables	400,000	400,000	-	CRR
Public safety	Vote 5 - Director: Community Services	2000 5.8 - Admin: Traffic Services	1 X Refrigerator	50,000	50,000	-	CRR
Public safety	Vote 5 - Director: Community Services	2000 5.8 - Admin: Traffic Services	Safety equipment	3,500	3,500	-	CRR
Electricity	Vote 6 - Director: Electrical Services	3050 6.3 - Retiulation Low Voltage	Replace CF 34741 Isuzu Cherry Picker	300,000	300,000	-	CRR
Electricity	Vote 6 - Director: Electrical Services	3050 6.3 - Retiulation Low Voltage	3 X Blowers	300,000	300,000	-	CRR
Electricity	Vote 6 - Director: Electrical Services	3060 6.4 - Retiulation High Voltage	Safety equipment	175,000	175,000	-	CRR
Electricity	Vote 6 - Director: Electrical Services	3060 6.4 - Retiulation High Voltage	Auto recloser 11KV Smallholdings	5,000	5,000	-	CRR
Electricity	Vote 6 - Director: Electrical Services	3060 6.4 - Retiulation High Voltage	New isolators and switchgear 22KV Line	8,250	8,250	-	CRR
Electricity	Vote 6 - Director: Electrical Services	3060 6.4 - Retiulation High Voltage	Telemetry 11KV substation	16,500	16,500	-	CRR
Electricity	Vote 6 - Director: Electrical Services	3060 6.4 - Retiulation High Voltage	1 X Telesopic Link sticks	20,000	20,000	-	CRR
Electricity	Vote 6 - Director: Electrical Services	3060 6.4 - Retiulation High Voltage	2 X Portable Retiulation Earthing Kit	500,000	500,000	-	CRR
Electricity	Vote 6 - Director: Electrical Services	3060 6.4 - Retiulation High Voltage	2 X 22KV Switching suits	1,582,236	833,700	748,436	MIG
Electricity	Vote 6 - Director: Electrical Services	3060 6.4 - Retiulation High Voltage	11 KV Line Small holdings	3,266,000	3,266,000	-	ACIP
Electricity	Vote 6 - Director: Electrical Services	4010 4.18 - Admin: Water	Investigation for New Aquifers - Beaufort West	10,000	10,000	-	CRR
Water	Vote 4 - Director: Engineering Services	4050 4.20 - Water Purification	Accelerated Community Water Supply (ACIP)	40,000	40,000	-	CRR
Water	Vote 4 - Director: Engineering Services	4050 4.20 - Water Purification	Equipment	700,000	700,000	-	CRR
Water	Vote 4 - Director: Engineering Services	4070 4.21 - Water Retiulation	Installation of new prepaid meters - S8 Behusing ASIA	99,858	99,858	-	MIG
Water	Vote 4 - Director: Engineering Services	4500 4.3 - IDP Co-Ordinator	New Total Pressure Reduction of Water Network - Beaufort West	20,000	20,000	-	CRR
Water	Vote 4 - Director: Engineering Services	4500 4.3 - Admin: Nelsonport	Office furniture - IDP Co-Ordinator	3,500	3,500	-	CRR
Water	Vote 4 - Director: Engineering Services	5500 3.8 - Admin: Nelsonport	Office Chair & Desk	840	840	-	MIG
Planning and development	Vote 3 - Director: Financial Services	6200 3.10 - Tourism Centre: Murraysburg	Vacuum cleaner	1,836,589	1,836,589	-	CRR
Budget and treasury office	Vote 2 - Director: Corporate Services	6600 4.14 - Street Works & Storm Water: Murraysburg	Murraysburg, Setaans - Paanden and Peri Roads; Upgrade Roads	3,000	3,000	-	CRR
Community and social services	Vote 4 - Director: Engineering Services	6660 4.14 - Street Works & Storm Water: Murraysburg	Microwave	10,000	10,000	-	CRR
Road transport	Vote 4 - Director: Engineering Services	6660 4.14 - Street Works & Storm Water: Murraysburg	Lawmowers	3,000	3,000	-	CRR
Road transport	Vote 4 - Director: Engineering Services	6660 4.14 - Street Works & Storm Water: Murraysburg	Electrical Drill	10,000	10,000	-	CRR
Road transport	Vote 4 - Director: Engineering Services	6655 4.11 - Sewerage System: Murraysburg	Sewerage rods	2,000	2,000	-	CRR
Electricity	Vote 4 - Director: Engineering Services	6655 4.11 - Sewerage System: Murraysburg	Step leader	5,000	5,000	-	CRR
Electricity	Vote 4 - Director: Engineering Services	6655 4.11 - Sewerage System: Murraysburg	Steam cleaner (compressor)	30,863,000	2,000,000	28,863,000	MIG
Waste water management	Vote 4 - Director: Engineering Services	6655 4.11 - Sewerage System: Murraysburg	Rehabilitate Sanitation: Oxidation Ponds - Murraysburg	3,000	3,000	-	CRR
Waste water management	Vote 4 - Director: Engineering Services	6660 4.14 - Street Works & Storm Water: Murraysburg	Vacuum cleaner	5,000	5,000	-	CRR
Waste water management	Vote 4 - Director: Engineering Services	6660 4.14 - Street Works & Storm Water: Murraysburg	Air Compressor	20,000	20,000	-	CRR
Budget and treasury office	Vote 3 - Director: Financial Services	6660 4.14 - Street Works & Storm Water: Murraysburg	Concrete Mixer	5,000	5,000	-	CRR
Road transport	Vote 4 - Director: Engineering Services	6660 4.14 - Street Works & Storm Water: Murraysburg	Petrol chain saw	3,200,952	2,200,952	1,000,000	MIG
Road transport	Vote 4 - Director: Engineering Services	6660 4.14 - Street Works & Storm Water: Murraysburg	Rehabilitate Roads & Stormwater - Murraysburg	1,000,000	1,000,000	-	MIG
Road transport	Vote 4 - Director: Engineering Services	6660 4.14 - Street Works & Storm Water: Murraysburg	New Stormwater Drainage - Murraysburg	355,900	355,900	-	MIG
Road transport	Vote 4 - Director: Engineering Services	6660 4.14 - Street Works & Storm Water: Murraysburg	Upgrade Stormwater Channel - Murraysburg	6,000	6,000	-	CRR
Road transport	Vote 3 - Director: Financial Services	6900 4.22 - Water: Murraysburg	Fax Scanner Printer (all-in-one)	232,996	232,996	-	MIG
Budget and treasury office	Vote 3 - Director: Financial Services	6900 4.22 - Water: Murraysburg	Upgrade & Extend Water Supply - Murraysburg	57,287,200	20,024,200	15,843,000	MIG
Water	Vote 3 - Director: Financial Services	6900 4.22 - Water: Murraysburg					MIG

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**BEAUFORT WEST MUNICIPALITY**

**ANNEXURE B  
ANNUAL BUDGET ITEM: FOR NOTING  
2015/16 - 2017/18**

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*In addition to the tabled budget, Council to note this item.*

## Item to note: Exclusions from the Annual Budget

### **Council to please note:**

1. All the Directors (Heads of Departments) presented their full budgets but which resulted in an impossible budget with a huge deficit of more than R40 million. All directors were than requested to trim and reprioritise their requests in line with the current financial position of the municipality.
2. The following significant items or requests were made but could not be included in the annual budget;
  - a) An amount of R2 million, requested by Engineering Services in respect of repairs and maintenance of indigent households properties.
  - b) An amount of R5 million, requested by Engineering Services in respect of the entrance road into the industrial area. This request will be reconsidered at year-end with the finalisation of the annual financial statements.
  - c) An amount of about R4 million is required for the Engineering Services to access the R6 million of RBIG funding in a co-funding arrangement. This funding is required to address the water demand challenges in the Beaufort West area.
  - d) Various electricity substations and utility vehicles for the Electricity Department.
  - e) An amount of about R320 000 requested by Community Services in respect of a garage for the fire brigade vehicles.



