



nelson mandela bay  
M U N I C I P A L I T Y  
PORT ELIZABETH | UITENHAGE | DESPATCH

# **2010/11 – 2012/13 BUDGET**

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## **PART 1 – ANNUAL BUDGET**

### **1.1 Executive Mayor's Report**

The Municipality reaffirms its commitment to the following key priorities:

- Meeting basic service delivery needs of communities;
- Building a clean, responsive and accountable Municipality;
- Strengthening oversight over the Municipality's service delivery and financial performance;
- Strengthening partnerships between the Municipality, communities and civil society.

In the year ahead, the Municipality will further enhance its capacity to implement the adopted Budget, so as to positively impact on the lives of residents.

The Municipality is committed towards ensuring that the limited financial resources are maximised for service delivery. To this end non-essential expenditure items will be reprioritised in favour of service delivery programmes.

The achievement of unqualified audit opinions remains a key objective. The Municipality is committed towards retaining this status it has enjoyed since the 2007/08 financial year.

**COUNCILLOR Z WAYILE**  
**May 2010**

## 1.2 **Budget Resolutions**

(a) The Executive Mayor recommends that the Council resolves that:

1. The annual budget of the Nelson Mandela Bay Municipality for the financial year 2010/11 and the indicative allocations for the projected outer years 2011/12 and 2012/13; and the multi-year and single year capital appropriations be approved in accordance with section 24 of the Municipal Finance Management Act No. 56 of 2003, as set-out in the following tables:
  - 1.1 Budgeted Financial Performance (revenue and expenditure by standard classification); [Page 26]
  - 1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote); [Page 28]
  - 1.3 Budgeted Financial Performance (revenue by source and expenditure by type); [Page 29]
  - 1.4 and Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source. [Page 31]
2. The budgeted financial position, budgeted cash flows, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets be noted as set-out in the following tables:
  - 2.1 Budgeted Financial Position; [Page 33]
  - 2.2 Budgeted Cash Flows; [Page 34]
  - 2.3 Cash backed reserves and accumulated surplus reconciliation; [Page 36]
  - 2.4 Asset management; [Page 36]
  - 2.5 Basic service delivery measurement. [Page 39]
3. The consolidated budget that includes the financial impact of the municipal entity (Mandela Bay Development Agency) be noted.
4. The draft revised Integrated Development Plan (IDP) be approved as reflected elsewhere in the agenda.
5. The proposed amendments to the draft rates policy be approved, in accordance with Section 5 of the Municipal Property Rates Act, 6 of 2004 (see report elsewhere in the agenda).
6. With regard to primary health care services, the Acting Municipal Manager report on the progress made towards concluding a Delegation Agreement with the Provincial Government for the future provision of primary health care services, specifying the required services/service standards and indicating the level of financial contribution by the Municipality.
7. Administrative costs (“hidden costs”) amounting to R3 611 010 relating to the provision of housing, be funded from the RSC levy income replacement, and that the current funding from the RSC levy income replacement be phased out over a maximum

period of 5 years that commenced in the 2008/09 financial year, i.e. a reduction of 20% per annum.

8. Tariffs be increased as follows with effect from 1 July 2010:

Property rates	-	11%
Water	-	12%
Sanitation	-	11%
Electricity	-	22%
Refuse	-	11%

9. The Acting Municipal Manager, in conjunction with the relevant Executive Directors report on their respective project plans, including the capacity to implement the draft 2010/11 to 2012/13 Capital Budget and Programme, so as to ensure the achievement of a minimum spending level of 95%.
10. In accordance with Section 19 of the Municipal Finance Management Act, the affected Executive Directors submit comprehensive reports in relation to new projects, *inter alia*, dealing with the total project costs, funding sources, future operating budget implications and associated tariff implications, before Council finally approves the implementation of any new project.
11. The Chief Financial Officer raises new external loan financing in the amount of R470 million, to finance the infrastructural development reflected in the 2010/11 Capital Budget.
12. The Chief Financial Officer report fully on the associated financial implications relating to the potential level and availability of external loan financing to support the 2011/12 (year 2) and 2012/13 (year 3) of the draft Capital Programme.
13. The Acting Municipal Manager obtain written confirmation from the Provincial Government as to the transfers to be allocated for health, housing, transportation and library services for the 2010/11 to 2012/13 financial years, and that the possibility of a Metro delegation engaging the Provincial Government in this regard be considered.
14. The matters as set out in section 1.3.3 of the budget framework document, be monitored and evaluated on an ongoing basis.
15. The revised Financial Management Policies be approved as reflected in Annexure "B".
16. The Funding and Reserves Policy be approved as reflected in Annexure "C".

### 1.3 Executive Summary

The 2010/11 to 2012/13 Budget preparation commenced in August 2009 after Council approved a timetable for the IDP and Budget preparation process.

The Budget comprises both Operating and Capital Budgets, which is a requirement of the Constitution and the Municipal Finance Management Act (MFMA). The capital budget generally contain new or replacement assets such as roads, vehicles, buildings, etc. The Operating Budget, which is by far the largest component of the Budget, includes the provision of services, such as health, water, refuse collection, etc.

One of the objectives of the budget timetable is to ensure integration between the development of the Integrated Development Plan (IDP) and the Budget. The IDP is the strategic plan of the Municipality and it is critical that the Budget enables the achievement of the IDP objectives. The Table in section 1.3.5 illustrates the link between the IDP and Budget.

The assumptions and principles applied in the development of this Budget are mainly based upon guidelines received from National Treasury (expenditure growth) and other external bodies such as the National Electricity Regulator of South Africa (NERSA), South African Local Government Bargaining Council, Department of Water Affairs (DWA), major service providers, etc. The IDP's strategic focus areas informed the development of the Budget, in addition to assessing the relative capacity to implement the Budget, taking affordability considerations into account. The aforementioned guidelines were considered appropriate to inform the development of the Budget.

The Operating Budget totals R5,64 billion, which funds the continued provision of services provided by the Municipality.

The major expenditure items are employee costs (30.42%), bulk electricity and water purchases (27.23%), general expenses (11.26%), grants and subsidies paid (10.25), repairs and maintenance (8.67%) and depreciation (5.09%).

Funding is obtained from various sources, the major sources being service charges such as electricity, water, sanitation and refuse collection and disposal (52.60%), property rates (15.10%), grants and subsidies received from National and Provincial Governments (22.21%).

In order to support the 2010/11 Operating Budget, the following increase in rates and service charges have been proposed, with effect from 1 July 2010:

Property rates	-	11%
Water	-	12%
Sanitation	-	11%
Electricity	-	22%
Refuse	-	11%

A provision of R49 million has been set aside to cover potential bad debts arising from property rates and service charges not collected. This is based upon a level of payment of debtors' accounts averaging 98%.

In the past as a result of limited funds, a number of important issues such as addressing maintenance backlogs, making adequate contributions to provision and reserves, staffing requirements, etc. were not fully covered. However strategies to address these issues were undertaken and as at 30 June 2010 all of the provisions were at their required levels. In relation to staffing requirements, budget provisions are set aside on an annual basis, in order to fill vacant positions critical to service delivery. In relation to maintenance backlogs, the full extent of the backlogs, has been determined. The 2010/11 Budget does make provision for increased allocations to deal with the maintenance of infrastructure.

The Assistance to the Poor Programme currently, provides the following monthly benefits to poor households in the Metro:

- Free 8kl of water
- Free basic sanitation
- Free 75 kwh Electricity
- Free basic refuse removal
- Property rates subsidy
- Environmental charges

Out of approximately 275 000 households, some 111 950 households receive the assistance listed above. The total cost of free basic services currently amounts to R378 million and is anticipated to increase to R581.95 million in 2012/13, with about 132 950 households benefiting out of approximately 296 000 households.

The Capital Budget totals R2.183 billion and this is funded mainly through revenue from operations (23.5%), Government grants (51.4%) and external loans (21.5%). Grants and subsidies are mainly earmarked for the sanitation and water infrastructure and transportation projects.

It is to be noted that new external loan financing in the amount of R470 million will be raised to support the 2010/11 Capital Budget. The proposed amount of new external loan financing is significantly influenced by the need to rehabilitate water, sanitation, electricity and roads infrastructure. Furthermore, it has been possible to accommodate the consequential loan servicing costs, without negatively impacting on the proposed tariff increases.

Budget provisions to assist in attending to the rehabilitation of infrastructure, is also provided for. The full extent of the required rehabilitation of infrastructure, has been determined.

Annexure "A" provides a summary of the capital projects included in the Capital Budget.

The Budget related policies as outlined in section 1.3.8 have been adhered to in the development of the Budget, whilst continuous monitoring of budget performance is possible through Key Performance Indicators in section 2.3 and the Service Delivery and Budget Implementation Plan.



### 1.3.1 Total Service Delivery Package of the Municipality and associated financial implications

The Municipality provides the following services:

Services Provided	Operating Expenditure
	<b>R'000</b>
<b>Corporate Services</b>	<b>1,005,338</b>
Budget and Treasury	601,281
Corporate Services	215,488
Executive and Council	188,569
<b>Community Services</b>	<b>1,516,657</b>
Public Health	568,483
Housing and Land	270,600
Economic Development and Recreational Services	344,411
Safety and Security	333,163
<b>Infrastructure Services</b>	<b>3,118,305</b>
Roads and Stormwater	257,382
Water Service	415,068
Sanitation Service	357,066
Electricity and Energy	2,003,009
2010 World Cup Office	60,068
Strategic Programmes Directate	25,712
<b>Total Costs</b>	<b>5,640,300</b>
<b>Funded as follows: -</b>	
Transfers recognised – operating	1,268,308
Service Charges	3,003,749
Investment revenue	135,913
Property Rates	862,387
Other Own Revenue	439,931
<b>Total</b>	<b>5,710,288</b>

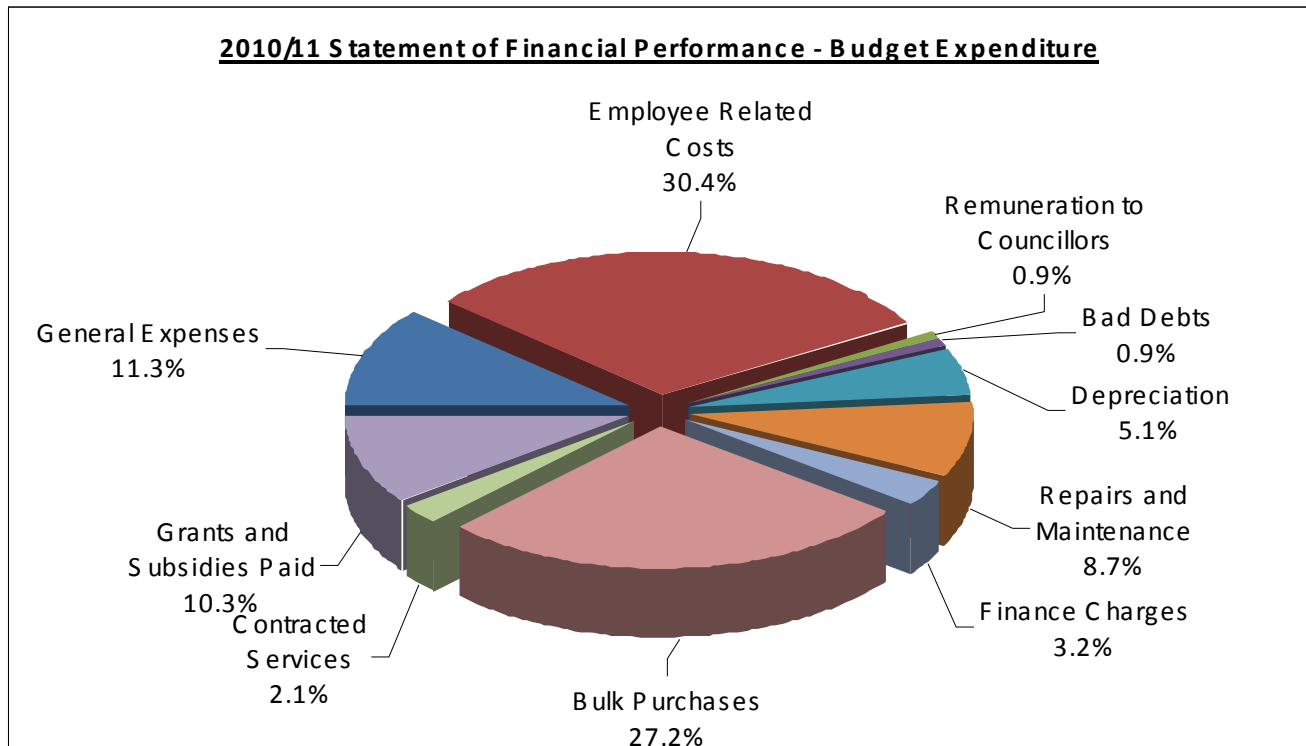
### 1.3.2 Effect of the Annual Budget

In this section the Operating and Capital Budgets are discussed.

#### 1.3.2.1 Operating Budget

The operating budget amounts to R5,64 billion.

The graph below reflects the expenditure components of the budgeted statement of financial performance.



Below is a discussion of the main expenditure components:

### ***Employee Costs***

The 2010/11 draft budget provides for annual increments, where applicable, and a general increase of 7.7% in line with the negotiated agreement.

The total budget provision of R1.715 billion represents an increase of 15.97% over the 2009/10 budget.

The total number of vacancies to be filled was to be determined on a corporate basis at the time the budget process commenced in August 2009. The annual cost of vacancies at the end of August 2009 amounted to R99.1 million, which is R17.8 million less than the original annual budget provision for vacancies to be filled in the 2009/10 Operating Budget.

An amount of approximately R25 million has been provided to ensure the implementation of the new wage curve in the 2010/11 financial year, as agreed to by the South African Local Government Bargaining Council. The budget further includes an amount, of approximately R19 million to cover 9 months' back pay, in accordance with the wage curves collective agreement.

**Council's target for 2010/11 is to restrict personnel costs to 34% of total expenditure. Personnel costs in the 2010/11 Budget represent 30.42% of total expenditure.**

## **Electricity**

Purchase of Power has increased from R1 166,6 million in 2009/10 to R1 476,0 million in 2010/11 an increase of 26.52%.

NERSA has approved a 24,8% increase in the Eskom bulk tariff for its 2010/11 financial year, being 1 April 2010 to 31 March 2011. The Minister of Public Enterprises, however, announced that Eskom's bulk electricity tariff increase would amount to 28,9% for all Municipalities' 2010/11 financial year. The 2010/11 budget accordingly allows for a 28,9% increase for bulk power purchases from Eskom. It has been estimated, however, that energy consumption levels will reflect a negative growth of approximately 2.3%, attributable to the following:

- Significant increases in electricity prices;
- Consumer awareness of the need to conserve energy;
- The implementation of energy conservation measures; and
- The down turn in the economy and its consequential impact on industry.

## **Water**

The bulk purchase of water increased by R9 038 960 (17.9%) from R50 609 420 in 2009/10 to R59 648 380 in 2010/11, as follows:

	<b>2009/10</b>	<b>2010/11</b>	<b>%</b>
DWAF	<b>48 662 070</b>	<b>56 914 020</b>	16,9
Water Resource Management charge	1 982 750	2 238 530	12,9
Consumptive charges (includes Return on Assets charge, Depreciation and Operation & Maintenance charges)	46 679 320	54 675 490	17,1
Gamtoos Irrigation Board	1 261 420	1 392 790	10,4
Sundays River Irrigation Board	685 930	1 341 570	95,6
<b>Total</b>	<b>50 609 420</b>	<b>59 648 380</b>	<b>17,9</b>

The total budget provision of R59,6 million is influenced by the declining water consumption patterns, in addition to a water tariff increase of approximately 13%.

## ***Repairs and Maintenance***

Repairs and maintenance (buildings, grounds, sewers, road works, pipelines and motor vehicles) amount to R 489 048 150 for the year, compared to R 449 262 980 for 2009/10, resulting in a 11.7% increase in Repairs and Maintenance.

## ***Maintenance Backlogs***

### **ASSESSMENT OF THE CURRENT INFRASTRUCTURAL MAINTENANCE BACKLOGS**

The extent of backlogs, as determined by the various Directorates, are as follows:

#### **OPERATING BUDGET REQUIREMENTS**

	<b>Total Operational Maintenance Backlog</b>	<b>Annual Requirement to eliminate Backlog</b>	<b>Operating Budget 2010/11</b>
<b>Water</b>	<b>316,723,100</b>	<b>63,344,620</b>	<b>75,805,449</b>
Water Pump Stations	9,518,500	1,903,700	1,523,690
Water Reticulation	114,315,105	22,863,021	47,757,432
Water Treatment Works	24,531,980	4,906,396	9,036,009
Reservoirs, Water Towers, Break Pressure Tanks	12,167,515	2,433,503	507,897
Dams	14,350,000	2,870,000	1,485,787
Bulk Water Supply Mains	141,840,000	28,368,000	15,494,634
<b>Sanitation</b>	<b>311,925,430</b>	<b>106,287,074</b>	<b>118,016,851</b>
Waste Water Treatment Works	80,391,970	16,078,394	17,881,341
Sewage Pump Stations	85,193,500	17,038,700	26,225,967
Sewerage Network	146,339,960	73,169,980	73,909,543
<b>Roads &amp; Stormwater</b>	<b>364,547,800</b>	<b>72,909,560</b>	<b>75,882,960</b>
Subsidised Roads	28,695,600	5,739,120	5,250,670
Non - Subsidised Roads	193,105,400	38,621,080	40,380,010
Rehabilitation of Stormwater Facilities	142,746,800	28,549,360	30,252,280
<b>TOTAL</b>	<b>993,196,330</b>	<b>242,541,254</b>	<b>269,705,260</b>

#### **CAPITAL BUDGET REQUIREMENTS**

	<b>Total Capital Maintenance Backlog</b>	<b>Annual Requirement to eliminate Backlog</b>	<b>Capital Budget 2010/11</b>
<b>Water</b>	<b>1,594,111,460</b>	<b>318,822,292</b>	<b>75,593,540</b>
Water Pump Stations	75,302,500	15,060,500	350,000
Water Reticulation	1,249,850,085	249,970,017	22,893,540
Water Treatment Works	56,298,500	11,259,700	23,450,000
Reservoirs, Water Towers, Break Pressure Tanks	90,550,375	18,110,075	8,400,000
Dams	3,910,000	782,000	2,000,000

Bulk Water Supply Mains	118,200,000	23,640,000	18,500,000
<b>Sanitation</b>	<b>659,038,845</b>	<b>131,807,769</b>	<b>48,375,000</b>
Waste Water Treatment Works	143,902,500	28,780,500	16,750,000
Sewage Pump Stations	29,263,040	5,852,608	4,125,000
Sewerage Network	485,873,305	97,174,661	27,500,000
<b>Roads &amp; Stormwater</b>	<b>1,871,431,530</b>	<b>374,286,306</b>	<b>493,328,180</b>
Rehabilitation of Tar Roads and Tarring of Gravel Roads	1,511,831,530	302,366,306	394,728,180
Resurfacing of Subsidised Tar Roads	53,400,000	10,680,000	15,000,000
Resurfacing of Non-Subsidised Tar Roads	131,200,000	26,240,000	36,000,000
Rehabilitation of Stormwater Facilities	175,000,000	35,000,000	47,600,000
<b>Electricity and Energy</b>	<b>539,535,000</b>	<b>58,675,000</b>	<b>25,100,000</b>
Major Substations	51,285,000	10,257,000	5,350,000
Distribution Substations	278,250,000	30,917,000	1,250,000
HV Overhead Lines	82,000,000	6,834,000	11,300,000
Rural and LV Lines	128,000,000	10,667,000	7,200,000
<b>TOTAL</b>	<b>4,664,116,835</b>	<b>883,591,367</b>	<b>642,396,720</b>

### ***Infrastructure and Engineering***

The Municipality has implemented various management systems over the past four years to determine the status of roads and stormwater infrastructure maintenance backlogs.

In 2004, the Infrastructure and Engineering Directorate embarked on a programme to develop and implement a Roads Management System (RMS)

The RMS is now in its fourth year of operation and represents a sound basis for recording the current road network and its condition, allowing the Directorate to extract accurate data from the system in order to undertake maintenance and upgrading planning.

### ***Water Services***

The Municipality has implemented a water asset management system that manages water infrastructure in order to ensure optimum utilisation and to determine the capital and maintenance requirements.

Regular assessments and updating of the Water Management System allows for accurate reporting of maintenance backlogs, for both operating and capital budgets.

## Sanitation Services

The Municipality has implemented a sanitation asset management system that manages sanitation infrastructure in order to ensure optimum utilisation and to determine the capital and maintenance requirements.

Regular assessments and updating of the Sanitation Management System allows for accurate reporting of maintenance backlogs, for both operating and capital budgets.

## Electricity

The Municipality has implemented an electricity asset management system that manages energy infrastructure in order to ensure optimum utilisation and to determine the capital and maintenance requirements.

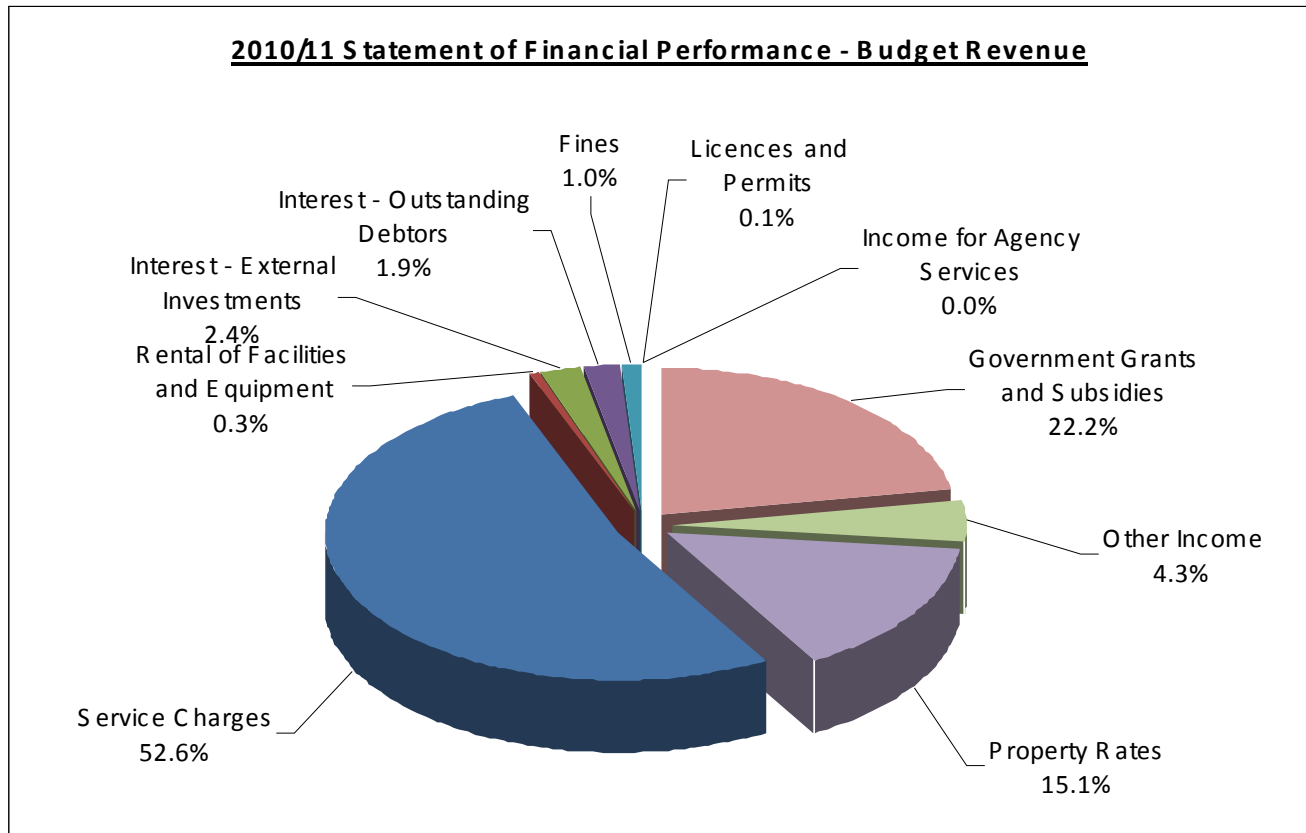
## Sources of Funding

The Municipality receives its funding from many sources including property rates, services charges and government grants. The following table identifies the sources of funding for the past financial year 2008/09, the current financial year 2009/10 and the projected budgets for 2010/11 to 2012/13.

Description	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year 1 2011/12
<b>R thousand</b>							
<b>Revenue By Source</b>							
Property rates	659,777	774,525	772,037	772,037	862,387	940,002	1,024,603
Service charges - electricity revenue	1,502,322	1,852,194	1,853,088	1,853,088	2,206,868	2,607,324	3,096,943
Service charges - water revenue	344,730	367,052	365,049	365,049	411,202	462,622	501,906
Service charges - sanitation revenue	226,507	238,227	235,372	235,372	264,727	291,354	320,482
Service charges - refuse revenue	96,266	108,763	108,763	108,763	120,952	133,854	145,644
Rental of facilities and equipment	13,336	18,417	17,272	17,272	18,107	19,590	21,126
Interest earned - external investments	172,880	185,926	186,677	186,677	135,913	145,519	156,503
Interest earned - outstanding debtors	92,041	114,121	100,285	100,285	108,025	106,617	111,503
Fines	25,528	50,384	50,395	50,395	59,376	64,126	69,256
Licences and permits	8,552	7,828	7,846	7,846	6,980	7,649	8,261
Agency services	1,152	1,107	1,402	1,402	1,472	1,546	1,623
Transfers recognised - operational	1,986,206	1,398,577	1,316,763	1,316,763	1,268,308	1,254,973	1,304,649
Other revenue	187,913	162,450	164,623	164,623	245,971	229,743	247,173
Gains on disposal of PPE	6	7					
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>5,317,216</b>	<b>5,279,577</b>	<b>5,179,569</b>	<b>5,179,569</b>	<b>5,710,288</b>	<b>6,264,920</b>	<b>7,009,673</b>

It is evident from the above, that Electricity service charges and Property Rates constitute the largest components of the Municipality's revenue. Grants and Subsidies (Transfers recognised) also constitute a major component of total revenue.

Below is a graph reflecting the revenue components of the budgeted statement of financial performance.



### ***Comparative Rates and Tariffs***

In order to support the Operating Budget, the following increases in rates and service charges have been proposed, compared to the 2009/10 financial year:

	2009/10	2010/11	2011/12	2012/13
	%	%	%	%
Property rates Increase	10.0	11.0	11.0	11.0
Water tariff increase	11.0	12.0	12.0	12.0
Sanitation tariff increase	9.0	11.0	11.0	11.0
Electricity tariff increase	25.0	22.0	22.0	22.0
Refuse tariff increase	10.0	11.0	11.0	11.0

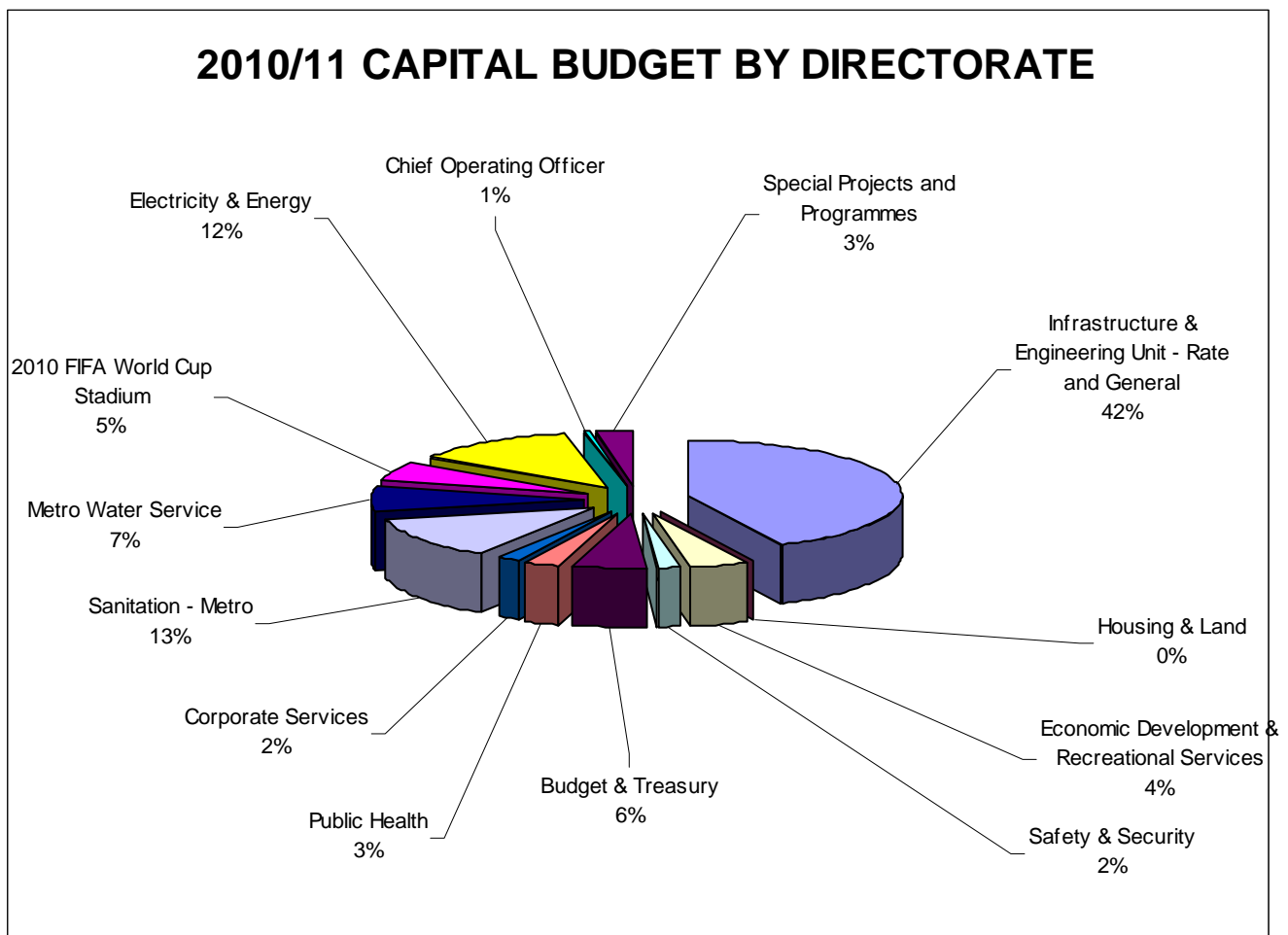
### 1.3.2.2 Capital Budget

The 2010/11 Capital Budget amounts to R2,178 billion compared to R2,339 billion in 2009/10.