## Municipal Budget Circular for the 2015/16 MTREF

This circular provides further guidance to municipalities and municipal entities for the preparation of their 2015/16 Budgets and Medium Term Revenue and Expenditure Framework (MTREF). It must be read together with all previous MFMA Budget Circulars, and specifically MFMA Circular No. 74.

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## 1. Key focus areas for the 2015/16 budget process

### 1.1 The Medium Term Budget Review 2015

The 2015 Budget Review notes that the global economic outlook has weakened and the pattern of slow growth is likely to persist, with consequences for all developing economies. South Africa's gross domestic product (GDP) forecast for 2015 has also been revised down. The National Treasury projects GDP growth of 2 per cent in 2015, rising to 3 per cent by 2017. Average growth over the forecast period is 0.4 percentage points lower than at the time of the 2014 *Medium Term Budget Policy Statement*. Inadequate electricity supply, however, will impose a serious constraint on output and exports over the short term.

The slowdown in economic growth since 2012 has highlighted structural constraints in the domestic economy. Achieving faster sustainable growth and large-scale job creation will require structural shifts in the economy, stronger supply-side value chains, higher exports, moderation in wage increases and, crucially, growing private-sector investment based on confidence in the long-term business environment.

The 2015 Budget allocates resources to core social and economic priorities while containing aggregate expenditure growth. Spending plans give effect to the priorities of the NDP and the MTSF. Initiatives under way include: large public-sector infrastructure investments in electricity and transport; expanded partnerships to encourage private investment; better cooperation between government, the private sector, trade unions and civil society; incentives to attract new entrants in the economy; special economic zones to boost exports; programmes to reshape the urban spatial landscape; and programmes to improve the quality of education and skills development.

Fiscal constraints mean that transfers to municipalities will grow more slowly in the period ahead than they have in the past. Accordingly, municipalities must renew their focus on core service delivery functions and reduce costs without adversely affecting basic services. Furthermore they must ensure that efficiency gains, eradication of non-priority spending (cost containment measures) and the reprioritisation of expenditure relating to core infrastructure continue to inform the planning framework.

The state of the economy has an adverse effect on the consumers. As a result municipalities' revenues and cash flows are expected to remain under pressure. Furthermore municipalities should carefully consider affordability of tariff increases, especially as it relates to domestic consumers while considering the level of services versus the associated cost.

## 2. Division of Revenue Bill 2015

### 2.1 Transfers to local government 2015

Over the 2015 MTEF period, R313.7 billion will be transferred directly to local government and a further R31.9 billion has been allocated to indirect grants. Direct transfers to local government in 2015/16 account for 9.1 per cent of national government's non-interest expenditure, and when indirect transfers are added, total spending on local government increases to 10 per cent of national non-interest expenditure.



The 2015 Budget Review and the Division of Revenue Bill provides for no reductions to the baseline of the local government equitable share in order to protect funding for free basic services. The baseline allocation for local government conditional grants, however, has been reduced in the 2015 Budget as part of the fiscal adjustment announced in the 2014 *Medium Term Budget Policy Statement*. The reductions in 2015/16 range between 0.9 per cent and 5.5 per cent of the allocation for each grant, with larger reductions on slow-spending and non-infrastructure grants. In order to maintain planned outputs and ease the impact of reductions, grant administrators and municipalities need to spend funds efficiently and effectively and alleviate any unnecessary (non-priority) spending.

The allocations for priority grants such as the *integrated national electrification programme (INEP) grant* and the *municipal water infrastructure (MWIG) grant* will grow significantly. Over the MTEF, the INEP grant grows at an average annual rate of 14.9 per cent and the MWIG at an average of 52.2 per cent, including both direct and indirect grant allocations. An addition of R2.4 billion has been made to the MWIG and the *regional bulk infrastructure grant* over the MTEF period to accelerate the provision of basic water supply to all households and improve the state of water services infrastructure nationwide.

A new grant has also been introduced to subsidise the costs of municipalities that will be merged before the 2016 local government elections as a result of demarcation changes. This grant is allocated R139 million over the MTEF specifically for municipalities that will be impacted by the changes in KwaZulu-Natal and Gauteng. The effect of further changes to demarcations proposed by the Minister of Cooperative Governance and Traditional Affairs and currently being considered by the Municipal Demarcation Board (MDB) will be considered as part of the 2016 budget process for any changes that are approved by the MDB. Municipalities should therefore not budget for the proposed changes in 2015/16.

The 2015 Budget document is available on the National Treasury website at:

<http://www.treasury.gov.za/documents/national%20budget/2015>

In addition, National Treasury will send out allocation letters informing each municipality of its equitable share, national conditional grants and provincial transfers (as reflected in the relevant provincial budget and gazette).

Municipalities must ensure that their tabled budgets reflect the equitable share and conditional grant allocations set out in the 2015 Division of Revenue Bill.

## 2.2 Changes in the 2015 Division of Revenue Bill

### *Review of local government infrastructure grants*

The collaborative review of the local government infrastructure grant system led by the National Treasury is still underway. The first phase of the review, completed in 2014, identified two necessary reforms that will be made in 2015/16:

- The rules in the *municipal infrastructure grant* will be amended to allow funds to be used to refurbish and replace infrastructure, but only if municipalities demonstrate that assets have been maintained on a regular basis. Maintenance must be budgeted for as part of the normal business of municipalities.
- The number of conditional grants will be reduced to ease the burden of grant reporting. The two public transport grants will merge in 2015/16 into a single *public transport network grant*. The number of water and sanitation grants is also likely to be reduced from 2016/17.

Further changes to local government infrastructure grants will be announced in the 2015 MTBPS. In preparing for 2016/17 grant allocations, municipalities are advised to continue preparing business plans and project plans for the existing grants as there will be a phase-in period for any changes to the grant system.

The *local government financial management grant (FMG)* and the *municipal systems improvement grant (MSIG)* provides funds for the implementation of the Municipal Standard Chart of Accounts (mSCOA).

Other changes to local government allocations are more technical and reflect the shift of funds between direct and indirect grants, and the impact of the national macro-organisation of the state that followed the 2014 national elections. For example, the sanitation function, including all sanitation-related grants, has shifted from the Department of Human Settlements to the Department of Water and Sanitation.

### 2.3 Shaping urban development to support growth in cities

South Africa's cities continue to reflect the spatial legacy of apartheid, which impedes economic growth. Cities must play a leading role in driving urban investment programmes, including a pro-active role in introducing new financing arrangements. Over the next three years, government will expand investment in the urban built environment, using resources more effectively to transform human settlements, and drawing in private investment to support more dynamic and inclusive economic growth. The 2015 Budget inaugurates a fundamental realignment in achieving these goals.

The National Treasury will introduce a new fiscal package to help large cities to mobilise the resources necessary to implement strategic investment projects. All participating metros are expected to make measurable commitments to good governance, and effective revenue and expenditure management. The new package includes:

- Modifying the infrastructure grant system to support greater alignment of public resources and to ensure that public investments, services, regulations and incentives are focussed in defined spatial areas (integration zones) to optimise overall access, connectivity and efficiency enabling spatial transformation and inclusive urban economic growth;
- Development of mixed-use and mixed-income precincts and catalytic projects to attract private financial and implementation partnerships. Grants will be consolidated, conditions streamlined, and allocations made more predictable and responsive to the needs of specific investment projects. Furthermore, performance-based allocations to reward cities that demonstrate progressive changes in their urban form, improve access to basic services, reduce barriers to social and economic opportunity, and improve mobility of urban residents will be strengthened;
- Focusing the Neighbourhood Development Partnership Grant to support the identification, development and management of strategic nodes in dense urban townships and township clusters in order to serve as transit orientated precincts;
- Reforming the system of development charges to improve fairness and transparency, and reduce delays in infrastructure provision for private land developments;
- Expanding opportunities for private investment in municipal infrastructure through the Development Bank of Southern Africa (DBSA) increasing its origination of longer-term loans, packaging pooled finance instruments, where appropriate, and supporting the introduction of new lending instruments such as revenue bonds; and

- Reviewing the sustainability of existing own-revenue sources for metropolitan municipalities, particularly in light of their expanding responsibilities in public transport and human settlements.

Metropolitan municipalities should announce further details on their investment plans when they table their 2015/16 budget. Furthermore, cities need to improve their collection of own revenue as a greater share of capital investment needs to come from own generated revenue, in partnership with the private sector.

### 3. Headline inflation forecasts

Municipalities must take the following macro-economic forecasts into consideration when preparing their 2015/16 budgets and MTREF.

Fiscal year	2014	2015	2016	2017	2018
	Actual	Estimate		Forecast	
Real GDP growth	2.2	1.4	2.0	2.6	3.0
CPI Inflation	5.8	5.6	4.8	5.9	5.6

Source: Budget Review 2015

Note: the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.

### 4. Revising rates, tariffs and other charges

#### 4.1 Eskom bulk tariff increases

On the 29 January 2015, NERSA approved and published guidelines on municipal electricity price increase for the 2015/16 financial year. A guideline increase of **12.20 per cent** has been approved based on the following assumptions:

- Bulk purchases have increased by 14.24 per cent in line with Eskom's electricity tariff increase to municipalities;
- A consumer price index (CPI) of 6.3 per cent as indicated in the Medium Term Budget Policy Statement (MTBPS) 2014;
- Salary and wage increases; and
- Repairs and maintenance, capital charges and other costs have increased by the CPI.

It should be noted that the guideline is not an automatic increase in tariffs. Therefore all municipalities with distribution licenses are still required to apply to NERSA for the approval of their tariffs.

#### 4.2 Electricity levy increase

During his budget speech on 25 February 2015, the Minister of Finance announced that the electricity levy will be increased by 2 cents per kWh. A special municipal circular will be issued in due course to guide municipalities on the implementation of the 2 cents per kWh electricity levy. In the interim municipalities are advised to use the guideline issued by NERSA to set their tariffs for the 2015/16 financial year.

## 5. Funding choices and management issues

### 5.1 Employee related costs

The *Salary and Wage Collective Agreement* for the period 01 July 2012 to 30 June 2015 has come to an end. The South African Local Government Association issued a press release on 03 March 2015 indicating that it tabled the following offer for salaries and wages increase:

- 2015/16 Financial Year – 4.4 per cent (inflation linked)
- 2016/17 and 2017/18 Financial Years – inflation related increase plus additional 0.25 per cent

As the negotiations are still underway, municipalities are advised to use the above proposed guidelines in preparing their 2015/16 budgets.

### 5.2 Remuneration of councillors

Municipalities are advised to budget for the actual costs approved in line with the gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published by the Department of Cooperative Governance and Traditional Affairs. The gazette for 2015 will be released in due course. Municipalities are advised to refer to the circular issued on 23 January 2015 by the Department of Cooperative Governance and Traditional Affairs.

### 5.3 Budgeting for contingency plans for prolonged power outages

Municipalities have indicated that they are in the process of implementing contingency plans to address Eskom power outages such as the procurement of generators and indicated the need for funding from national government. The government is collectively working with Eskom to mitigate the impact of power cuts. These efforts will improve the availability of electricity over the medium term, and plans are under way to ensure that South Africa can generate sufficient energy to power its economy over the long term. The government therefore consistently encourages a reduction in energy consumption and promotion of energy efficiency.

Consequently the response from government is to address the immediate challenge and it would therefore be premature for municipalities to invest in contingency infrastructure with the expectation of funding.

### 5.4 Service level standards

MFMA circular No. 72 indicated that all municipalities must formulate service level standards which must form part of the 2015/16 tabled MTREF budget documentation. The service level standards need to be tabled before the municipal council for formal adoption. A broad guideline was provided on the minimum service standards to be incorporated in the budget documentation. In addition to the guideline, a framework was developed as an outline to assist municipalities in finalising their service level standards. The outline can be accessed by clicking [HERE](#).

It is acknowledged that it is not possible to have the same service level standards across all municipalities. Therefore the outline must be used as a guideline and be amended accordingly to align to the municipality's specific circumstances. Municipalities should also refer to other guidelines issued by other institutions available on the link indicated above.

### 5.5 Non-payment of Eskom and water boards as creditors

Section 65(2)(e) of the Municipal Finance Management Act, 2003 (MFMA, Act No. 56 of 2003) clearly states that "The accounting officer of a municipality is responsible for the management

of the expenditure of the municipality" and "that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure".

It has become a common trend between certain municipalities that outstanding debt to Eskom and the water boards is not prioritised for payment. ***Municipalities are cautioned that if they do not immediately settle the current accounts of Eskom and the water boards, the March 2015 tranche of the Equitable Share will be withheld.*** In addition, the payment arrangements to address arrear amounts must be concluded by relevant municipalities, implemented and effected in the budget.

Furthermore, going forward municipalities will be closely monitored and those found to be averting payment to Eskom and the water boards will be deemed as contravening the MFMA and consequently section 216(2) of the Constitution will be imposed.

Municipalities are also reminded of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, which the Minister of Finance promulgated on 31 May 2014. Failure by the Accounting Officer to comply with the requirements of section 65(2)(e) of the MFMA is an act of financial misconduct as defined in section 171 of the MFMA and municipalities is obliged to deal with such breach in terms of the regulations mentioned above.

## 5.6 VAT on Conditional Grants

Guideline was provided in MFMA Circular No. 58 that ALL conditional grant allocations in the Division of Revenue Act (DoRA) are VAT inclusive, i.e. national government has budgeted to pay the VAT inclusive price of the goods and services purchased by municipalities using conditional grant funding. Further guidelines were issued in MFMA Circular No. 59 on assessing VAT consequences of transactions involving the equitable share grant and conditional grants.

It is critical that municipalities distinguish between the following:

- *Transaction one – the transfer of funds from national or provincial government to a municipality. The VAT on these transactions is zero-rated, and therefore the issue of paying and reclaiming VAT related to these transactions does not arise.*
- *Transaction two – the expenditure of the grant funds by the municipality. These transactions are subject to the normal VAT provisions. Depending on the nature of goods and services purchased the municipality may or may not be required to pay input VAT.*