The 2010/11 budget will be funded as follows:

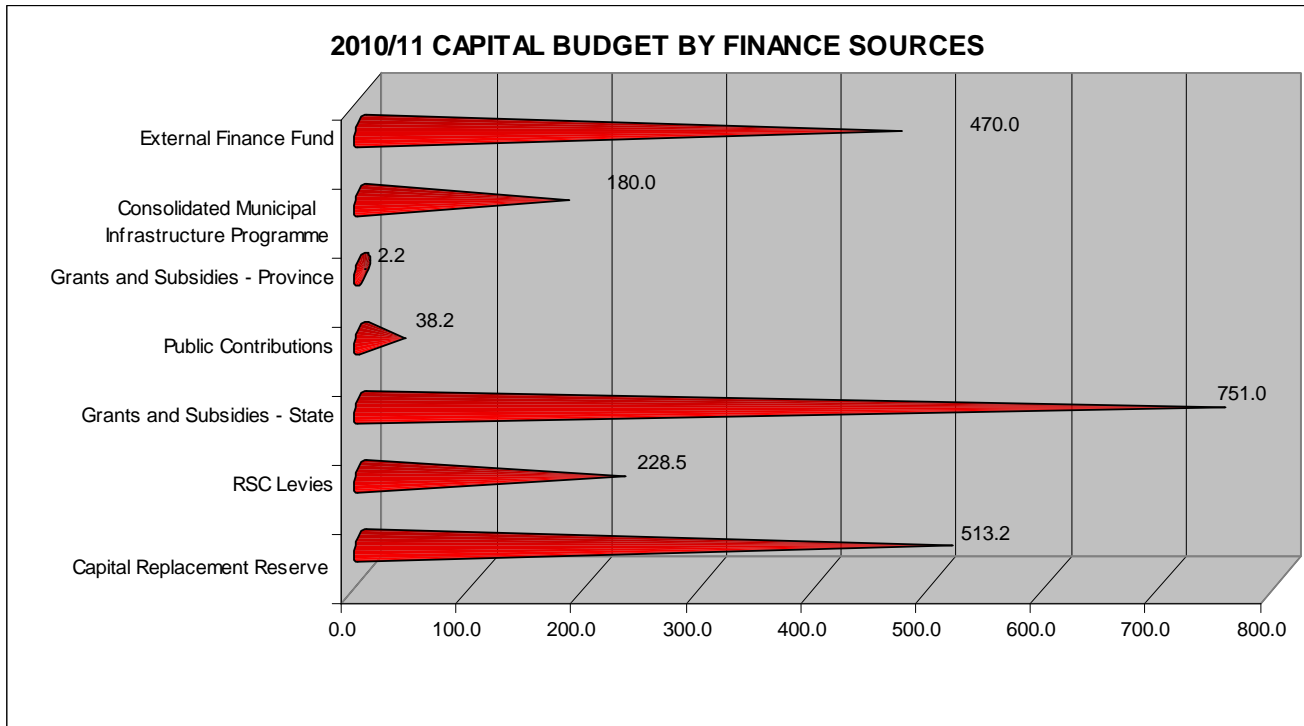
<u>Funded by:</u>	<u>R'000</u>
National Government	1,119,477
Provincial Government	2,250
District Municipality	-
Other transfers and grants	40,000
Transfers recognised - capital	1,161,727
Public contributions & donations	38,186
Borrowing	470,000
Internally generated funds	513,210
<b>Total Capital Funding</b>	<b>2,183,123</b>

The graphs below reflect the 2010/11 Capital Budget by Directorate and finance source.





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### 1.3.3 Funding of the Budget

#### *Fiscal Overview*

##### 1.3.3.1 2008/09 Actual and 2009/10 Projected Financial Performance

The municipality's financial performance and position appears to be sound for the following reasons:

- Budgets are balanced, being funded from the current financial year's revenues.
- The municipality operates within its annual budget, as approved by Council.
- The municipality maintains a positive cash and investments position.
- Relatively high revenue collection rates are being achieved.
- The municipality has maintained a favourable credit rating.

##### 1.3.3.1.1 Operating Budget

In the 2009/10 financial year expenditure in the amount of R5,2 billion was fully funded from the municipality's revenues. A similar performance is projected for 2010/11 with R5.64 billion of expenditure being funded by revenue of R5.71 billion leaving a budgeted surplus of R0.07 billion which is appropriated in the Statement of Changes in Net Assets. For both financial years, the current financial year's revenues were sufficient to cover the operating expenditures.

In May 2010 it was reported to the Budget and Treasury Standing Committee that the average revenue collection rate was 94.57% of the current financial year's billings, as at the

end of March 2010. The collection rate of 98% on which the 2010/11 Operating Budget is based, is in line with the IDP target. It will assist the municipality in maintaining its financial position to support the mid-term plan in this Budget.

### **1.3.3.1.2 Capital Budget**

The actual capital budget spending in 2008/09 amounted to R2,797 billion, of which R1,643 billion was funded from National and Provincial Government grants, R563 million from external loans and the remaining R591 million was funded from Council's internal sources.

For 2009/10, the Capital budget increased by approximately R388 million (20%) to R2,339 billion, compared to the original 2008/09 budget of R1,951 billion.

### **1.3.3.2 Mid Term Outlook – 2010/11 to 2012/13**

#### ***Operating Budget***

The operating budget amounts to R5.18 billion for the 2009/10 financial year. It then increases to R5.64 billion in 2010/11, and R 6.17 billion in 2011/12 and finally to R6.90 billion in 2012/13. This growth is mainly in the following areas:

- Increased spending attributable to addressing maintenance backlogs in infrastructure.
- Increased spending on employee related costs.
- Increased spending attributable to bulk purchasing costs for electricity and water.
- Increased servicing costs relating to borrowing.

#### ***Capital Budget***

Over the next three financial years, 2010/11 to 2012/13, capital spending is projected at R2,183 billion in 2010/11, and R2,686 billion in 2011/12, and then decline by approximately 2.12% to R2,629 billion in 2012/13.

The projected spending level in 2010/11 is approximately R156 million less than the original 2009/10 level.

Spending projections then increases in 2011/12 and declines in 2012/13 of this Budget to approximately R2,686 billion and R2,629 billion respectively.

#### ***Loan Debt***

In line with the anticipated budget performance, as explained above, and taking the National and Provincial Government grant allocations into account, the Municipality will continue to fund each financial year's Operating budget with current revenues, but will be required to consider the raising of relatively significant amounts of external loans to fund the Capital budget. New external loans amounting to R470 million will be taken up for the 2010/11 financial year to support infrastructural spending programmes. With regards to the 2011/12 to 2012/13 financial years, it is the intention to review the need for and the extent of external loan financing in line with affordability considerations for these outer two years.

### ***Financial Ratios***

The current and projected financial picture is reflected in the various ratios, monitored by the municipality on a monthly basis. Ratios such as levels of cash, loan debt, debtors to total revenue, etc. – are expected to improve slightly from their current levels over the mid-term outlook of this Budget.

### ***Ongoing issues requiring monitoring and evaluation***

The municipality is closely monitoring certain issues that could have a significant financial impact on future budgets. If one or more of them require substantial resources beyond what is included in the mid-term budget, the municipality will have to adjust its spending plans to maintain its financial position. Many of the items listed below could have major and permanent impacts on the operating budget, and would therefore require permanent increases in revenue, or commensurate reductions in other services. Consequently, they should be carefully monitored and evaluated:

- Maintenance backlogs in respect of Council's assets – adequacy of budgetary provisions;
- Staffing requirements and the impact on the personnel expenditure target;
- Acceptance and implementation of unfunded mandates; e.g. provision of Housing, Health, Roads and Library Services;
- Maintenance of current collection rates;
- Reviewing and enhancing the level of the Capital Replacement Reserve, to ensure that the Municipality is able to cover the purchase of new and replacement assets;
- Financial implications associated with the raising of external loan financing.

### 1.3.4 Medium Term Revenue and Expenditure

The Projected Financial Results over the MTEF are as follows:

	EXPECTED	TABLED BUDGET: MAY 2010		
	RESULTS	BUDGET	BUDGET	BUDGET
	F01	F01	F02	F03
	2009/10	2010/11	2011/12	2012/13
<b>OPERATING INCOME</b>				
Property Rates	818,599	908,724	990,509	1,079,654
Less Income Foregone	44,074	46,337	50,507	55,051
<b>Net Property Rates</b>	<b>774,525</b>	<b>862,387</b>	<b>940,002</b>	<b>1,024,603</b>
Interest Earned - Outstanding Debtors	114,121	108,025	106,617	111,503
<b>Total Penalties &amp; Interest on Debtors</b>	<b>114,121</b>	<b>108,025</b>	<b>106,617</b>	<b>111,503</b>
Electricity	1,852,194	2,206,868	2,607,324	3,096,943
Solid Waste	108,763	120,952	133,854	145,644
Sanitation	238,227	264,727	291,354	320,482
Water	367,052	411,202	462,622	501,906
<b>Total User Charges for Services</b>	<b>2,566,236</b>	<b>3,003,749</b>	<b>3,495,154</b>	<b>4,064,975</b>
Rent of Facilities and Equipment	18,417	18,107	19,590	21,126
Interest Earned - External Investments	185,926	135,913	145,519	156,503
Fines	50,384	59,376	64,126	69,256
Licenses & Permits	7,828	6,980	7,649	8,262
Income from Agency Services	1,107	1,472	1,546	1,624
Operating Grants & Subsidies	1,398,577	1,268,308	1,254,973	1,304,649
Capital Grants	0	900,513	1,329,060	1,178,375
Other Income	162,450	245,971	229,744	247,173
Gain on Sale of Assets	7	0	0	0
<b>Total Operating Income</b>	<b>5,279,577</b>	<b>6,610,801</b>	<b>7,593,980</b>	<b>8,188,048</b>
<b>OPERATING EXPENDITURE</b>				
Employee Related Costs - Salaries & Wages	1,101,178	1,300,853	1,408,324	1,558,463
Employee Related Costs - Social Contributions	378,208	414,739	457,050	505,342
<b>Total Employee Related Costs</b>	<b>1,479,386</b>	<b>1,715,592</b>	<b>1,865,374</b>	<b>2,063,805</b>
Remuneration of Councillors	46,311	49,553	54,508	59,959
Debt Impairment	44,839	49,131	52,921	57,155
Depreciation	451,991	287,092	305,899	319,947
Repairs and Maintenance - External cost	449,638	489,048	529,219	568,786
Interest Expense - External Borrowings	162,371	180,596	192,868	210,742
<b>Total Interest</b>	<b>162,371</b>	<b>180,596</b>	<b>192,868</b>	<b>210,742</b>
Bulk Purchases - Electricity	1,183,799	1,476,006	1,820,111	2,246,439
Bulk Purchases - Water	50,609	59,648	64,420	69,574
<b>Total Bulk Purchases</b>	<b>1,234,408</b>	<b>1,535,654</b>	<b>1,884,531</b>	<b>2,316,013</b>
Contracted Services	86,213	120,446	110,774	119,717
Grants & Subsidies Paid	102,032	578,244	654,209	679,694
General Expenses - Other	1,127,155	634,943	515,933	505,712
<b>Total Operating Expenditure</b>	<b>5,184,344</b>	<b>5,640,300</b>	<b>6,166,235</b>	<b>6,901,528</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>	<b>95,232</b>	<b>970,501</b>	<b>1,427,745</b>	<b>1,286,520</b>

### 1.3.5 Priorities and linkages to the IDP

The Integrated Development Plan (IDP) determines and prioritises the needs of the community.

The 2010/11 to 2012/13 Operating and Capital Budgets were prepared in accordance with the IDP. The key strategic focus areas of the IDP are as follows:

- Municipal transformation and development
- Service delivery and infrastructure development
- Local economic development
- Financial sustainability and viability
- Good governance and public participation

The abovementioned strategic focus areas informed the preparation of the Budget.

After the tabling of the budget, a series of meetings were held throughout the municipal area to consult with the elected public representatives, employees of the Municipality, Civil Society, business, labour, National and Provincial Governments on how the draft budget addresses the IDP priorities and objectives. The feedback flowing from these meetings were referred to the relevant Directorates for their attention.

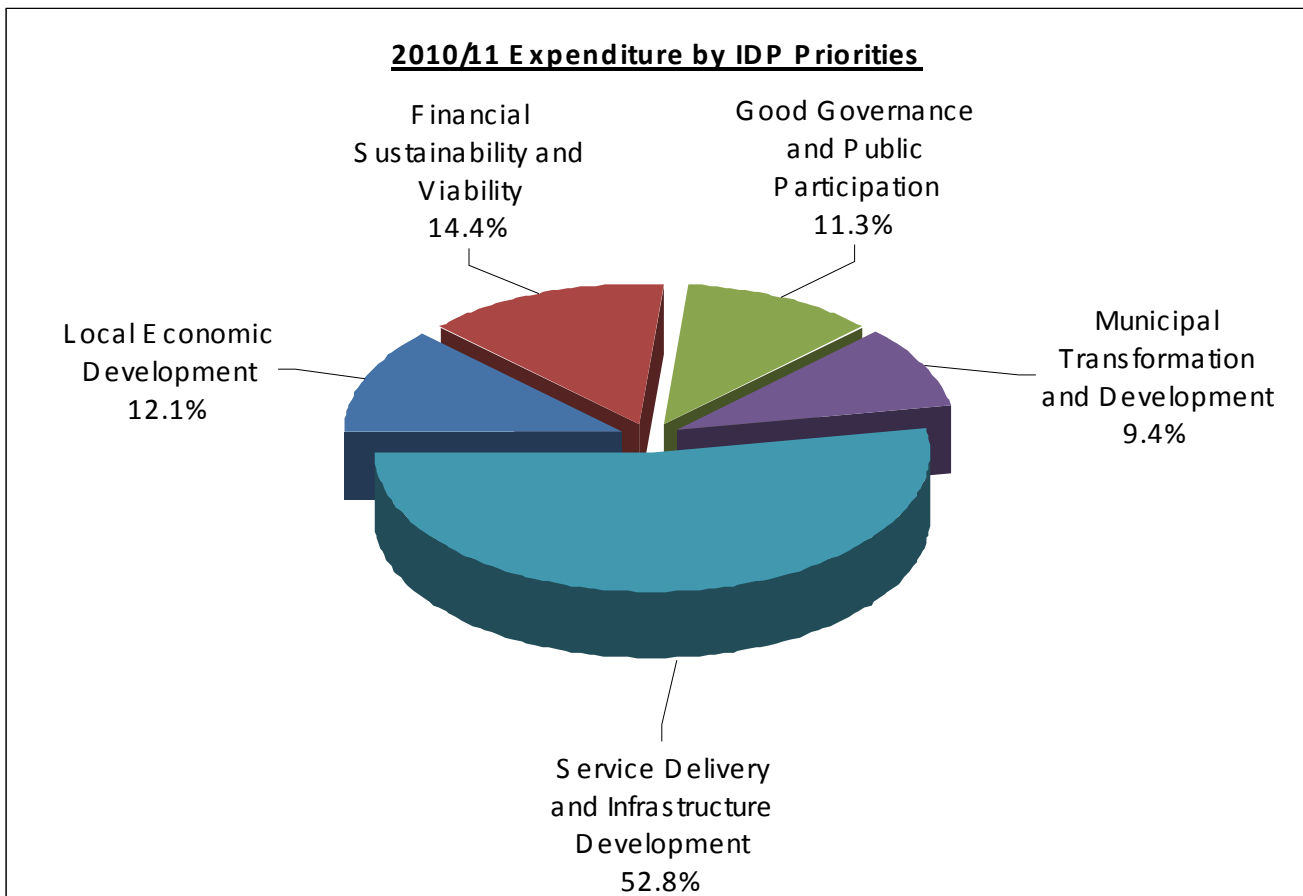
The linking of capital projects to the IDP priorities has been relatively simple, whilst the difficulty in the past has been to link the Operating budget to the IDP. This is now facilitated through the Service Delivery and Budget Implementation Plan (SDBIP).

Below is a table, which illustrates the link between the Budget and the IDP.