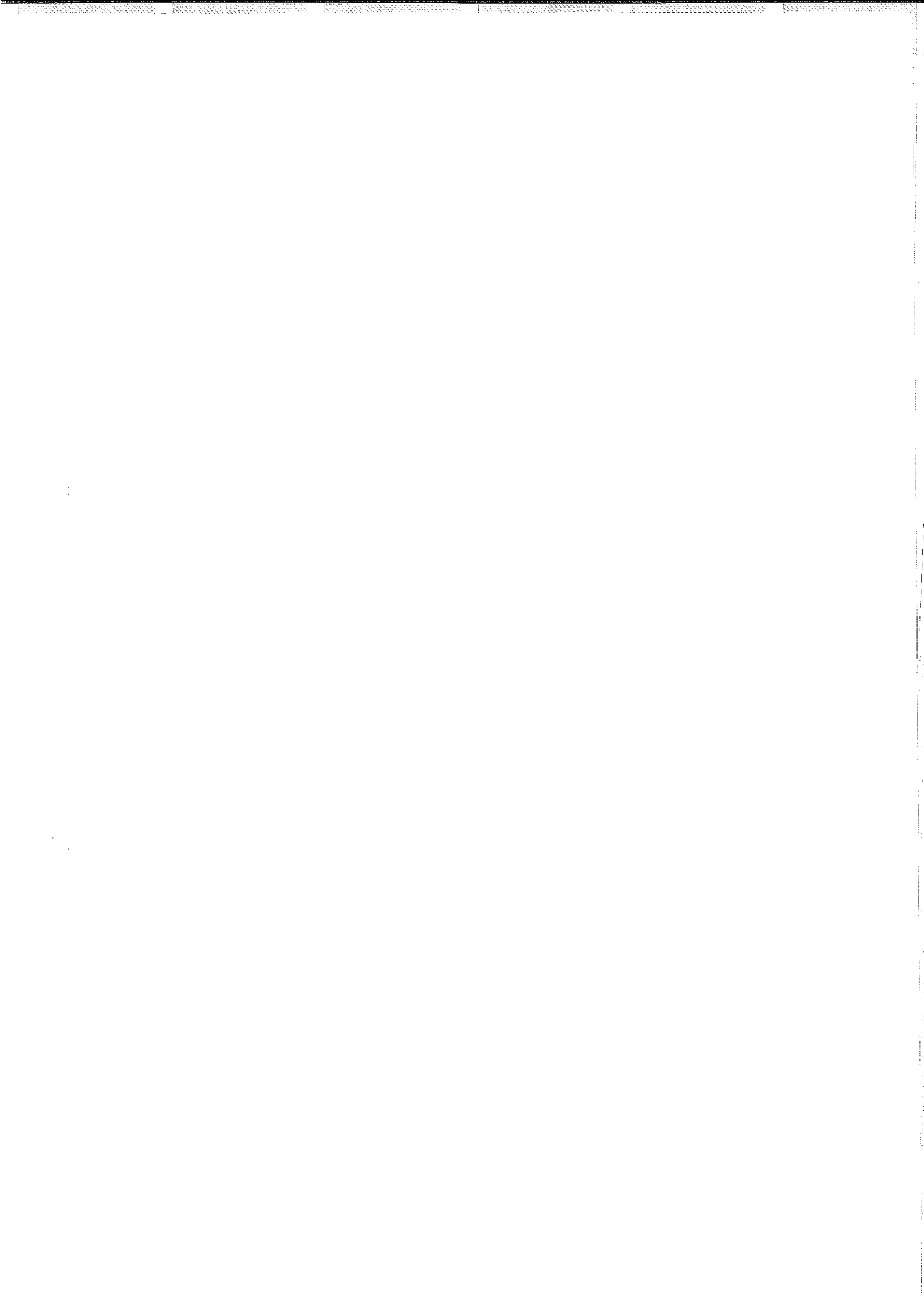
Municipalities are still advised to follow the guideline provided in the above-mentioned circulars as the position has not changed. Further reference should also be made to the **VAT 419 Guideline for Municipalities.**

## 6. mSCOA Training

### 6.1 Non-accredited training

The National Treasury will embark on non-accredited training for pilot municipalities during April and May 2015 as per the dates in the table below. Please note that this training is only for pilot municipalities, applicable vendors and provincial treasuries. The training will be on a nomination and invitational basis.

Province	Dates



KwaZulu-Natal	14-15 April 2015
Limpopo	
Mpumalanga	
Free State	
Northern Cape	21-22 April 2015
Eastern Cape	
Western Cape	
Gauteng	5 – 6 May 2015
North West	

Non- accredited training will be provided to the metropolitan municipalities in 2 sessions on 05 and 06 May 2015. This training is intended to provide piloting stakeholders with a broader understanding of the mSCOA classification framework, typical transactional environment and linkage to reporting as part of the piloting output.

### 6.2 Accredited training

The National Treasury is in the process of developing the necessary unit standards for municipal SCOA (mSCOA). These unit standards will be accredited by LGSETA during the 2015 calendar year. National Treasury will develop unit standards aligned training material that will be accredited by LGSETA to be rolled out to all municipalities from the beginning of the 2016 calendar year.

National Treasury will also embark on a process of accreditation of service providers and more particularly facilitators and assessors to be able to roll out the unit standard aligned training from the beginning of the 2016 calendar year and guidelines in this regard will be issued towards the end of 2015.

### 6.3 mSCOA training provided by service providers

National Treasury is aware of the need to train all municipalities on mSCOA within a tight timeline to ensure that municipalities are in the position to be mSCOA compliant by 01 July 2017. On the same token National Treasury is aware of service providers engaging with municipalities that are offering mSCOA training. **Municipalities need to take note that currently there is no formal unit standard and no service provider can offer accredited training as it relates to the mSCOA. Consequently, municipalities are advised to refrain from entering into agreements with training service providers as it would constitute fruitless and wasteful expenditure.**

It is however acknowledged that there exists a need for broader mSCOA awareness and municipalities are advised to directly contact the National Treasury and respective Provincial Treasury to facilitate and consider these requests. Service providers that are approached to facilitate such awareness sessions should also directly liaise with the National Treasury. Municipalities are reminded to adhere to the supply chain management requirements at all times. In this regard municipalities are informed that there are limited specialists in this field at this point in time.

Please note that the current material available on the National Treasury's website (One day training – Demystify mSCOA) is available for use by all parties and no service provider is allowed to charge any fee for this material.

## 7. Conditional Grant Transfers to Municipalities

Section 214 of the Constitution provides for national government to transfer resources to municipalities in terms of the annual DoRA to assist them in exercising their powers and

performing their functions. These allocations are announced annually in the national budget. Transfers to municipalities from national government are supplemented with transfers from provincial government. Furthermore, transfers are also made between district municipalities and local municipalities.

The DoRA provides for funds to be allocated in different 'schedules'. Each of the schedules provide for grants of a particular type as follows:

Schedule 1		Equitable division of revenue raised nationally among the three spheres of government
Schedule 2		Determination of each province's equitable share of the provincial sphere's share of revenue raised nationally (as a direct charge against the National Revenue Fund)
Schedule 3		Determination of each municipality's equitable share of the local government sphere's share of revenue raised nationally
Schedule 4	Part A	Allocations to provinces to supplement the funding of programmes or functions funded from provincial budgets
	Part B	Allocations to municipalities to supplement the funding of programmes or functions funded from municipal budgets
Schedule 5	Part A	Specific purpose allocations to provinces
	Part B	Specific purpose allocations to municipalities
Schedule 6	Part A	Allocations-in-kind to provinces for designated special programmes
	Part B	Allocations-in-kind to municipalities for designated special programmes
Schedule 7	Part A	Allocations to provinces for immediate disaster response
	Part B	Allocations to municipalities for immediate disaster response

It is important that the transfers applicable to municipalities are made transparently, and properly captured in municipalities' budgets. In this regard, regulation 10 of the *Municipal Budget and Reporting Regulations* provides guidance on when municipalities should reflect a transfer or donation in their budgets. Note that promises of funds that do not meet the requirements set out in regulation 10 must not be included in the municipality's budget.

Municipalities are advised not to provide for transfers from national or provincial departments that are not gazetted in terms of the 2015 Division of Revenue Act (once enacted) or the relevant provincial budget, or for which a properly approved agency agreement is not in place. Such ad hoc transfers are very often unauthorised expenditure at the national and provincial level, and are invariably related to fiscal dumping.

Also note that grants-in-kind (e.g. capital assets transferred by a district to a local municipality) need to be budgeted for as a 'transfer or grant' on Table A4 by the district municipality (and not on their Table A5 (Budgeted Capital Budget – since the expenditure does not get capitalised), and as a 'contributed asset' on Table A4 (Budgeted Financial Performance) by the local municipality, and from there directly on Table A6 (Budgeted Financial Position).

In support of regulation 10 of the *Municipal Budget and Reporting Regulations*, the 2015 Division of Revenue Bill provides that –



1. In terms of section 16, National Treasury is required to publish in the *Government Gazette* the allocations and indicative allocations for all national grants to municipalities;
2. In terms of section 30, each provincial treasury is required to publish in the *Government Gazette* the allocations and indicative allocations per municipality for every allocation to be made by the province to municipalities from the province's own funds; and
3. In terms of section 29, each category C municipality must indicate in its budget all allocations from its equitable share and conditional allocations to be transferred to each category B municipality within the category C municipality's area of jurisdiction.

The Government Gazette reflecting the allocations and indicative allocations for all national grants to municipalities will be available within 14 days of the 2015 Division of Revenue Act being signed into law at the following address:

<http://www.treasury.gov.za/legislation/bills/2015/Default.aspx>

In addition, National Treasury publishes a payment schedule that sets out exactly when the equitable share and national conditional grant funds are to be transferred to municipalities.

This will be available at:

[http://mfma.treasury.gov.za/Media\\_Releases/Municipal%20Payment%20Schedule/Pages/default.aspx](http://mfma.treasury.gov.za/Media_Releases/Municipal%20Payment%20Schedule/Pages/default.aspx)

#### **7.1 Timing of municipal conditional grant transfers**

In order to facilitate synchronisation of the national / provincial financial year (01 April to 31 March) with the municipal financial year (01 July to 30 June), the 2015 Division of Revenue Bill requires that all equitable share and Schedule 4 and 5 conditional allocations to municipalities must be transferred to municipalities within the period 01 July 2015 to 31 March 2016. Municipalities must not accept any equitable share or Schedule 4 and Schedule 5 transfers from national or provincial departments outside of these timeframes.

National and provincial departments are also advised to only transfer grant funds and to only make agency payments to municipalities within the period 01 July 2015 to 31 March 2016. This is to ensure the municipality is able to include such funds on its budget for 2015/16 and to ensure that reporting on the use of the funds is properly aligned across the national, provincial and municipal financial years.

#### **7.2 Payment schedule for transfers**

National Treasury has instituted an automated payment system for transfers to municipalities in order to ensure that appropriate safety checks are put in place.

Section 23 of the 2015 Division of Revenue Bill requires transfers to municipalities to be made as per the approved payment schedule published by National Treasury. Through this system, any transfers not in line with the payment schedule will be rejected. In addition, if the payment details of the municipality are not up-to-date the transfers will also be rejected.

#### **7.3 Provincial allocations and payment schedules**

Provincial Treasuries must publish in a gazette all provincial allocations envisaged to be transferred to municipalities and submit the gazette to National Treasury on a date not later than 14 days after the Division of Revenue Act has been enacted.

Provinces must also submit to the National Treasury the payment schedule against all provincial allocations to municipalities 14 days after the Act takes effect. The payment schedule must include the date of transfer, the amount and the name of the grant. The

Provincial Treasuries must notify the receiving officers of any deviations from the payment schedule. The payment schedules that provincial treasuries are required to submit to National Treasury in terms of section 30(5) of the 2015 Division of Revenue Bill will be published on National Treasury's website, along with the national payment schedule.

#### 7.4 Relationship between Category C and Category B municipalities

The Division of Revenue Bill (DoRB) provides that the revenues raised nationally in respect of the 2015/16 financial year must be divided among the national, provincial and local spheres of government. Furthermore, section 29 of the DoRB states that category C municipality must, within 10 days after the Act takes effect, submit to the National Treasury and all category B municipalities within that municipality's area of jurisdiction, the budget, as tabled in accordance with section 16 of the MFMA, for the 2015/16 financial year.

Transfers are always made to the municipality (district or local) authorised to perform a function. In cases where basic services functions are assigned to district municipalities National Treasury publishes, for information purposes, the amounts that would have been allocated to each local municipality through the formulas for the local government equitable share and municipal infrastructure grant if local municipalities were assigned these basic services functions. These amounts are published in Appendix W1 and Appendix W2 to the 2015 Division of Revenue Bill (see pages 271-284 of the Bill).

The budget of a category C municipality must indicate all allocations from its equitable share and conditional allocations to be transferred to each category B municipality within the category C municipality's area of jurisdiction and disclose the criteria for allocating funds between the category B municipalities. The following practical arrangement will apply:

- Step 1: District Municipality (category C municipality) must when tabling their budgets indicate which municipalities within their area of jurisdiction will receive allocations from the municipality;
- Step 2: After the DoRA takes effect the District Municipality must within 10 days submit the tabled budget that contains allocations to be made to category B municipalities;
- Step 3: The District Municipality must share with the municipalities within its jurisdiction how much is allocated to them, what criteria was used to make allocations and agree with the affected municipalities on how the monies are going to be disbursed. The disbursement schedule (payment schedule) must be sent to National Treasury and respective Provincial Treasury before the beginning of the municipal financial year;
- Step 4: The District Municipality, having the authority to provide municipal services, must before implementing any capital project consult with the category B municipality affected and agree in writing through a Service Level Agreement (SLA) who will be responsible for operational costs and collection of rates; and
- Step 5: District Municipality must make transfers to their local municipalities according to the agreed upon payment schedule.

National Treasury may withhold or stop any funding allocated to a category C municipality and reallocate it to a category B municipality if the category C municipality fails to:

- i) make allocations to their respective municipalities within their jurisdiction;
- ii) reach an agreement with the category B municipality; and
- iii) submit the payment schedule to National Treasury and respective Provincial Treasury.

### 7.5 Responsibilities of transferring and receiving authorities

The legal obligations placed on transferring and receiving officers in terms of the 2015 DoRB are very similar to previous requirements. National Treasury intends ensuring strict compliance in order to improve spending levels, and the quality of information relating to the management of conditional grants.

Municipalities are again reminded that compliance with the annual DoRA is the responsibility of the municipal manager as the "receiving officer". The municipal manager is responsible for, among other things, the tabling of monthly reports in council on whether or not the municipality is complying with the DoRA. He/she is also responsible for reporting on any delays in the transfer or the withholding of funds. Failure on the part of a municipal manager to comply with the Act in this regard will have financial implications for the municipality as it will lead to the municipality losing revenue when funds are stopped and/or reallocated.

Where the municipality is unable to comply, or requires an extension, the municipal manager must apply to the National Treasury and provide comprehensive motivation for the non-compliance.

### 7.6 Criteria for the rollover of conditional grant funds

Section 22 of the 2014 Division of Revenue Act requires that any conditional grants which are not spent at the end of the municipal financial year must revert to the National Revenue Fund, unless the receiving officer proves to the satisfaction of National Treasury that the unspent allocation is committed to identifiable projects, in which case the funds may be rolled over.

When applying to retain unspent conditional allocations committed to identifiable projects or requesting a rollover in terms of section 22(2) of the Division of Revenue Act, municipalities must supply National Treasury with the following information –

1. A formal letter addressed to the National Treasury requesting the rollover of unspent conditional grants in terms of section 22(2) of the 2014 of DoRA. The letter must be signed by the accounting officer;
  2. List of all the projects that are linked to the unspent conditional grants and indicate how much was allocated and spent per project;
  3. Evidence that work on each of the projects has commenced, namely either of the following:
    - a. Proof that the project tender was published and the period for tender submissions closed before 31 March; or
    - b. Proof that a contractor or service provider was appointed for delivery of the project before 30 June.
  4. A progress report (also in percentages) on the state of implementation of each of the projects;
  5. The amount of funds committed to each project, and the conditional allocation from which the funds come;
  6. Reasons why the grants were not fully spent in the year that it was originally allocated as per the DoRA;
  7. Municipalities must not include previous year's unspent conditional grants as a rollover request. Rollover of rollovers will not be considered;
  8. An indication of the time-period within which the funds are to be spent; and
  9. Proof that the Chief Financial Officer and Municipal Manager are permanently appointed.
- No rollover requests will be considered for municipalities with vacant or acting chief financial officers and Municipal Managers for a period exceeding 4 months.**

If any of the above information is not provided or the application is received by National Treasury after 31 August 2015, the application will be declined.