#### **BUDGET ALLOCATION ACCORDING TO IDP PRIORITIES**

	Municipal Transformation and Development	Service Delivery and Infrastructure Development	Local Economic Development	Financial Sustainability and Viability	Good Governance and Public Participation	Total
	R '000	R '000	R '000	R '000	R '000	R '000
<b>2010/11 Budget</b>						
Capital Expenditure	172,628	1,535,768	366,834	43,158	64,735	2,183,123
Operating Expenditure	564,896	2,593,916	581,849	1,082,274	817,365	5,640,300
<b>Total</b>	<b>737,524</b>	<b>4,129,684</b>	<b>948,683</b>	<b>1,125,432</b>	<b>882,100</b>	<b>7,823,423</b>
<b>2011/12 Budget</b>						
Capital Expenditure	80,579	2,148,792	349,178	48,349	59,092	2,685,990
Operating Expenditure	567,815	2,999,423	591,558	1,179,914	827,525	6,166,235
<b>Total</b>	<b>648,394</b>	<b>5,148,215</b>	<b>940,736</b>	<b>1,228,263</b>	<b>886,617</b>	<b>8,852,225</b>

	Municipal Transformation and Development	Service Delivery and Infrastructure Development	Local Economic Development	Financial Sustainability and Viability	Good Governance and Public Participation	Total
	R '000	R '000	R '000	R '000	R '000	R '000
<b>2012/13 Budget</b>						
Capital Expenditure	76,982	2,077,051	328,648	49,955	96,544	2,629,180
Operating Expenditure	635,202	3,337,175	661,762	1,319,749	947,640	6,901,528
<b>Total</b>	<b>712,184</b>	<b>5,414,226</b>	<b>990,410</b>	<b>1,369,704</b>	<b>1,044,184</b>	<b>9,530,708</b>



### 1.3.6 Key amendments to IDP

The review of the Integrated Development Plan (IDP) in terms of the Municipal Systems Act has been guided and informed by the following principles:

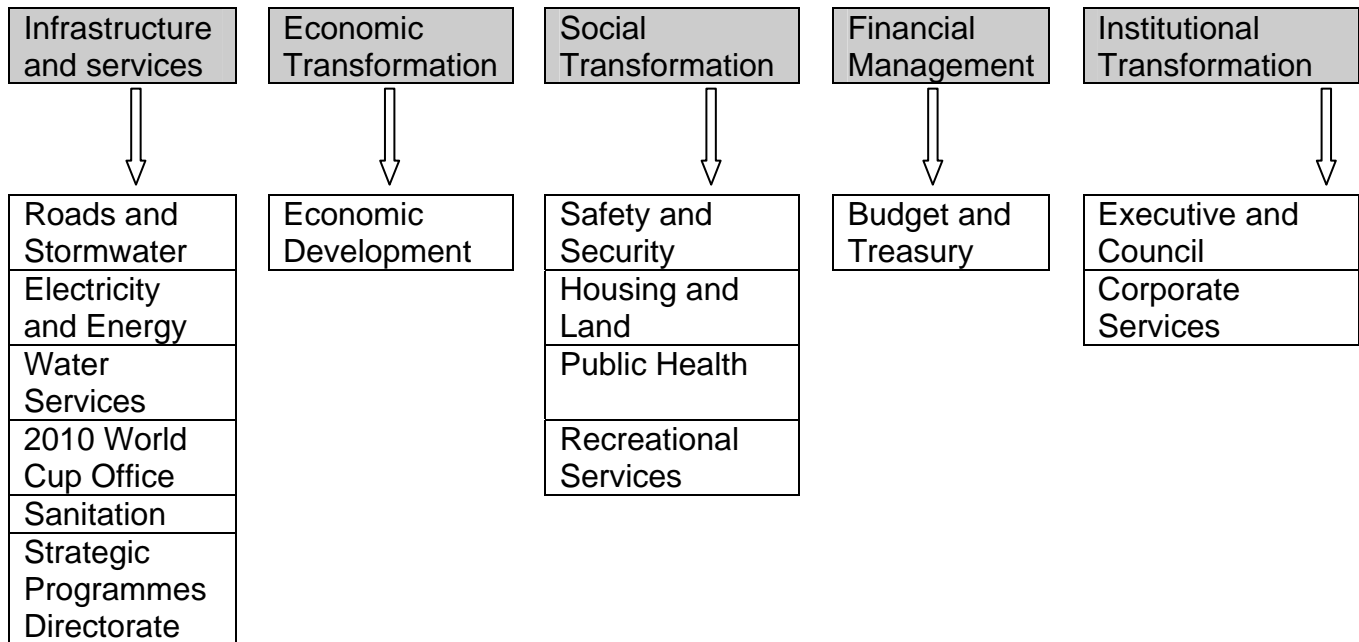
- It must support the achievement of the five strategic priorities of the NMBM.
- Focus on service delivery and the maintenance of infrastructure.
- Address community priorities (needs) as identified in the IDP.

The review of the IDP focused on establishing measurable performance indicators and targets. These targets informed the preparation of the multi-year budget, as well as the SDBIP.

### **1.3.7 Alignment with National and Provincial Priorities**

The Municipality's priorities are aligned to those of the National and Provincial Governments.

The matrix below shows the alignment with National and Provincial Government priorities:



The above is an indication of NMBM's alignment to the National and Provincial Key Performance Areas and how Directorates are aligned thereto. It should, however, be noted that in terms of implementation all Directorates are focusing on the five areas. In order to monitor and evaluate service delivery and financial performance, key performance indicators are included in all Executive Directors' performance agreements.

### **1.3.8 Amendments to Budget Related Policies**

The MFMA and the Budget and Reporting Regulations require budget related policies to be reviewed, and where applicable, be updated on an annual basis.

A review of the existing budget related policies indicated that the Property Rates Policy and the Financial Management Policies require amendment. A new Funding & Reserves Policy was drafted. These policies were approved by Council on 31 May 2010.

### 1.3.9 Budget Assumptions

The following key assumptions underpinned the preparation of the multi-year budget:

	2010/11	2011/12	2012/13
<b>Income</b>	%	%	%
Water Tariff Increase	12.0	12.0	12.0
Sanitation Tariff Increase	11.0	11.0	11.0
Refuse Tariff Increase	11.0	11.0	11.0
Property Rates Increase	11.0	11.0	11.0
Electricity Tariff Increase	22.0	22.0	22.0
Revenue collection rates	98.0	98.0	98.0
<b>Expenditure</b>			
Total Expenditure Increase allowed (excluding repairs and maintenance)	9.0	9.0	9.0
Salary increase	10.0	10.5	11.0
Increase in repairs and maintenance	12.0	12.0	12.0
Increase in bulk purchase of power costs	28.9	25.8	25.9

### 1.4 Annual Budget Tables

The annual budget tables are included in this section.

#### 1.4.1 Budget Summary

The aim of the Budget Summary is to 'provide a concise overview of the proposed budget from all of the major financial perspectives (operating expenditure, capital expenditure, financial position and cash flow, and MFMA funding compliance). The table provides a 'snapshot view' of the amounts to be approved by Council within the context of operating performance, resources utilised for capital expenditure, financial position, cash and funding compliance.

Taking the aforementioned budget strategy, assumptions and principles into consideration the 2010/11 to 2012/13 Budget was arrived at as follows:

EC000 Nelson Mandela Bay - Table A1 Budget Summary

Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year 1 2011/12	Budget Year 2 2012/13
<b>R thousands</b>									
<u>Financial Performance</u>									
Property rates	533,190	587,887	659,777	774,525	772,037	772,037	862,387	940,002	1,024,603
Service charges	1,653,138	1,795,796	2,169,825	2,566,236	2,562,271	2,562,271	3,003,748	3,495,155	4,064,975
Investment revenue	141,706	183,781	172,880	185,926	186,677	186,677	135,913	145,519	156,503



Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
				R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget
Transfers recognised - operational	884,071	760,337	1,986,206	1,398,577	1,316,763	1,316,763	1,268,308	1,254,973	1,304,649
Other own revenue	416,185	317,226	328,527	354,314	341,822	341,822	439,932	429,271	458,943
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>3,628,290</b>	<b>3,645,027</b>	<b>5,317,216</b>	<b>5,279,577</b>	<b>5,179,569</b>	<b>5,179,569</b>	<b>5,710,288</b>	<b>6,264,920</b>	<b>7,009,673</b>
Employee costs	1,497,259	1,264,407	1,280,871	1,479,386	1,478,345	1,478,345	1,715,592	1,865,374	2,063,805
Remuneration of councillors	35,336	37,825	41,255	46,311	45,048	45,048	49,553	54,508	59,959
Depreciation & asset impairment	266,588	283,295	406,256	451,991	452,448	452,448	287,092	305,899	319,947
Finance charges	63,264	65,071	84,412	162,371	149,450	149,450	180,596	192,868	210,742
Materials and bulk purchases	971,470	1,049,801	1,323,448	1,684,046	1,655,374	1,655,374	2,024,703	2,413,750	2,884,799
Transfers and grants	43,900	56,254	36,277	102,032	102,410	102,410	578,244	654,209	679,694
Other expenditure	670,230	746,069	1,125,081	1,258,207	1,360,326	1,360,326	804,520	679,628	682,584
<b>Total Expenditure</b>	<b>3,548,047</b>	<b>3,502,721</b>	<b>4,297,599</b>	<b>5,184,344</b>	<b>5,243,400</b>	<b>5,243,400</b>	<b>5,640,300</b>	<b>6,166,235</b>	<b>6,901,528</b>
<b>Surplus/(Deficit)</b>	<b>80,242</b>	<b>142,306</b>	<b>1,019,617</b>	<b>95,232</b>	<b>(63,831)</b>	<b>(63,831)</b>	<b>69,988</b>	<b>98,684</b>	<b>108,146</b>
Transfers recognised - capital	-	-	-	-	-	-	900,513	1,329,060	1,178,375
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>80,242</b>	<b>142,306</b>	<b>1,019,617</b>	<b>95,232</b>	<b>(63,831)</b>	<b>(63,831)</b>	<b>970,501</b>	<b>1,427,744</b>	<b>1,286,520</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>80,242</b>	<b>142,306</b>	<b>1,019,617</b>	<b>95,232</b>	<b>(63,831)</b>	<b>(63,831)</b>	<b>970,501</b>	<b>1,427,744</b>	<b>1,286,520</b>
<b>Capital expenditure &amp; funds sources</b>									
Capital expenditure	975,344	1,896,545	2,797,395	2,339,455	2,911,819	2,911,819	2,183,123	2,685,990	2,629,180
Transfers recognised - capital	534,217	1,367,774	1,643,032	1,258,003	1,772,541	1,772,541	1,161,727	1,599,473	1,475,506
Public contributions & donations	16,018	11,239	23,348	42,060	42,740	42,740	38,186	39,268	39,268
Borrowing	130,865	100,710	563,075	745,201	745,201	745,201	470,000	705,686	818,887
Internally generated funds	294,244	416,821	567,939	294,191	351,338	351,338	513,210	341,563	295,519
<b>Total sources of capital funds</b>	<b>975,344</b>	<b>1,896,544</b>	<b>2,797,395</b>	<b>2,339,455</b>	<b>2,911,819</b>	<b>2,911,819</b>	<b>2,183,123</b>	<b>2,685,990</b>	<b>2,629,180</b>
<b>Financial position</b>									
Total current assets	2,547,590	2,913,241	2,110,605	2,138,849	1,698,250	1,698,250	1,940,646	2,589,111	3,389,678
Total non current assets	4,201,374	7,542,491	9,559,011	8,611,524	9,065,671	9,065,671	10,457,257	10,935,075	11,462,158
Total current liabilities	1,523,228	1,953,594	2,153,636	1,700,982	1,605,982	1,605,982	1,677,784	1,639,959	1,721,958
Total non current liabilities	2,108,078	1,269,522	1,230,267	5,042,309	2,184,255	2,184,255	2,365,448	2,693,738	3,116,160
Community wealth/Equity	3,117,658	7,232,616	8,285,713	4,007,082	6,973,684	6,973,684	8,354,671	9,190,489	10,013,718
<b>Cash flows</b>									
Net cash from (used) operating	973,638	710,918	1,035,209	1,154,952	1,055,046	1,055,046	1,934,666	2,472,843	2,439,309

Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
Net cash from (used) investing	(977,313)	(1,849,705)	(2,209,579)	(1,875,034)	(2,329,188)	(2,329,188)	(1,746,315)	(2,148,690)	(2,101,468)
Net cash from (used) financing	141,707	1,347,723	446,336	728,105	954,105	954,105	166,273	325,939	423,161
Cash/cash equivalents at the year end	1,698,139	1,907,076	1,179,042	1,187,065	560,223	560,223	914,847	1,564,938	2,325,941
<b>Cash backing/surplus reconciliation</b>									
Cash and investments available	1,715,780	1,927,140	894,589	1,210,633	583,791	583,791	939,594	1,590,922	2,353,223
Application of cash and investments	1,481,353	1,794,068	1,398,948	870,383	575,252	575,252	711,984	502,803	469,923
Balance - surplus (shortfall)	234,427	133,072	(504,360)	340,250	8,539	8,539	227,610	1,088,119	1,883,300
<b>Asset management</b>									
Asset register summary (WDV)	4,113,511	8,040,157	9,450,710	8,611,524	9,065,671	9,065,671	10,457,257	10,935,075	11,462,158
Depreciation & asset impairment	266,588	283,295	406,256	451,991	452,448	452,448	287,092	305,899	319,947
Renewal of Existing Assets	136,081	189,707	190,818	287,910	316,231	316,231	391,936	516,623	577,326
Repairs and Maintenance	308,188	330,069	381,617	449,263	437,774	437,774	489,048	529,219	568,786
<b>Free services</b>									
Cost of Free Basic Services provided	128,781	154,961	191,776	216,810	216,810	222,471	255,336	288,958	328,768
Revenue cost of free services provided	154,694	183,818	231,313	259,510	259,510	265,171	255,336	288,957	328,768
<b>Households below minimum service level</b>									
Water:	32,300	34,380	34,380	-	-	-	-	-	-
Sanitation/sewerage:	41,000	39,000	39,000	22,000	22,000	22,000	23,760	25,661	27,714
Energy:	-	-	-	-	-	-	-	-	-
Refuse:	8,298	8,298	8,286	12,000	12,000	12,000	12,000	12,000	12,000

#### 1.4.2 Consolidated Financial Performance 2009/10 to 2011/12

The 'standard classification' refers to a modified Government Finance Statistics (GFS) reporting structure. The aim of the standard classification approach is to ensure that all municipalities approve a budget in one common format, to facilitate comparison across all municipalities.