In addition, National Treasury will also take into account the following information when assessing rollover applications, and reserves the right to decline an application if there is non-performance by the municipality in any of these areas:

1. Compliance with the in-year reporting requirements in sections 71 and 72 of the MFMA and section 12 of the 2014 DoRA, including the municipal manager and chief financial officer signing-off on the information sent to National Treasury;
2. Submission of the pre-audit Annual Financial Statements information to National Treasury by 31 August 2015;
3. Accurate disclosure of grant performance in the 2014/15 pre-audit Annual Financial Statements;
4. Under no circumstance would the National Treasury approve the entire allocation of the municipality i.e. The municipality must spend a minimum of 50 per cent of the allocation per programme;
5. Cash available in the bank as at 30 June 2015 and in line with the cash flow statements to finance the roll-over request;
6. No approval will be granted for municipalities requesting roll over of the same grant for the 3<sup>rd</sup> consecutive time; and
7. Incorporation of the Appropriation Statement (discussed in point 6.7 below) as part of the pre-audit Annual Financial Statements.

When approving any rollover requests, National Treasury will use the latest conditional grant expenditure information available at the time, which in this instance is likely to be the disclosure of grant performance in the 2014/15 pre-audit Annual Financial Statements which must be concluded by 31 August 2015.

Similar to the above mentioned rollover process and in accordance with section 22(3)(b) of Division of Revenue Act, provincial treasuries are encouraged to institute measures and criteria for the rollover of conditional grant funds that municipalities receive from provincial departments. Refer to MFMA Budget Circular No.51 for more information.

#### 7.7 Unspent conditional grant funds for 2014/15

The process to ensure the return of unspent conditional grants for the 2014/15 financial year will be managed in accordance with section 22 of the DoRA. In addition to the previous MFMA circulars, the following practical arrangements will apply –

- Step 1: Municipalities must submit their June 2015 conditional grant expenditure reports according to section 71 of the MFMA reflecting all accrued expenditure on conditional grants and further ensure that expenditures reported to both National Treasury and national transferring officers are the same.
- Step 2: When preparing their annual financial statements a municipality must determine what portion of each national conditional allocation it received remained unspent as at 30 June 2015. These amounts MUST exclude all interest earned on conditional grants, retention and all VAT related to conditional grant spending that has been *reclaimed from SARS*, which must be disclosed separately.
- Step 3: If the receiving officer wants to motivate in terms of section 22(2) of the DoRA 2014 that the funds are committed to identifiable projects or wants to propose an alternative payment method or schedule, the required information must be submitted to National Treasury by 31 August 2015. **National Treasury will not consider any rollover requests that are incomplete (see item 7.6 below) or that are received after this deadline.**

- Step 4: National Treasury will confirm in writing whether or not the municipality may retain any of the unspent funds as a rollover based on the evidence that the funds are committed to identifiable projects by **02 October 2015** or whether it has agreed to any alternative payment arrangement or schedules.
- Step 5: A municipality must return the remaining unspent conditional grant funds that are not subject to a specific repayment agreement with National Treasury to the National Revenue Fund by **23 October 2015**. Failure to return these unspent funds by this date will constitute financial misconduct in terms of section 34 of the DoRA.
- Step 6: Any unspent conditional grant funds that should have, but has not been repaid to the National Revenue Fund by 23 October 2015 will be offset against the municipality's November 2015 equitable share allocation unless the municipality has agreed to an alternative payment arrangement or schedule.

All the calculations of the amounts to be surrendered to the National Revenue Fund will be audited by the Auditor-General.

### 7.8 Appropriation statement (Reconciliation: Budget and in-year performance)

In terms of GRAP 24 (Presentation of budget information in AFS) municipalities are required to present their original and adjusted budgets against the actual outcome in the annual financial statements; this is considered an appropriation statement. This statement is subject to auditing and accordingly supporting documentation would be required to substantiate the compilation of this statement. All municipalities were required to compile an appropriation statement with the 2012/13 AFS.

Many municipalities neglected to compile the appropriation as part of their 2012/13 AFS. National Treasury considers this non-compliance in a serious light and going forward the incorporation of an appropriation statement in the AFS will form part of the *evaluation criteria in considering and approving conditional grant rollovers. In the absence of an appropriation statement National Treasury will not consider conditional grant roll over applications.*

### 7.9 Reporting and accounting for municipal approved conditional grant roll-overs

All reporting on rollover approvals must be reported to respective treasuries, national transferring officers and provincial departments responsible for monitoring the conditional grants.

A municipality must report separately on the spending of approved conditional grant roll overs. National Treasury will provide a separate reporting template to facilitate this. This template must be submitted together with the normal in-year template for reporting conditional grant spending for the year. The template is customised per municipality and must be requested by e-mail: [lgdataqueries@treasury.gov.za](mailto:lgdataqueries@treasury.gov.za).

## 8. The Municipal Budget and Reporting Regulations

National Treasury has released Version 2.7 of Schedule A1 (the Excel Formats). This version incorporates minor changes (see Annexure A). Therefore ALL municipalities MUST use this version for the preparation of their 2015/16 Budget and MTREF.

Download Version 2.7 of Schedule A1 by clicking [HERE](#)

The Municipal Budget and Reporting Regulations are designed to achieve a range of objectives, including improving the local government sphere's ability to deliver services by

facilitating improved financial sustainability and better medium term planning. The regulations, formats and associated guides etc. are available on National Treasury's website at:

<http://mfma.treasury.gov.za/RegulationsandGazettes/Pages/default.aspx>

Municipalities are required to submit their budget related electronic returns to [lgdatabase@treasury.gov.za](mailto:lgdatabase@treasury.gov.za) for both the draft budget and the final adopted budget. This will assist the National and Provincial Treasuries with the benchmark process.

### 8.1 Assistance with the compilation of budgets

If you require advice with the compilation of your budgets, the budget documents or Schedule A1 please direct your enquiries as follows:

	Responsible NT officials	Tel. No.	Email
Eastern Cape	Templeton Phogole	012-315 5044	<a href="mailto:Templeton.Phogole@treasury.gov.za">Templeton.Phogole@treasury.gov.za</a>
	Matjatji Mashoeshoe	012-315 6567	<a href="mailto:Matjatji.Mashoeshoe@treasury.gov.za">Matjatji.Mashoeshoe@treasury.gov.za</a>
Free State	Vincent Malepa	012-315 5539	<a href="mailto:Vincent.Malepa@treasury.gov.za">Vincent.Malepa@treasury.gov.za</a>
	Katlego Mabiletsa	012-395 6742	<a href="mailto:Katlego.Mabiletsa@treasury.gov.za">Katlego.Mabiletsa@treasury.gov.za</a>
Gauteng	Kgomotso Baloyi	012-315 5866	<a href="mailto:Kgomotso.Baloyi@treasury.gov.za">Kgomotso.Baloyi@treasury.gov.za</a>
	Nomxolisi Mawulana	012-315 5460	<a href="mailto:Nomxolisi.Mawulana@treasury.gov.za">Nomxolisi.Mawulana@treasury.gov.za</a>
KwaZulu-Natal	Bernard Mokgabodi	012-315 5936	<a href="mailto:Bernard.Mokgabodi@treasury.gov.za">Bernard.Mokgabodi@treasury.gov.za</a>
	Johan Botha	012-315 5171	<a href="mailto:Johan.Botha@treasury.gov.za">Johan.Botha@treasury.gov.za</a>
	Walter Munyai	012-395 6793	<a href="mailto:Walter.Munyai@treasury.gov.za">Walter.Munyai@treasury.gov.za</a>
Limpopo	Una Rautenbach	012-315 5700	<a href="mailto:Una.Rautenbach@treasury.gov.za">Una.Rautenbach@treasury.gov.za</a>
	Sifiso Mabaso	012-315 5952	<a href="mailto:Sifiso.Mabaso@treasury.gov.za">Sifiso.Mabaso@treasury.gov.za</a>
Mpumalanga	Jordan Maja	012-315 5663	<a href="mailto:Jordan.Maja@treasury.gov.za">Jordan.Maja@treasury.gov.za</a>
	Anthony Moseki	012-315 5174	<a href="mailto:Anthony.Moseki@treasury.gov.za">Anthony.Moseki@treasury.gov.za</a>
Northern Cape	Willem Voigt	012-315 5830	<a href="mailto:Willem.Voigt@treasury.gov.za">Willem.Voigt@treasury.gov.za</a>
	Mandla Gilimani	012-315 5807	<a href="mailto:Mandla.Gilimani@treasury.gov.za">Mandla.Gilimani@treasury.gov.za</a>
North West	Sadesh Ramjathan	012-315 5101	<a href="mailto:Sadesh.Ramjathan@treasury.gov.za">Sadesh.Ramjathan@treasury.gov.za</a>
	Makgabo Mabotja	012-315 5156	<a href="mailto:Makgabo.Mabotja@treasury.gov.za">Makgabo.Mabotja@treasury.gov.za</a>
Western Cape	Vuyo Mbunge	012-315 5661	<a href="mailto:Vuyo.Mbunge@treasury.gov.za">Vuyo.Mbunge@treasury.gov.za</a>
	Kevin Bell	012-315 5725	<a href="mailto:Kevin.Bell@treasury.gov.za">Kevin.Bell@treasury.gov.za</a>
	Mlungisi Mthembu	012-395 6554	<a href="mailto:Mlungisi.Mthembu@treasury.gov.za">Mlungisi.Mthembu@treasury.gov.za</a>
Technical issues with Excel formats	Elsabe Rossouw	012-315 5534	<a href="mailto:lgdataqueries@treasury.gov.za">lgdataqueries@treasury.gov.za</a>

National Treasury, working with the provincial treasuries, will carry out a compliance check and where municipalities have not provided complete information, the budgets will be referred back to the Mayor and municipal manager. Municipal managers are reminded that the annual budget must be accompanied by a 'quality certificate' in accordance with the format set out in item 31 of Schedule A in the Municipal Budget and Reporting Regulations. The National Treasury would like to emphasise that where municipalities have not adhered to the Municipal Budget and Reporting Regulations, **those municipalities will be required to go back to the municipal council and table a complete budget document aligned to the requirement of the Municipal Budget and Reporting Regulations.**

Municipalities with municipal entities are once again reminded that they need to produce consolidated budgets and in-year reports for both the parent entity and entity in that they need to produce:

- An annual budget, adjustment budget and monthly financial statements for the parent municipality in the relevant formats; and
- A consolidated annual budget, adjustments budget and monthly financial statements for the parent municipality and all its municipal entities in the relevant formats.

In addition, the A Schedule that the municipality submits to National Treasury must be the consolidated budget for the municipality (plus entities) and not the budget of the parent municipality.

### **8.2 Benchmarking process**

National Treasury and provincial treasuries will be conducting benchmark budget hearings on the municipalities' tabled budgets during April and early May 2015 to assess whether the budgets are realistic, sustainable and relevant, and the extent to which they are funded in accordance with the requirements of the MFMA. In this regard, National Treasury will communicate further with the non-delegated municipalities, while the provincial treasuries will communicate with their respective delegated municipalities.

Municipalities are required to table the reports and recommendations provided by the respective treasury in Council and submit a copy of the council resolution in this regard to National Treasury and the respective Provincial Treasury.

### **8.3 The difference between the collection rate on table SA8 and SA10**

The collection rate (cash receipts % of ratepayer & other revenue) on table SA10 - Funding measurement, is a cash collection rate calculated on operating revenue at the rate at which funds are 'collected'. This measure is intended to analyse an underlying conservative assumed collection rate; i.e. how much cash is expected to be collected from property rates, service charges and other revenue (excluding grants and interest earned).

The collection rate (cash receipts % of ratepayer & service charges) on table SA8 - Performance indicators and benchmarks row 18 refers to a "Current Consumer Debtors Collection Rate" - this measure is intended to analyse the actual consumer collection rate from property rates and service charges only, excluding other revenue.

## **9. Budget process and submissions for the 2015/16 MTREF**

Over the past number of years there have been significant improvements in municipal budget processes. Municipalities are encouraged to continue their efforts to improve their budget processes based on the guidance provided in previous and current MFMA Circulars.

Once more, municipalities are reminded that the IDP review process and the budget process should be combined into a single process. Municipalities are reminded to prepare for the budget verification process that will be undertaken on the adopted budgets.

### **9.1 Tabling of the MFMA budget circular in municipal council**

Municipalities are advised to table the annual municipal budget Circulars in council together with the budget documents.

### **9.2 Submitting budget documentation and schedules for 2015/16 MTREF**

To facilitate oversight of compliance with the Municipal Budget and Reporting Regulations, accounting officers are reminded that:

- Section 22(b)(i) of the MFMA requires that *immediately* after an annual budget is tabled in a municipal council it must be submitted to the National Treasury and the relevant provincial treasury in both printed and electronic formats. If the annual budget is tabled to council on 31 March 2015, the final date of submission of the electronic budget documents and corresponding electronic returns is **Wednesday, 01 April 2015**. The deadline for submission of hard copies including council resolution is **Friday, 10 April 2015**.
- Section 24(3) of the MFMA, read together with regulation 20(1), requires that the approved annual budget must be submitted *within ten working days* after the council has approved the annual budget. If the council only approves the annual budget on 30 June 2015, the final date for such a submission is **Tuesday, 14 July 2015**, otherwise an earlier date applies.

The municipal manager must submit:

- the budget documentation as set out in Schedule A of the Municipal Budget and Reporting Regulations, including the main Tables (A1 - A10) and all the supporting tables (SA1 – SA37) in both printed and electronic format;
- the draft service delivery and budget implementation plan in both printed and electronic format;
- the draft integrated development plan;
- in the case of approved budgets, the council resolution;
- Signed Quality Certificate as prescribed in the Municipal Budget and Reporting Regulations; and
- Signed budget locking certificate as found on the website.

Municipalities are required to send electronic versions of documents and the A1 schedule to [lgdocuments@treasury.gov.za](mailto:lgdocuments@treasury.gov.za).

If the budget documents are too large to be sent via email (exceeds 4MB) please submit to [lgbigfiles@gmail.com](mailto:lgbigfiles@gmail.com) ; any problems experienced in this regard can be addressed with Elsabe Rossouw (email: [Elsabe.Rossouw@treasury.gov.za](mailto:Elsabe.Rossouw@treasury.gov.za)).

Municipalities are required to send printed submissions of their budget documents and council resolution to:

***For couriered documents***

Ms Linda Kruger  
National Treasury  
40 Church Square  
Pretoria, 0002

***For posted documents***

Ms Linda Kruger  
National Treasury  
Private Bag X115  
Pretoria, 0001

In addition to the above mentioned budget documentation, metropolitan municipalities must submit the Built Environment Performance Plan (BEPP) approved by council on 31 May 2015 to [Yasmin.coovadia@treasury.gov.za](mailto:Yasmin.coovadia@treasury.gov.za).



### 9.3 Budget reform returns to the Local Government Database for publication

For publication purposes, municipalities are still required to use the Budget Reform Returns to upload budget and monthly expenditure to the National Treasury Local Government Database. All returns are to be sent to [lgdatabase@treasury.gov.za](mailto:lgdatabase@treasury.gov.za).

Returns for the 2015/16 budget must be submitted to the Local Government Database by the latest **24 July 2015**.