EC000 Nelson Mandela Bay - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)									
Standard Classification Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
<b>Revenue - Standard Governance and administration</b>	1,156,530	1,179,452	1,880,910	1,529,849	1,547,028	1,547,028	1,824,191	1,755,916	1,892,646
Executive and council	21,229	25,083	545,117	76,467	94,056	94,056	212,549	27,575	27,361

Standard Classification Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
Budget and treasury office	1,130,155	1,149,838	1,316,651	1,452,711	1,450,133	1,450,133	1,611,323	1,727,997	1,864,913
Corporate services	5,146	4,531	19,142	671	2,839	2,839	319	344	372
<b>Community and public safety</b>	<b>336,581</b>	<b>262,725</b>	<b>505,092</b>	<b>438,637</b>	<b>443,820</b>	<b>443,820</b>	<b>309,797</b>	<b>203,743</b>	<b>218,853</b>
Community and social services	57,357	59,012	75,237	25,947	18,928	18,928	19,910	21,223	22,639
Sport and recreation	37,676	9,898	94,265	3,035	2,311	2,311	2,477	2,676	2,890
Public safety	46,318	49,815	55,466	58,955	59,898	59,898	62,691	67,707	73,124
Housing	126,812	73,195	197,679	271,111	267,381	267,381	132,588	12,714	12,777
Health	68,418	70,805	82,444	79,590	95,302	95,302	92,130	99,424	107,423
<b>Economic and environmental services</b>	<b>76,141</b>	<b>53,466</b>	<b>268,593</b>	<b>253,749</b>	<b>189,108</b>	<b>189,108</b>	<b>219,288</b>	<b>264,022</b>	<b>253,562</b>
Planning and development	-	-	-	189,158	161,203	161,203	194,388	236,987	224,320
Road transport	58,154	36,054	250,629	61,932	25,270	25,270	23,548	25,464	27,546
Environmental protection	17,987	17,412	17,964	2,658	2,634	2,634	1,352	1,571	1,697
<b>Trading services</b>	<b>2,048,456</b>	<b>2,136,440</b>	<b>2,649,954</b>	<b>3,045,951</b>	<b>2,986,619</b>	<b>2,986,619</b>	<b>4,243,486</b>	<b>5,355,142</b>	<b>5,806,623</b>
Electricity	1,295,817	1,297,176	1,583,009	1,979,897	1,963,436	1,963,436	2,396,709	2,838,042	3,293,564
Water	332,047	386,052	525,467	485,293	468,111	468,111	557,588	781,370	729,297
Waste water management	287,124	306,132	355,944	389,853	356,653	356,653	1,075,110	1,501,645	1,529,869
Waste management	133,468	147,080	185,534	190,909	198,419	198,419	214,080	234,085	253,893
<b>Other</b>	<b>10,581</b>	<b>12,943</b>	<b>12,668</b>	<b>11,389</b>	<b>12,994</b>	<b>12,994</b>	<b>14,039</b>	<b>15,157</b>	<b>16,364</b>
<b>Total Revenue - Standard</b>	<b>3,628,289</b>	<b>3,645,026</b>	<b>5,317,216</b>	<b>5,279,576</b>	<b>5,179,569</b>	<b>5,179,569</b>	<b>6,610,801</b>	<b>7,593,980</b>	<b>8,188,048</b>
<b>Expenditure - Standard</b>									
<b>Governance and administration</b>	<b>982,874</b>	<b>708,077</b>	<b>830,642</b>	<b>974,236</b>	<b>1,050,772</b>	<b>1,050,772</b>	<b>1,021,169</b>	<b>1,027,489</b>	<b>1,083,212</b>
Executive and council	119,092	135,464	173,874	306,468	341,676	341,676	274,350	226,062	244,981
Budget and treasury office	756,093	461,813	492,769	520,439	559,711	559,711	601,281	644,732	666,077
Corporate services	107,689	110,800	164,000	147,329	149,386	149,386	145,538	156,696	172,153
<b>Community and public safety</b>	<b>657,909</b>	<b>732,410</b>	<b>950,780</b>	<b>1,008,543</b>	<b>1,022,537</b>	<b>1,022,537</b>	<b>962,633</b>	<b>915,365</b>	<b>1,002,667</b>
Community and social services	78,257	81,258	8,640	190,272	187,619	187,619	215,127	236,336	259,844
Sport and recreation	119,895	145,975	274,590	61,180	56,133	56,133	54,741	59,711	65,170
Public safety	204,652	237,878	272,496	294,125	292,973	292,973	319,252	345,582	377,787
Housing	166,414	172,297	273,160	340,954	347,344	347,344	226,938	116,384	126,002
Health	88,691	95,002	121,894	122,012	138,468	138,468	146,575	157,352	173,864
<b>Economic and environmental services</b>	<b>313,553</b>	<b>298,459</b>	<b>345,169</b>	<b>372,967</b>	<b>385,575</b>	<b>385,575</b>	<b>440,345</b>	<b>498,925</b>	<b>534,650</b>
Planning and development	-	-	-	239,201	243,788	243,788	263,005	304,121	319,067
Road transport	210,877	188,738	211,198	84,307	91,673	91,673	122,505	134,603	149,351
Environmental protection	102,676	109,721	133,972	49,460	50,115	50,115	54,835	60,202	66,233
<b>Trading services</b>	<b>1,585,134</b>	<b>1,753,953</b>	<b>2,163,244</b>	<b>2,818,238</b>	<b>2,773,932</b>	<b>2,773,932</b>	<b>3,205,312</b>	<b>3,712,735</b>	<b>4,268,158</b>

Standard Classification Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
Electricity	940,575	985,148	1,277,045	1,659,805	1,621,909	1,621,909	2,003,009	2,423,152	2,881,782
Water	246,323	282,330	377,979	372,906	378,227	378,227	415,068	458,166	489,262
Waste water management	191,377	215,993	255,792	532,188	511,548	511,548	505,918	523,620	561,905
Waste management	206,859	270,482	252,429	253,339	262,248	262,248	281,317	307,798	335,209
<i>Other</i>	8,579	9,823	7,764	10,360	10,583	10,583	10,841	11,721	12,841
<b>Total Expenditure - Standard</b>	<b>3,548,049</b>	<b>3,502,722</b>	<b>4,297,599</b>	<b>5,184,344</b>	<b>5,243,400</b>	<b>5,243,400</b>	<b>5,640,300</b>	<b>6,166,235</b>	<b>6,901,528</b>
<b>Surplus/(Deficit) for the year</b>	<b>80,240</b>	<b>142,304</b>	<b>1,019,617</b>	<b>95,232</b>	<b>(63,831)</b>	<b>(63,831)</b>	<b>970,501</b>	<b>1,427,744</b>	<b>1,286,520</b>

The purpose of the format in which the budget is presented below, is to enable the Council to enforce a vote in accordance with the municipality's organisational structure, so as to assign responsibility for the revenue and expenditure recorded against these votes to the Municipal Manager and Executive Directors concerned.

Below is a classification of operating revenue and expenditure by 'vote'. A 'vote' is defined as one of the main segments into which a budget of a municipality is divided into, for the appropriation of funds.

EC000 Nelson Mandela Bay - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
<b>Revenue by Vote</b>									
Vote1 - Budget and Treasury	1,130,155	1,149,838	1,316,651	1,452,711	1,450,133	1,450,133	1,611,323	1,727,997	1,864,913
Vote2 - Public Health	219,873	235,297	100,409	280,745	303,887	303,887	315,697	343,866	372,502
Vote3 - Housing Land	126,812	73,195	197,679	291,518	287,168	287,168	153,864	35,692	37,594
Vote4 - Economic Development and Recreational Services	105,615	81,854	106,933	192,130	162,814	162,814	195,783	238,208	225,350
Vote5 - Corporate Services	5,146	4,531	94,379	10,075	8,142	8,142	5,939	6,414	6,928
Vote6 - Infrastructure & Engineering	58,154	13,556	250,629	65,674	9,846	9,846	576,304	936,398	933,967
Vote7 - Water Service	332,047	386,052	525,467	485,293	468,111	468,111	557,588	781,370	729,297
Vote8 - Sanitation	287,124	306,132	541,478	369,686	355,659	355,659	504,621	571,560	602,766
Vote9 - Electricity and Energy	1,295,817	1,297,176	1,583,009	1,979,897	1,963,436	1,963,436	2,396,709	2,838,042	3,293,564
Vote10 - Executive and Council	20,846	23,231	498,110	4,058	6,954	6,954	4,038	1,661	487
Vote11 - Safety and Security	46,318	49,815	55,466	75,380	76,316	76,316	80,423	86,857	93,806
Vote12 - 2010 World Cup Office	383	1,852	17,274	50,839	53,866	53,866	153,612	-	-
Vote13 - Strategic Programmes Directorate	-	22,498	29,733	21,570	33,235	33,235	54,899	25,914	26,874
<b>Total Revenue by Vote</b>	<b>3,628,289</b>	<b>3,645,026</b>	<b>5,317,216</b>	<b>5,279,576</b>	<b>5,179,569</b>	<b>5,179,569</b>	<b>6,610,801</b>	<b>7,593,980</b>	<b>8,188,048</b>

Vote Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year 2011/12
<b>Expenditure by Vote to be appropriated</b>									
Vote1 - Budget and Treasury	756,093	461,813	492,769	520,439	559,711	559,711	601,281	644,732	666,077
Vote2 - Public Health	398,226	475,205	255,865	503,533	525,588	525,588	568,483	619,488	678,849
Vote3 - Housing Land	166,414	172,297	273,160	384,978	390,044	390,044	270,600	163,757	177,539
Vote4 - Economic Development and Recreational Services	206,729	237,055	282,355	320,136	321,264	321,264	344,411	393,895	418,021
Vote5 - Corporate Services	107,689	110,800	172,640	205,582	208,853	208,853	215,488	233,249	256,047
Vote6 – Infrastructure & Engineering	210,877	166,240	211,198	287,805	287,910	287,910	257,381	277,248	302,282
Vote7 - Water Service	246,323	282,330	377,979	372,906	378,227	378,227	415,068	458,166	489,262
Vote8 - Sanitation	191,377	215,993	508,221	316,010	302,804	302,804	357,066	366,356	392,865
Vote9 - Electricity and Energy	940,575	985,148	1,277,045	1,659,805	1,621,909	1,621,909	2,003,009	2,423,152	2,881,782
Vote10 - Executive and Council	118,709	131,634	123,321	170,696	172,693	172,693	188,569	200,759	218,325
Vote11 - Safety and Security	204,652	237,878	272,496	306,682	305,414	305,414	333,163	360,132	393,821
Vote12 - 2010 World Cup Office	383	3,830	20,852	114,209	135,303	135,303	60,068	890	-
Vote13 - Strategic Programmes Directorate	-	22,498	29,701	21,563	33,681	33,681	25,712	24,412	26,657
<b>Total Expenditure by Vote</b>	<b>3,548,049</b>	<b>3,502,722</b>	<b>4,297,599</b>	<b>5,184,344</b>	<b>5,243,400</b>	<b>5,243,400</b>	<b>5,640,300</b>	<b>6,166,235</b>	<b>6,901,528</b>
<b>Surplus/(Deficit) for the year</b>	<b>80,240</b>	<b>142,305</b>	<b>1,019,617</b>	<b>95,232</b>	<b>(63,831)</b>	<b>(63,831)</b>	<b>970,501</b>	<b>1,427,744</b>	<b>1,286,520</b>

The Financial Performance Budget is required to be approved concurrently by revenue source and expenditure type, so as to ensure consistency with annual reporting format requirements. A key aim is to facilitate comparison between the annual results and the original budget, so as to assess performance.

The following table reflect the budgeted financial performance by expenditure and income categories:

EC000 Nelson Mandela Bay - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year 2011/12
<b>Revenue By Source</b>									
Property rates	533,190	587,887	659,777	774,525	772,037	772,037	862,387	940,002	1,024,603
Property rates - penalties & collection charges									
Service charges - electricity revenue	1,119,759	1,196,832	1,502,322	1,852,194	1,853,088	1,853,088	2,206,868	2,607,324	3,096,943
Service charges - water revenue	265,345	306,475	344,730	367,052	365,049	365,049	411,202	462,622	501,906
Service charges - sanitation revenue	185,314	203,096	226,507	238,227	235,372	235,372	264,727	291,354	320,482
Service charges - refuse revenue	82,720	89,393	96,266	108,763	108,763	108,763	120,952	133,854	145,644

Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	R thousand Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year 2011/12	Budget Year 2012/13
Service charges - other									
Rental of facilities and equipment	14,046	12,953	13,336	18,417	17,272	17,272	18,107	19,590	21,126
Interest earned - external investments	141,706	183,781	172,880	185,926	186,677	186,677	135,913	145,519	156,503
Interest earned - outstanding debtors	77,368	89,639	92,041	114,121	100,285	100,285	108,025	106,617	111,503
Dividends received									
Fines	17,369	19,434	25,528	50,384	50,395	50,395	59,376	64,126	69,256
Licences and permits	6,409	7,142	8,552	7,828	7,846	7,846	6,980	7,649	8,261
Agency services	1,201	1,093	1,152	1,107	1,402	1,402	1,472	1,546	1,623
Transfers recognised - operational	884,071	760,337	1,986,206	1,398,577	1,316,763	1,316,763	1,268,308	1,254,973	1,304,649
Other revenue	299,197	186,485	187,913	162,450	164,623	164,623	245,971	229,743	247,173
Gains on disposal of PPE	594	482	6	7					
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>3,628,290</b>	<b>3,645,027</b>	<b>5,317,216</b>	<b>5,279,577</b>	<b>5,179,569</b>	<b>5,179,569</b>	<b>5,710,288</b>	<b>6,264,920</b>	<b>7,009,673</b>
<b>Expenditure By Type</b>									
Employee related costs	1,497,259	1,264,407	1,280,871	1,479,386	1,478,345	1,478,345	1,715,592	1,865,374	2,063,805
Remuneration of councillors	35,336	37,825	41,255	46,311	45,048	45,048	49,553	54,508	59,959
Debt impairment	41,632	60,821	175,549	44,839	102,444	102,444	49,131	52,921	57,155
Depreciation & asset impairment	266,588	283,295	406,256	451,991	452,448	452,448	287,092	305,899	319,947
Finance charges	63,264	65,071	84,412	162,371	149,450	149,450	180,596	192,868	210,742
Bulk purchases	663,872	719,788	941,832	1,234,408	1,217,600	1,217,600	1,535,654	1,884,531	2,316,013
Other materials	307,599	330,013	381,616	449,638	437,774	437,774	489,048	529,219	568,786
Contracted services	64,062	78,207	92,487	86,213	126,705	126,705	120,446	110,774	119,717
Transfers and grants	43,900	56,254	36,277	102,032	102,410	102,410	578,244	654,209	679,694
Other expenditure	547,387	562,159	836,259	1,127,155	1,131,177	1,131,177	634,943	515,933	505,712
Loss on disposal of PPE	17,149	44,882	20,786						
<b>Total Expenditure</b>	<b>3,548,047</b>	<b>3,502,721</b>	<b>4,297,599</b>	<b>5,184,344</b>	<b>5,243,400</b>	<b>5,243,400</b>	<b>5,640,300</b>	<b>6,166,235</b>	<b>6,901,528</b>
<b>Surplus/(Deficit)</b>	<b>80,242</b>	<b>142,306</b>	<b>1,019,617</b>	<b>95,232</b>	<b>(63,831)</b>	<b>(63,831)</b>	<b>69,988</b>	<b>98,684</b>	<b>108,146</b>
Transfers recognised - capital							900,513	1,329,060	1,178,375
Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Contributed assets									
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>80,242</b>	<b>142,306</b>	<b>1,019,617</b>	<b>95,232</b>	<b>(63,831)</b>	<b>(63,831)</b>	<b>970,501</b>	<b>1,427,744</b>	<b>1,286,520</b>
Taxation									
<b>Surplus/(Deficit) after taxation</b>	<b>80,242</b>	<b>142,306</b>	<b>1,019,617</b>	<b>95,232</b>	<b>(63,831)</b>	<b>(63,831)</b>	<b>970,501</b>	<b>1,427,744</b>	<b>1,286,520</b>
Attributable to minorities									
<b>Surplus/(Deficit) attributable to municipality</b>	<b>80,242</b>	<b>142,306</b>	<b>1,019,617</b>	<b>95,232</b>	<b>(63,831)</b>	<b>(63,831)</b>	<b>970,501</b>	<b>1,427,744</b>	<b>1,286,520</b>
Share of surplus/ (deficit) of associate									
<b>Surplus/(Deficit) for the year</b>	<b>80,242</b>	<b>142,306</b>	<b>1,019,617</b>	<b>95,232</b>	<b>(63,831)</b>	<b>(63,831)</b>	<b>970,501</b>	<b>1,427,744</b>	<b>1,286,520</b>



Vote Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework			
	R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year 2011/12	Budget Year 2012/13
Vote7 - Water Service	-	-	-	-	-	-	-	-	-	-
Vote8 - Sanitation	-	-	-	-	-	-	-	-	-	-
Vote9 - Electricity and Energy	-	-	-	-	-	-	-	-	-	-
Vote10 - Executive and Council	-	-	-	-	-	-	-	-	-	-
Vote11 - Safety and Security	-	-	-	-	-	-	-	-	-	-
Vote12 - 2010 World Cup Office	-	-	-	-	-	-	-	-	-	-
Vote13 - Strategic Programmes Directorate	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Vote</b>	<b>975,344</b>	<b>1,896,545</b>	<b>2,797,395</b>	<b>2,339,455</b>	<b>2,911,819</b>	<b>2,911,819</b>	<b>2,183,123</b>	<b>2,685,990</b>	<b>2,629,180</b>	
<b><u>Capital Expenditure - Standard</u></b>										
<b><i>Governance and administration</i></b>	<b>94,370</b>	<b>133,773</b>	<b>112,367</b>	<b>97,450</b>	<b>109,676</b>	<b>109,676</b>	<b>175,360</b>	<b>84,052</b>	<b>63,500</b>	
Executive and council	664	304	15,650	6,000	6,000	6,000	13,860	13,000	11,100	
Budget and treasury office	72,085	84,577	27,306	42,200	44,930	44,930	122,700	25,400	17,900	
Corporate services	21,621	48,893	69,411	49,250	58,746	58,746	38,800	45,652	34,500	
<b><i>Community and public safety</i></b>	<b>115,775</b>	<b>180,654</b>	<b>360,930</b>	<b>419,493</b>	<b>527,472</b>	<b>527,472</b>	<b>269,547</b>	<b>139,131</b>	<b>98,482</b>	
Community and social services	38,310	75,729	164,809	218,028	241,654	241,654	22,800	25,200	14,800	
Sport and recreation							190,150	61,800	34,100	
Public safety	22,119	34,301	44,256	92,179	93,285	93,285	36,070	30,300	18,550	
Housing	19,818	14,079	57,683	18,000	78,504	78,504	3,000	3,000	3,000	
Health	35,528	56,544	94,182	91,286	114,029	114,029	17,527	18,831	28,032	
<b><i>Economic and environmental services</i></b>	<b>222,152</b>	<b>349,715</b>	<b>922,777</b>	<b>1,128,735</b>	<b>1,422,145</b>	<b>1,422,145</b>	<b>1,018,738</b>	<b>1,476,511</b>	<b>1,609,551</b>	
Planning and development	14,420	1,435	15,607	46,483	53,436	53,436	60,107	6,300		
Road transport	207,732	348,280	907,170	1,082,252	1,368,709	1,368,709	933,850	1,422,190	1,536,143	
Environmental protection							24,781	48,021	73,408	
<b><i>Trading services</i></b>	<b>386,100</b>	<b>445,202</b>	<b>558,321</b>	<b>665,012</b>	<b>699,761</b>	<b>699,761</b>	<b>719,478</b>	<b>986,296</b>	<b>857,648</b>	
Electricity	197,857	227,425	257,520	235,482	238,482	238,482	265,396	232,287	253,891	
Water	77,897	118,511	188,807	240,780	264,379	264,379	161,044	350,538	224,636	
Waste water management	110,346	99,266	111,993	188,749	196,900	196,900	275,665	384,924	359,250	
Waste management							17,374	18,547	19,871	
<b><i>Other</i></b>	<b>156,947</b>	<b>787,200</b>	<b>843,000</b>	<b>28,765</b>	<b>152,765</b>	<b>152,765</b>				
<b>Total Capital Expenditure - Standard</b>	<b>975,344</b>	<b>1,896,545</b>	<b>2,797,395</b>	<b>2,339,455</b>	<b>2,911,819</b>	<b>2,911,819</b>	<b>2,183,123</b>	<b>2,685,990</b>	<b>2,629,180</b>	
<b><u>Funded by:</u></b>										
National Government	488,099	1,318,148	1,585,935	1,239,783	1,690,188	1,690,188	1,119,477	1,506,773	1,375,506	
Provincial Government	46,118	49,626	57,097	13,220	77,353	77,353	2,250	2,700	-	
District Municipality							-			
Other transfers and grants				5,000	5,000	5,000	40,000	90,000	100,000	
<b>Transfers recognised - capital</b>	<b>534,217</b>	<b>1,367,774</b>	<b>1,643,032</b>	<b>1,258,003</b>	<b>1,772,541</b>	<b>1,772,541</b>	<b>1,161,727</b>	<b>1,599,473</b>	<b>1,475,506</b>	



Vote Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year 2011/12
Public contributions & donations	16,018	11,239	23,348	42,060	42,740	42,740	38,186	39,268	39,268
Borrowing	130,865	100,710	563,075	745,201	745,201	745,201	470,000	705,686	818,887
Internally generated funds	294,244	416,821	567,939	294,191	351,338	351,338	513,210	341,563	295,519
<b>Total Capital Funding</b>	<b>975,344</b>	<b>1,896,544</b>	<b>2,797,395</b>	<b>2,339,455</b>	<b>2,911,819</b>	<b>2,911,819</b>	<b>2,183,123</b>	<b>2,685,990</b>	<b>2,629,180</b>

#### 1.4.4 Budgeted Financial Statements

The financial statements below identify the financial viability of the Municipality. It is evident from this statement that value of the Municipality is increasing and liquidity although appropriate at this point of time, will require monitoring in particular with the level of creditors carried.

##### 1.4.4.1 Table A6 Budgeted Financial Position

The table presents Assets less Liabilities as Community Wealth. The order of items within each group is also aligned to the convention of showing items in order of liquidity; i.e. assets readily converted to cash or liabilities immediately required to be met from cash appear first.

EC000 Nelson Mandela Bay - Table A6 Budgeted Financial Position

Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year 2011/12
<b>ASSETS</b>									
<b>Current assets</b>									
Cash	215,432	67,514	95,383	50,816	50,816	50,816	53,365	56,024	56,024
Call investment deposits	1,482,709	1,839,564	784,877	1,136,249	509,407	509,407	861,482	1,508,914	2,269,916
Consumer debtors	602,336	739,242	867,462	724,592	910,835	910,835	811,110	817,976	858,874
Other debtors	163,574	176,496	231,008	141,394	141,394	141,394	127,254	114,529	108,803
Current portion of long-term receivables	2,106	1,244	647	1,982	1,982	1,982	1,943	1,901	1,806
Inventory	81,433	89,182	131,228	83,816	83,816	83,816	85,492	89,767	94,255
<b>Total current assets</b>	<b>2,547,590</b>	<b>2,913,241</b>	<b>2,110,605</b>	<b>2,138,849</b>	<b>1,698,250</b>	<b>1,698,250</b>	<b>1,940,646</b>	<b>2,589,111</b>	<b>3,389,678</b>
<b>Non current assets</b>									
Long-term receivables	70,224	116,382	93,972	66,119	66,119	66,119	64,796	63,499	60,324
Investments	17,639	20,063	14,329	23,568	23,568	23,568	24,747	25,984	27,283
Investment property		1,020,175	1,865,722						
Investment in Associate									
Property, plant and equipment	3,966,146	6,139,630	7,260,015	8,383,138	8,837,285	8,837,285	10,231,789	10,712,386	11,248,005
Agricultural									
Biological									
Intangible	147,365	246,241	324,974	138,699	138,699	138,699	135,925	133,206	126,546
Other non-current assets									
<b>Total non current assets</b>	<b>4,201,374</b>	<b>7,542,491</b>	<b>9,559,011</b>	<b>8,611,524</b>	<b>9,065,671</b>	<b>9,065,671</b>	<b>10,457,257</b>	<b>10,935,075</b>	<b>11,462,158</b>
<b>TOTAL ASSETS</b>	<b>6,748,964</b>	<b>10,455,731</b>	<b>11,669,616</b>	<b>10,750,373</b>	<b>10,763,921</b>	<b>10,763,921</b>	<b>12,397,903</b>	<b>13,524,186</b>	<b>14,851,836</b>

Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework			
				R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
Bank overdraft										
Borrowing	18,764	56,438	58,209	215,523	215,523	215,523	305,693	381,752	400,840	
Consumer deposits	86,591	88,730	77,115	98,312	98,312	98,312	100,278	102,283	107,397	
Trade and other payables	1,415,349	1,775,785	1,974,915	1,248,051	1,153,051	1,153,051	1,125,762	1,002,571	1,052,700	
Provisions	2,524	32,640	43,398	139,096	139,096	139,096	146,051	153,353	161,021	
<b>Total current liabilities</b>	<b>1,523,228</b>	<b>1,953,594</b>	<b>2,153,636</b>	<b>1,700,982</b>	<b>1,605,982</b>	<b>1,605,982</b>	<b>1,677,784</b>	<b>1,639,959</b>	<b>1,721,958</b>	
<b>Non current liabilities</b>										
Borrowing	221,311	450,706	393,472	1,449,912	1,342,949	1,342,949	1,507,256	1,831,190	2,249,237	
Provisions	1,886,768	818,816	836,795	3,592,397	841,306	841,306	858,192	862,548	866,923	
<b>Total non current liabilities</b>	<b>2,108,078</b>	<b>1,269,522</b>	<b>1,230,267</b>	<b>5,042,309</b>	<b>2,184,255</b>	<b>2,184,255</b>	<b>2,365,448</b>	<b>2,693,738</b>	<b>3,116,160</b>	
<b>TOTAL LIABILITIES</b>	<b>3,631,306</b>	<b>3,223,115</b>	<b>3,383,903</b>	<b>6,743,291</b>	<b>3,790,237</b>	<b>3,790,237</b>	<b>4,043,232</b>	<b>4,333,697</b>	<b>4,838,118</b>	
<b>NET ASSETS</b>	<b>3,117,658</b>	<b>7,232,616</b>	<b>8,285,713</b>	<b>4,007,082</b>	<b>6,973,684</b>	<b>6,973,684</b>	<b>8,354,671</b>	<b>9,190,489</b>	<b>10,013,718</b>	
<b>COMMUNITY WEALTH/EQUITY</b>										
Accumulated Surplus/(Deficit)	1,077,703	2,811,190	2,607,979	2,471,327	2,952,363	2,952,363	4,059,030	5,118,763	6,049,551	
Reserves	2,039,955	4,421,425	5,677,734	1,535,755	4,021,321	4,021,321	4,295,641	4,071,726	3,964,167	
Minorities' interests										
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>3,117,658</b>	<b>7,232,616</b>	<b>8,285,713</b>	<b>4,007,082</b>	<b>6,973,684</b>	<b>6,973,684</b>	<b>8,354,671</b>	<b>9,190,489</b>	<b>10,013,718</b>	

#### 1.4.4.2 Table A7 Budgeted Cash Flows

Table A7 includes, some specific features:

- Clear separation of receipts and payments within each cash flow category
- Clear separation of capital and operating receipts from Government, and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt)

#### EC000 Nelson Mandela Bay - Table A7 Budgeted Cash Flows

Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework			
				R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Ratepayers and other	2,275,813	2,706,383	3,010,119	3,513,762	3,508,814	3,508,814	4,120,357	4,668,715	5,334,804	
Government - operating	884,071	760,337	1,104,768	1,398,577	1,316,763	1,316,763	1,268,308	1,254,973	1,304,649	
Government - capital							900,513	1,329,060	1,178,375	
Interest	219,074	273,420	274,292	297,764	284,956	284,956	241,778	250,004	265,776	
Dividends										
<b>Payments</b>										
Suppliers and employees	(2,342,055)	(2,964,152)	(3,233,369)	(3,925,254)	(3,935,926)	(3,935,926)	(4,451,813)	(4,875,615)	(5,475,701)	
Finance charges	(63,264)	(65,071)	(120,601)	(129,897)	(119,560)	(119,560)	(144,477)	(154,294)	(168,594)	

Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	R thousand Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year 2011/12	Budget Year 2012/13
Transfers and Grants									
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>973,638</b>	<b>710,918</b>	<b>1,035,209</b>	<b>1,154,952</b>	<b>1,055,046</b>	<b>1,055,046</b>	<b>1,934,666</b>	<b>2,472,843</b>	<b>2,439,309</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
Receipts									
Proceeds on disposal of PPE	594	482	7	7		-	-	-	-
Decrease (increase) in non-current debtors									
Decrease (increase) other non-current receivables	(23,635)	(27,933)	30,733	1,389	1,389	1,389	1,362	1,339	3,175
Decrease (increase) in non-current investments	(1,685)	(2,403)	(2,403)	(1,122)	(1,122)	(1,122)	(1,179)	(1,237)	(1,299)
Payments									
Capital assets	(952,588)	(1,819,851)	(2,237,916)	(1,875,308)	(2,329,455)	(2,329,455)	(1,746,498)	(2,148,792)	(2,103,344)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(977,313)</b>	<b>(1,849,705)</b>	<b>(2,209,579)</b>	<b>(1,875,034)</b>	<b>(2,329,188)</b>	<b>(2,329,188)</b>	<b>(1,746,315)</b>	<b>(2,148,690)</b>	<b>(2,101,468)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
Receipts									
Short term loans	390,577	1,110,754	-						
Borrowing long term/refinancing	(236,062)	285,504	537,993	745,000	1,165,000	1,165,000	470,000	705,686	818,887
Increase (decrease) in consumer deposits	5,956	7,903	1,890	4,628	4,628	4,628	1,966	2,005	5,114
Payments									
Repayment of borrowing	(18,764)	(56,438)	(93,547)	(21,523)	(215,523)	(215,523)	(305,693)	(381,752)	(400,840)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>141,707</b>	<b>1,347,723</b>	<b>446,336</b>	<b>728,105</b>	<b>954,105</b>	<b>954,105</b>	<b>166,273</b>	<b>325,939</b>	<b>423,161</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>138,032</b>	<b>208,936</b>	<b>(728,034)</b>	<b>8,023</b>	<b>(320,037)</b>	<b>(320,037)</b>	<b>354,624</b>	<b>650,092</b>	<b>761,002</b>
Cash/cash equivalents at the year begin:	1,560,107	1,698,139	1,907,076	1,179,042	880,260	880,260	560,223	914,847	1,564,939
Cash/cash equivalents at the year end:	1,698,139	1,907,076	1,179,042	1,187,065	560,223	560,223	914,847	1,564,939	2,325,941

#### **1.4.4.3 Table A8 Cash backed reserves/accumulated surplus reconciliation**

The underlying purpose of the table is to reflect the predicted cash and investments that are available at the end of a particular budget year and how those funds were used. A surplus would indicate that sufficient cash and investments was available to meet commitments, whilst a shortfall would indicate inadequate cash and investments was available to meet commitments.

Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
<b>R thousand</b>									
<b>Cash and investments available</b>									
Cash/cash equivalents at the year end	1,698,139	1,907,076	1,179,042	1,187,065	560,223	560,223	914,847	1,564,939	2,325,941
Other current investments > 90 days	2	2	(298,782)	-	(0)	(0)	(0)	(1)	(1)
Non current assets - Investments	17,639	20,063	14,329	23,568	23,568	23,568	24,747	25,984	27,283
<b>Cash and investments available:</b>	<b>1,715,780</b>	<b>1,927,140</b>	<b>894,589</b>	<b>1,210,633</b>	<b>583,791</b>	<b>583,791</b>	<b>939,594</b>	<b>1,590,922</b>	<b>2,353,223</b>
<b>Application of cash and investments</b>									
Unspent conditional transfers	466,726	594,326	646,123	396,075	346,075	346,075	282,306	167,550	175,928
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements	10,213	11,382	11,382	11,951	7,500	7,500	7,500	7,500	7,500
Other working capital requirements	785,395	886,268	934,447	448,068	136,429	136,429	215,651	86,621	106,085
Other provisions	(466,726)	(637,978)	(562,596)	(396,075)	(346,075)	(346,075)	(282,306)	(167,550)	(175,928)
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	685,745	940,070	369,592	410,364	431,323	431,323	488,833	408,682	356,338
<b>Total Application of cash and investments:</b>	<b>1,481,353</b>	<b>1,794,068</b>	<b>1,398,948</b>	<b>870,383</b>	<b>575,252</b>	<b>575,252</b>	<b>711,984</b>	<b>502,803</b>	<b>469,923</b>
<b>Surplus(shortfall)</b>	<b>234,427</b>	<b>133,072</b>	<b>(504,360)</b>	<b>340,250</b>	<b>8,539</b>	<b>8,539</b>	<b>227,610</b>	<b>1,088,119</b>	<b>1,883,300</b>

### 1.4.5 Table A9 Asset Management

This table provides a summarised version of the capital programme divided into new assets and renewal of existing assets and also reflects the relevant asset categories. The associated repairs and maintenance and depreciation is also reflected.

It also provides an indication of the resources deployed for maintaining and renewing existing assets, as well as the extent of asset expansion.