The aligned electronic returns may be downloaded from National Treasury's website at the following link: [http://mfma.treasury.gov.za/Return\\_Forms/Pages/default.aspx](http://mfma.treasury.gov.za/Return_Forms/Pages/default.aspx).

### 9.4 Publication of budgets on municipal websites

In terms of section 75 of the MFMA all municipalities are required to publish their tabled budgets, adopted budgets, annual reports (containing audited annual financial statements) and other relevant information on the municipality's website. This will aid in promoting public accountability and good governance.

All relevant documents mentioned in this circular are available on the National Treasury website, <http://mfma.treasury.gov.za/Pages/Default.aspx>. Municipalities are encouraged to visit it regularly as documents are regularly added / updated on the website.

## Contact



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

**Post** Private Bag X115, Pretoria 0001  
**Phone** 012 315 5009  
**Fax** 012 395 6553  
**Website** <http://www.treasury.gov.za/default.aspx>

**JH Hattingh**  
**Chief Director: Local Government Budget Analysis**  
**09 March 2015**

## Annexure A – Changes to Schedule A1 – the ‘Excel formats’

As noted above, National Treasury has released Version 2.7 of Schedule A1 (the Excel Formats). It incorporates the following changes:

No.	Sheet	Amendment	Reason
1	A5	Insertion of a validity check formula.	Ensure that funding and expenditure balances.
2	A6	Insertion of a validity check formula.	Ensure that net assets and total community wealth balances.
3	A7	Insertion of receipts from property rates and service charges line items. Insertion of formulae linking A7 to SA30 for the MTREF.	Simplification of data gathering for determining the collection rate from main services.
4	A10	Insertion of new footnote.	Improve reporting of services provided including informal settlements.

## Annexure B – Previous MFMA Circulars

### Budget management issues dealt with in previous MFMA Circulars

Municipalities are reminded to refer to MFMA Circulars 48, 51, 54, 55, 66, 67 and 70 with regards to the following issues:

1. Mayor's discretionary funds and similar discretionary budget allocation – National Treasury regards allocations that are not designated for a specific purpose to be bad practice and discourage them (refer to MFMA Circular 51).
2. Unallocated ward allocations – National Treasury does not regard this to be a good practice, because it means that the tabled budget does not reflect which ward projects are planned for purposes of public consultation and council approval (refer to MFMA Circular 51).
3. New office buildings – Municipalities are required to send detailed information to National Treasury if they are contemplating building new main office buildings (refer to MFMA Circular 51).
4. Virement policies of municipalities – Municipalities are reminded of the principles that must be incorporated into municipal virements policies (refer to MFMA Circular 51).
5. Providing clean water and managing waste water – Municipalities were reminded to include a section on 'Drinking water quality and waste water management' in their budget document (refer to MFMA Circular 54).
6. Renewal and repairs and maintenance of existing assets – Allocations to repairs and maintenance, and the renewal of existing infrastructure must be prioritised. Municipalities must provide detailed motivations in their budget documentation if allocations do not meet the required benchmarks set out in MFMA Circular 55 and 66.
7. Credit cards and debit cards linked to municipal bank accounts are not permitted – On 02 August 2011 National Treasury issued a directive to all banks informing them that as from 01 September 2011 they are not allowed to issue credit cards or debit cards linked to municipal bank accounts (refer to MFMA Circular 55).
8. Water and sanitation tariffs must be cost reflective – refer to MFMA Circular 66.
9. Solid waste tariffs – refer to MFMA Circular 70.
10. Variances between 4<sup>th</sup> Quarter section 71 results and annual financial statements – refer to Circular 67.
11. Additional In-Year reporting requirements – refer to MFMA Circular 67.
12. Appropriation statement (reconciliation: budget and in-year performance)- reference is made to circular 67. It came to the attention of National Treasury that a number of municipalities did not include the appropriation statement as part of their 2012/13 or 2013/14 annual financial statement. In terms of the Standards of GRAP 24 on the Presentation of Budget Information in Financial Statements, municipalities are required to present their original and adjusted budgets against actual outcome in the annual financial statements. This is considered an appropriation statement and the comparison between the budget and actual performance should be a mirror image of each other as it relates to the classification and grouping of revenue and expenditure as has been the case in a national and provincial context. This statement is subject to auditing and accordingly supporting documentation would be required to substantiate the compilation of this statement.
13. Eliminating non-priority spending – The 2013 MTBPS emphasised the need for government to step-up its efforts to combat waste, inefficiency and corruption (refer to MFMA circular 70).
14. Council oversight over the budget process – refer to MFMA Circular 70.

### Conditional grant issues dealt with in previous MFMA Circulars

Municipalities are reminded to refer to MFMA Circulars 48, 51, 54, 55 and 67 with regards to the following issues:

1. Accounting treatment of conditional grants: Municipalities are reminded that in accordance with accrual accounting principles, conditional grants should only be treated as 'transfers recognized' revenue when the grant revenue has been 'earned' by incurring expenditure in accordance with the conditions of the grant.
2. VAT on conditional grants: SARS has issued a specific guide to assist municipalities meeting their VAT obligations – **VAT 419 Guide for Municipalities**. To assist municipalities accessing this guide it has been placed on the National Treasury website at: <http://mfma.treasury.gov.za/Guidelines/Pages/default.aspx>
3. Interest received and reclaimed VAT in respect of conditional grants: Municipalities are reminded that in MFMA Circular 48, National Treasury determined that:
  - Interest received on conditional grant funds must be treated as 'own revenue' and its use by the municipality is not subject to any special conditions; and
  - 'Reclaimed VAT' in respect of conditional grant expenditures must be treated as 'own revenue' and its use by the municipality is not subject to any special conditions.
4. Appropriation of conditional grants that are rolled over – As soon as a municipality receives written approval from National Treasury that its unspent conditional grants have been rolled-over it may proceed to spend such funds (refer to MFMA Circular 51 for other arrangements in this regard).
5. Pledging of conditional grant transfers – the 2015 Division of Revenue Bill contained a provision that allows municipalities to pledge their conditional grants. The end date for the pledges is extended to 2017/18. The process of application as set out in MFMA Circular 51 remains unchanged.
6. Separate reporting for conditional grant roll-overs – National Treasury has put in place a separate template for municipalities to report on the spending of conditional grant roll-overs. Municipalities are reminded that conditional grant funds can only be rolled-over once, so if they remain unspent in the year in which they were rolled-over they MUST revert to the National Revenue Fund.
7. Payment schedule – National Treasury has instituted an automated payment system of transfers to municipalities in order to ensure appropriate safety checks are put in place. Only the primary banking details verified by National Treasury will be used for effecting transfers.
8. Conditional grant transfers/payments, the responsibilities of transferring and receiving authorities and the criteria for the rollover of conditional grants – It is important that the transfers made to municipalities' are transparent, and properly captured in the municipalities' budgets. MFMA Circular no: 67 in this regard refers. The criterion for the rollover of conditional grants is stipulated in MFMA Circular no: 51.

### MBRR issues dealt with in previous MFMA Circulars

Municipalities are reminded to refer to MFMA Circulars 48, 51, 54, 55 with regards to the following issues:

1. Budgeting for revenue and 'revenue foregone' – The 'realistically anticipated revenues to be collected' that must be reflected on the Budgeted Statement of Financial Performance (Tables A2, A3 and A4) must exclude 'revenue foregone'. The definition

- of 'revenue foregone' and how it is distinguished from 'transfers and grants' is explained in MFMA Circular 51.
2. Preparing and amending budget related policies – Information on all budget related policies and any amendments to such policies must be included in the municipality's annual budget document (refer to MFMA Circular 54).
  3. 2013/14 MTREF Funding Compliance Assessment – All municipalities were required to perform the funding compliance assessment outlined in *MFMA Funding Compliance Guideline* and to include the relevant information outlined in MFMA Circular 55 in their 2015/16 budgets (refer to MFMA Circular 55).