EC000 Nelson Mandela Bay - Table A9 Asset Management

Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
<b>R thousand</b>									
<b>CAPITAL EXPENDITURE</b>									
<b>Total New Assets</b>	<b>839,263</b>	<b>1,706,837</b>	<b>2,329,988</b>	<b>2,051,545</b>	<b>2,595,588</b>	<b>2,595,588</b>	<b>1,791,187</b>	<b>2,169,366</b>	<b>2,051,854</b>
<i>Infrastructure - Road transport</i>	146,151	222,449	684,505	962,352	1,219,733	1,219,733	671,682	1,078,025	1,119,243
<i>Infrastructure - Electricity</i>	159,534	195,897	221,504	216,792	219,792	219,792	240,296	214,167	233,741
<i>Infrastructure - Water</i>	53,010	75,446	107,808	160,250	164,799	164,799	97,750	258,900	137,050
<i>Infrastructure - Sanitation</i>	95,480	61,941	33,092	143,309	146,466	146,466	234,290	322,224	306,560
<i>Infrastructure - Other</i>	10,600	6,743	74,765	19,314	23,075	23,075	17,374	18,547	19,871

Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year 2011/12
Infrastructure	464,776	562,477	1,121,675	1,502,017	1,773,865	1,773,865	1,261,392	1,891,863	1,816,465
Community	211,761	877,698	1,052,133	370,883	528,539	528,539	286,179	130,103	145,572
Heritage assets	662	518	9,850	2,800	8,308	8,308	1,000	3,000	-
Investment properties	-	-	57,683	18,000	78,504	78,504	-	-	-
Other assets	74,692	138,044	35,170	107,526	139,883	139,883	177,414	134,000	82,917
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	87,373	128,100	53,477	50,320	66,489	66,489	65,202	10,400	6,900
<b><u>Total Renewal of Existing Assets</u></b>	<b>136,081</b>	<b>189,707</b>	<b>190,818</b>	<b>287,910</b>	<b>316,231</b>	<b>316,231</b>	<b>391,936</b>	<b>516,623</b>	<b>577,326</b>
<i>Infrastructure - Road transport</i>	87,407	97,119	107,910	119,900	148,977	148,977	262,168	344,165	416,900
<i>Infrastructure - Electricity</i>	8,239	13,964	15,516	17,240	17,240	17,240	25,100	18,120	20,150
<i>Infrastructure - Water</i>	22,241	43,246	37,068	100,230	99,580	99,580	63,294	91,638	87,586
<i>Infrastructure - Sanitation</i>	18,194	35,378	30,324	50,540	50,434	50,434	41,375	62,700	52,690
<i>Infrastructure - Other</i>	-	-	-	-	-	-	-	-	-
Infrastructure	136,081	189,707	190,818	287,910	316,231	316,231	391,936	516,623	577,326
Community	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
<b><u>Total Capital Expenditure</u></b>									
<i>Infrastructure - Road transport</i>	233,558	319,568	792,415	1,082,252	1,368,709	1,368,709	933,850	1,422,190	1,536,143
<i>Infrastructure - Electricity</i>	167,773	209,861	237,020	234,032	237,032	237,032	265,396	232,287	253,891
<i>Infrastructure - Water</i>	75,251	118,692	144,876	260,480	264,379	264,379	161,044	350,538	224,636
<i>Infrastructure - Sanitation</i>	113,675	97,319	63,416	193,849	196,900	196,900	275,665	384,924	359,250
<i>Infrastructure - Other</i>	10,600	6,743	74,765	19,314	23,075	23,075	17,374	18,547	19,871
Infrastructure	600,857	752,184	1,312,493	1,789,927	2,090,095	2,090,095	1,653,328	2,408,487	2,393,791
Community	211,761	877,698	1,052,133	370,883	528,539	528,539	286,179	130,103	145,572
Heritage assets	662	518	9,850	2,800	8,308	8,308	1,000	3,000	-
Investment properties	-	-	57,683	18,000	78,504	78,504	-	-	-
Other assets	74,692	138,044	35,170	107,526	139,883	139,883	177,414	134,000	82,917

Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year 2011/12	Budget Year 2012/13
R thousand									
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	87,373	128,100	53,477	50,320	66,489	66,489	65,202	10,400	6,900
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>975,344</b>	<b>1,896,544</b>	<b>2,520,806</b>	<b>2,339,455</b>	<b>2,911,819</b>	<b>2,911,819</b>	<b>2,183,123</b>	<b>2,685,990</b>	<b>2,629,180</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>									
<i>Infrastructure - Road transport</i>	1,799,664	2,147,944	2,792,685	3,131,819	3,302,011	3,302,011	4,031,267	4,737,520	5,211,272
<i>Infrastructure - Electricity</i>	650,274	877,699	1,151,199	1,203,136	1,233,136	1,233,136	1,463,032	1,559,335	1,665,269
<i>Infrastructure - Water</i>	581,840	700,351	902,709	952,703	972,703	972,703	1,104,973	1,165,470	1,232,017
<i>Infrastructure - Sanitation</i>	405,793	505,059	596,584	740,020	790,020	790,020	920,395	962,435	1,008,678
<i>Infrastructure - Other</i>	25,674	32,149	41,139	48,060	48,060	48,060	60,473	63,497	69,846
Infrastructure	3,463,245	4,263,202	5,484,316	6,075,739	6,345,931	6,345,931	7,580,140	8,488,257	9,187,083
Community	213,698	2,154,857	1,339,657	1,875,247	2,035,600	2,035,600	2,165,208	1,834,784	1,725,063
Heritage assets	41,863	53,603	59,146	69,140	73,140	73,140	70,000	72,500	71,326
Investment properties	-	1,020,175	1,865,722	-	-	-	-	-	-
Other assets	247,340	302,079	376,897	452,699	472,301	472,301	505,984	406,328	352,140
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	147,365	246,241	324,974	138,699	138,699	138,699	135,925	133,206	126,546
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>4,113,511</b>	<b>8,040,157</b>	<b>9,450,710</b>	<b>8,611,524</b>	<b>9,065,671</b>	<b>9,065,671</b>	<b>10,457,257</b>	<b>10,935,075</b>	<b>11,462,158</b>
<b>EXPENDITURE OTHER ITEMS</b>									
<u>Depreciation &amp; asset impairment</u>	266,588	283,295	406,256	451,991	452,448	452,448	287,092	305,899	319,947
<u>Repairs and Maintenance by Asset Class</u>	308,188	330,069	381,617	449,263	437,774	437,774	489,048	529,219	568,786
<i>Infrastructure - Road transport</i>	52,523	57,362	65,336	79,524	76,532	76,532	86,907	93,854	101,363
<i>Infrastructure - Electricity</i>	24,453	23,296	33,965	29,106	30,058	30,058	35,597	39,293	43,236
<i>Infrastructure - Water</i>	65,919	90,381	102,375	124,112	121,326	121,326	128,063	142,004	147,653
<i>Infrastructure - Sanitation</i>	78,982	85,935	100,392	112,260	112,192	112,192	127,608	138,262	150,643
<i>Infrastructure - Other</i>	3,280	1,677	2,095	2,959	2,813	2,813	2,557	2,790	3,048
Infrastructure	225,156	258,652	304,163	347,961	342,922	342,922	380,732	416,203	445,944
Community	33,085	26,047	31,701	43,618	40,449	40,449	47,981	48,317	52,372
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	49,947	45,371	45,753	57,684	54,404	54,404	60,335	64,698	70,470

Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year 2011/12	Budget Year 2012/13
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>574,776</b>	<b>613,364</b>	<b>787,873</b>	<b>901,254</b>	<b>890,223</b>	<b>890,223</b>	<b>776,140</b>	<b>835,118</b>	<b>888,733</b>
<i>% of capital exp on renewal of assets</i>	16.2%	11.1%	8.2%	14.0%	12.2%	12.2%	21.9%	23.8%	28.1%
<i>Renewal of Existing Assets as % of deprecn"</i>	51.0%	67.0%	47.0%	63.7%	69.9%	69.9%	136.5%	168.9%	180.4%
<i>R&amp;M as a % of PPE</i>	7.8%	5.4%	5.3%	5.4%	5.0%	5.0%	4.8%	4.9%	5.1%
<i>Renewal and R&amp;M as a % of PPE</i>	11.0%	6.0%	6.0%	9.0%	8.0%	8.0%	8.0%	10.0%	10.0%

#### 1.4.6 Table A10 Basic service delivery measurement

This table provides basic service delivery information that the municipality approves basic service delivery targets aligned to national priorities.

EC000 Nelson Mandela Bay - Table A10 Basic Service Delivery

Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year 2011/12	Budget Year 2012/13
<b>Household service targets (000)</b>									
<b><u>Water:</u></b>									
Piped water inside dwelling	214	225	211	265	265	265	286	309	334
Piped water inside yard (but not in dwelling)	5	6	6	7	7	7	8	8	9
Using public tap (at least min.service level)	28	29	29	65	65	65	70	76	82
Other water supply (at least min.service level)		-							
<i>Minimum Service Level and Above sub-total</i>	248	260	246	337	337	337	364	393	425
Using public tap (< min.service level)		-							
Other water supply (< min.service level)		-							
No water supply	32	34	34	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	32	34	34	-	-	-	-	-	-
<b>Total number of households</b>	<b>280</b>	<b>294</b>	<b>280</b>	<b>337</b>	<b>337</b>	<b>337</b>	<b>364</b>	<b>393</b>	<b>425</b>
<b><u>Sanitation/sewerage:</u></b>									
Flush toilet (connected to sewerage)	212	231	217	256	256	256	276	299	322
Flush toilet (with septic tank)	0	0	0	3	3	3	3	3	4
Chemical toilet	-	-	-						
Pit toilet (ventilated)	-	-	-						
Other toilet provisions (> min.service level)		0							

Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year 2011/12	Budget Year 2012/13
<i>Minimum Service Level and Above sub-total</i>	213	231	217	259	259	259	280	302	326
Bucket toilet	41	39	39	22	22	22	24	26	28
Other toilet provisions (< min.service level)		-	-						
No toilet provisions									
<i>Below Minimum Service Level sub-total</i>	41	39	39	22	22	22	24	26	28
<b>Total number of households</b>	<b>254</b>	<b>270</b>	<b>256</b>	<b>281</b>	<b>281</b>	<b>281</b>	<b>303</b>	<b>328</b>	<b>354</b>
<b><u>Energy:</u></b>									
Electricity (at least min.service level)	42	39	38	36	36	36	35	34	33
Electricity - prepaid (min.service level)	206	218	227	232	232	232	236	240	245
<i>Minimum Service Level and Above sub-total</i>	248	257	265	268	268	268	271	274	278
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>	<b>248</b>	<b>257</b>	<b>265</b>	<b>268</b>	<b>268</b>	<b>268</b>	<b>271</b>	<b>274</b>	<b>278</b>
<b><u>Refuse:</u></b>									
Removed at least once a week	186	174	170	175	175	172	177	177	177
<i>Minimum Service Level and Above sub-total</i>	186	174	170	175	175	172	177	177	177
Removed less frequently than once a week	8	8	7	9	9	9	9	9	9
Using communal refuse dump	-	-	-						
Using own refuse dump	-	-	-						
Other rubbish disposal	-	-	-						
No rubbish disposal	1	1	1	3	3	3	3	3	3
<i>Below Minimum Service Level sub-total</i>	8	8	8	12	12	12	12	12	12
<b>Total number of households</b>	<b>194</b>	<b>182</b>	<b>178</b>	<b>187</b>	<b>187</b>	<b>184</b>	<b>189</b>	<b>189</b>	<b>189</b>
<b><u>Households receiving Free Basic Service</u></b>									
Water (6 kilolitres per household per month)	90	98	108	115	115	115	122	129	136
Sanitation (free minimum level service)	90	98	108	115	115	115	122	129	136
Electricity/other energy (50kwh per household per month)	94	98	99	105	105	105	110	110	110
Refuse (removed at least once a week)	72	77	80	85	85	83	85	85	85
<b><u>Cost of Free Basic Services provided (R'000)</u></b>									
Water (6 kilolitres per household per month)	32,363	38,991	42,114	45,483	45,483	45,483	55,668	60,121	64,931
Sanitation (free sanitation service)	48,537	52,664	57,141	61,998	61,998	61,998	72,965	78,802	85,106



Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year 2011/12	Budget Year 2012/13
Electricity/other energy (50kwh per household per month)	24,100	38,862	52,691	66,313	66,313	66,313	74,131	93,257	117,411
Refuse (removed once a week)	23,781	24,444	39,830	43,016	43,016	48,677	52,572	56,778	61,320
<b>Total cost of FBS provided (minimum social package)</b>	<b>128,781</b>	<b>154,961</b>	<b>191,776</b>	<b>216,810</b>	<b>216,810</b>	<b>222,471</b>	<b>255,336</b>	<b>288,958</b>	<b>328,768</b>
<b><u>Highest level of free service provided</u></b>									
Property rates (R'000 value threshold)	25,913	28,857	39,537	42,700	42,700	42,700	47,397	52,611	58,398
Water (kilolitres per household per month)	8	8	8	8	8	8	8	8	8
Sanitation (kilolitres per household per month)	115	115	115	115	115	115	115	115	115
Sanitation (Rand per household per month)	48,537	52,664	57,141	61,998	61,998	61,998	72,965	78,802	85,106
Electricity (kwh per household per month)	75	75	75	75	75	75	75	75	75
Refuse (average litres per week)	85	85	85	85	85	85	85	85	85
<b><u>Revenue cost of free services provided (R'000)</u></b>									
Property rates (R15 000 threshold rebate)	25,913	28,857	39,537	42,700	42,700	42,700	47,397	52,611	58,398
Property rates (other exemptions, reductions and rebates)									
Water	32,363	38,991	42,114	45,483	45,483	45,483	55,668	60,121	64,931
Sanitation	48,537	52,664	57,141	61,998	61,998	61,998	72,965	78,802	85,106
Electricity/other energy	24,100	38,862	52,691	66,313	66,313	66,313	74,131	93,257	117,411
Refuse	23,781	24,444	39,830	43,016	43,016	48,677	52,572	56,777	61,320
Municipal Housing - rental rebates									
Housing - top structure subsidies									
Other									
<b>Total revenue cost of free services provided (total social package)</b>	<b>154,694</b>	<b>183,818</b>	<b>231,313</b>	<b>259,510</b>	<b>259,510</b>	<b>265,171</b>	<b>255,336</b>	<b>288,957</b>	<b>328,768</b>

## PART 2 – SUPPORTING DOCUMENTATION

### 2.1 Overview of annual budget process

The Budget process started in August 2009 after the approval of a timetable and strategy to guide the preparation of the 2010/11 to 2012/13 Operating and Capital Budgets.

The timetable provided broad timeframes for the IDP and Budget preparation process. It allowed for consultation with stakeholders, such as the elected public representatives, employees of the Municipality, Civil Society, State departments, other municipalities, business and labour, during April/May 2010. The main aims of the timetable are to ensure that a revised IDP and a balanced Budget are tabled in March 2010. The Budget was tabled by the Executive Mayor at a Council meeting held on 31 March 2010, following which it was submitted to National Treasury as well as being subjected to a consultation process with stakeholders, such as the elected public representatives, employees of the Municipality, Civil Society, other municipalities, business, labour, National and Provincial Governments.

The consultation took the form of a series of public meetings in the various wards under the direction and leadership of the Executive Mayor and his Mayoral Committee. Taking the inputs of the aforementioned consultations into account, the Executive Mayor will table the IDP and Budget for final approval at a Council meeting to be held on 31 May 2010.

The Service Delivery and Budget Implementation Plan is the mechanism that ensures that the IDP and the Budget is aligned.

The budget was also considered by the Budget Task Team. The Task Team consists of Councillors of the Budget and Treasury Committee, whilst being chaired by the Portfolio Councillor. The main objective of the Budget Task Team was to ensure that the budget is maintained within the affordability levels, taking the IDP deliverables into account. The capacity to spend the Budget by the relevant Directorates was highlighted as a key challenge, in addition to the ongoing affordability of the Budget.

The deliberations of the Budget Task Team were considered by the IDP and Budget Steering Committee under the direction of the Executive Mayor. The purpose of the aforementioned Committee is to co-ordinate the review of the IDP and ensuring that the key service delivery priorities are addressed in the Budget.

### **2.1.1 IDP & Budget Timetable 2010/11 to 2012/13**

The preparation of the 2010/11 to 2012/13 IDP and Budget was guided by the following schedule of key deadlines as approved by Council on 23 July 2009.

<b>Activity</b>	<b>Date</b>
IDP/Budget Schedule approved by Council	23 July 2009
Budget Strategy and Assumptions approved by Council	8 December 2009
Tabling of draft IDP and Budget in Council	31 March 2010
Public Participation	April/May 2010
Final adoption of IDP and Budget by Council	31 May 2010
Approval of SDBIP by Executive Mayor	28 June 2010

## **2.2 Alignment of Annual Budget with Integrated Development Plan**

The IDP determines and prioritises the needs of the community.

The review of the IDP in terms of the Municipal Systems Act was guided and informed by the following principles:

- Achievement of the five strategic priorities of NMBM.
- Focus on service delivery of backlogs and the maintenance of infrastructure.
- Address community priorities (needs) as identified in the IDP.

The 2010/11 to 2012/13 Operating and Capital Budgets were prepared in accordance with the IDP. The key strategic focus areas of the IDP are as follows:

- Municipal transformation and development
- Service delivery and infrastructure development
- Local economic development
- Financial sustainability and viability
- Good governance and public participation

The abovementioned strategic focus areas informed the preparation of the Budget.

After the tabling of the budget, a series of meetings were held throughout the municipal area to consult with the elected public representatives, employees of the Municipality, Civil Society, business, labour, National and Provincial Governments on how the budget addresses the IDP priorities and objectives. The feedback flowing from these meetings were referred to the relevant Directorates for their attention.

The linking of capital projects to the IDP priorities has been relatively simple, whilst the difficulty in the past has been to link the Operating budget to the IDP. This is now facilitated through the Service Delivery and Budget Implementation Plan (SDBIP).

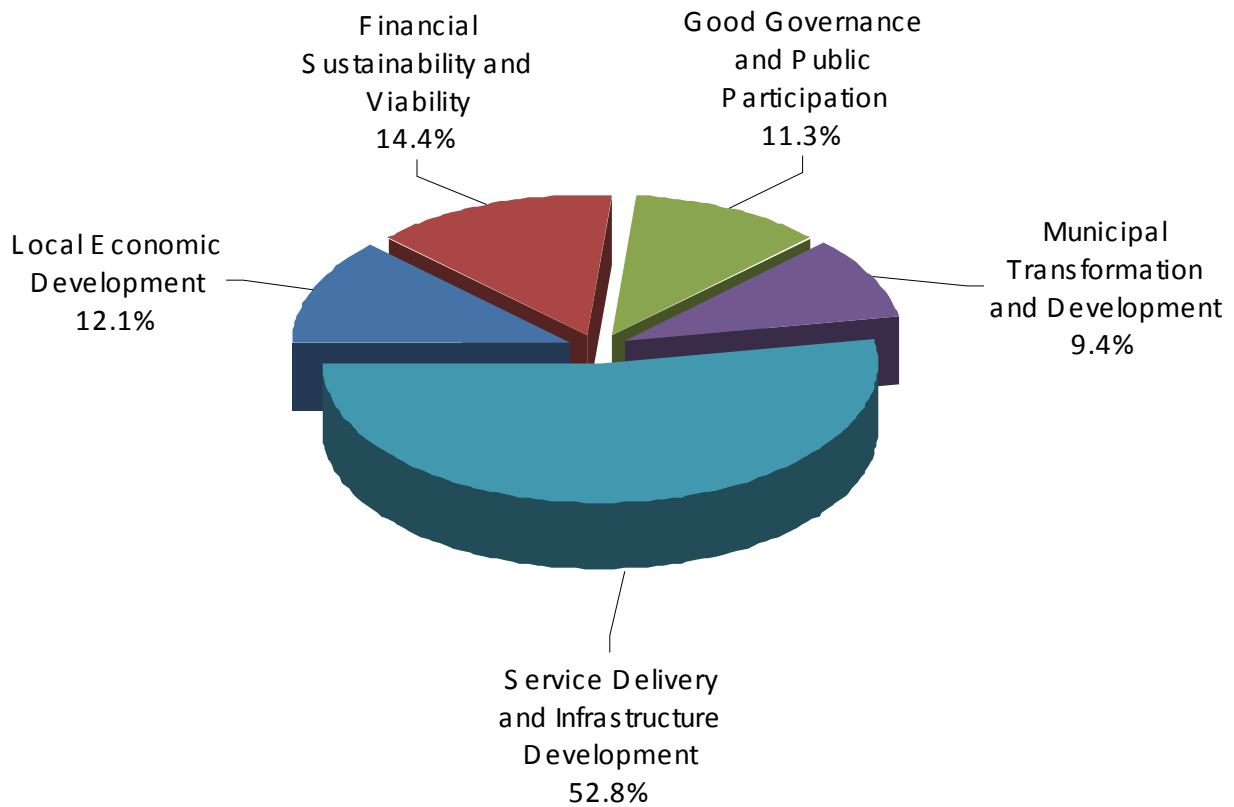
Below is a table, which illustrates the link between the Budget and the IDP.

## BUDGET ALLOCATION ACCORDING TO IDP PRIORITIES

	Municipal Transformation and Development	Service Delivery and Infrastructure Development	Local Economic Development	Financial Sustainability and Viability	Good Governance and Public Participation	Total
	R '000	R '000	R '000	R '000	R '000	R '000
<b>2010/11 Budget</b>						
Capital Expenditure	172,628	1,535,768	366,834	43,158	64,735	2,183,123
Operating Expenditure	564,896	2,593,916	581,849	1,082,274	817,365	5,640,300
<b>Total</b>	<b>737,524</b>	<b>4,129,684</b>	<b>948,683</b>	<b>1,125,432</b>	<b>882,100</b>	<b>7,823,423</b>
<b>2011/12 Budget</b>						
Capital Expenditure	80,579	2,148,792	349,178	48,349	59,092	2,685,990
Operating Expenditure	567,815	2,999,423	591,558	1,179,914	827,525	6,166,235
<b>Total</b>	<b>648,394</b>	<b>5,148,215</b>	<b>940,736</b>	<b>1,228,263</b>	<b>886,617</b>	<b>8,852,225</b>

	Municipal Transformation and Development	Service Delivery and Infrastructure Development	Local Economic Development	Financial Sustainability and Viability	Good Governance and Public Participation	Total
	R '000	R '000	R '000	R '000	R '000	R '000
<b>2012/13 Budget</b>						
Capital Expenditure	76,982	2,077,051	328,648	49,955	96,544	2,629,180
Operating Expenditure	635,202	3,337,175	661,762	1,319,749	947,640	6,901,528
<b>Total</b>	<b>712,184</b>	<b>5,414,226</b>	<b>990,410</b>	<b>1,369,704</b>	<b>1,044,184</b>	<b>9,530,708</b>

### 2010/11 Expenditure by IDP Priorities



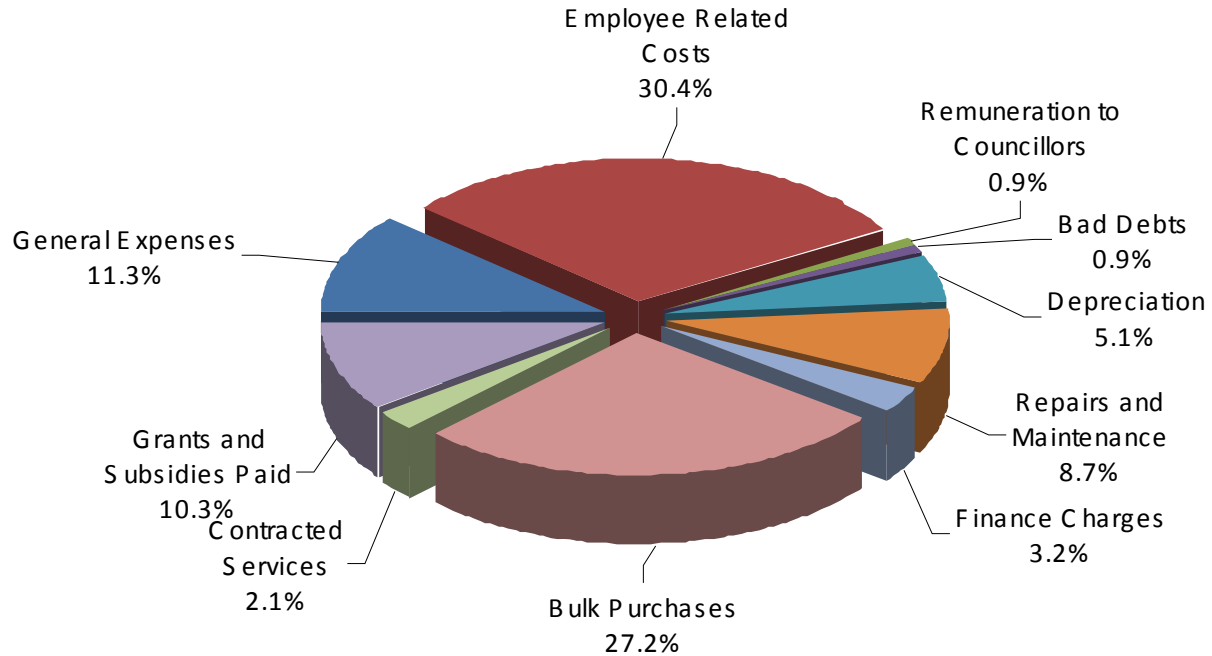


Description of financial indicator	Basis of calculation	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year 2011/12	Budget Year 2012/13
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source	32.0%	37.0%	30.0%	30.0%	30.0%	30.0%	25.0%	25.0%	25.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	41.3%	34.7%	24.1%	28.0%	28.5%	28.5%	30.0%	29.8%	29.4%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	42.2%	35.7%	24.9%	28.9%	29.4%	29.4%	30.9%	30.6%	30.3%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	8.5%	9.1%	7.2%	8.5%	8.5%	8.5%	8.6%	8.5%	8.1%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	9.1%	9.6%	9.2%	11.6%	11.6%	11.6%	8.2%	8.0%	7.6%
<b>IDP regulation financial viability indicators</b>	-									
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	8.3	7.8	10.4	7.8	7.8	7.8	7.0	7.5	8.6
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	34.9%	38.3%	38.7%	25.8%	31.5%	31.5%	24.2%	21.0%	19.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	8.5	10.0	5.3	4.5	2.1	2.1	2.6	3.9	5.1

### 2.3.1 The Mix of Expenditure Types

The graph below reflects the expenditure components of the budgeted statement of financial performance.

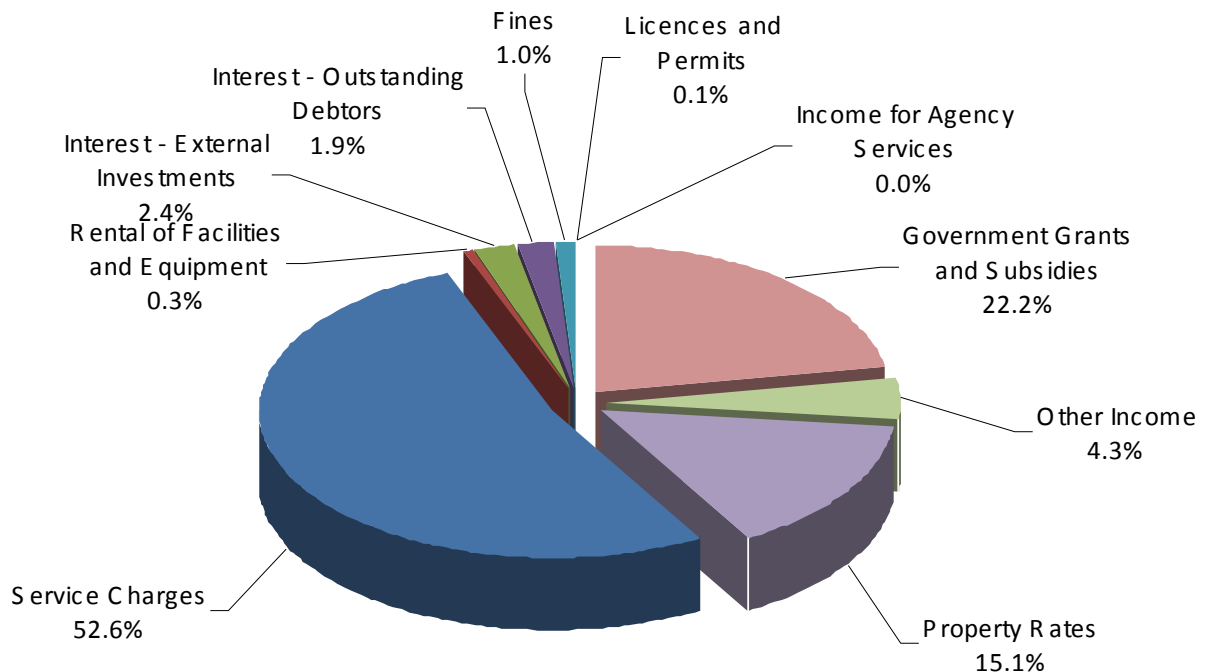
### 2010/11 S statement of Financial Performance - Budget Expenditure



### 2.3.2 The Mix of Revenue Sources

Below is a graph reflecting the revenue components of the budgeted statement of financial performance.

### 2010/11 S statement of Financial Performance - Budget Revenue



## **2.4 Overview of Budget Related Policies**

The MFMA and the Budget and Reporting Regulations require budget related policies to be reviewed, and where applicable, be updated on an annual basis. The relevant budget related policies can be assessed on the Municipality's website.

## **2.5 Overview of Budget Assumptions**

Budget assumptions/parameters are determined in advance of the budget process to allow budgets to be constructed to support the achievement of the longer-term financial and strategic targets.

The municipal fiscal environment is influenced by a variety of macro economic control measures. National Treasury provides guidelines on the ceiling of year-on-year increases in the total Operating Budget, whilst the National Electricity Regulator of South Africa (NERSA) regulates bulk electricity tariff increases and the Department of Water Affairs (DWA) regulates bulk water tariff increases. Various government departments also affect municipal service delivery through the level of grants and subsidies.

The following principles and guidelines directly informed the compilation of the Budget:

- The priorities and targets in relation to the key strategic focus areas as determined in the IDP.
- The level of property rates and tariff increases to take into account the need to address maintenance and infrastructural backlogs, including the expansion of services.
- The level of property rates and tariff increases to ensure the delivery of services on a financially sustainable basis.
- An assessment of the relative capacity to implement the Budget.
- No budget allocation has been made to programmes and projects, unless the respective programme and project plans have been submitted by the relevant Executive Directors.
- The need to enhance the municipality's revenue base.

The Municipality faced the following significant challenges in preparing the 2010/11 – 2012/13 Budget:

- Increased finance charges attributable to borrowing to support an accelerated capital programme, in order to address service delivery priorities.
- Reducing balance of the Capital Replacement Reserve, impacting on the Municipality's ability to fund capital expenditure in future from internal sources.
- Financial affordability of sustaining high levels of borrowing to support capital programmes.
- Maintaining revenue collection rates at the targeted levels.



The multi-year budget is therefore underpinned by the following assumptions:

	2010/11	2011/12	2012/13
<b>Income</b>	%	%	%
Water Tariff Increase	12.0	12.0	12.0
Sanitation Tariff Increase	11.0	11.0	11.0
Refuse Tariff Increase	11.0	11.0	11.0
Property Rates Increase	11.0	11.0	11.0
Electricity Tariff Increase	22.0	22.0	22.0
Revenue collection rates	98.0	98.0	98.0
<b>Expenditure</b>			
Total Expenditure Increase allowed (excluding repairs and maintenance)	9.0	9.0	9.0
Salary increase	10.0	10.5	11.0
Increase in repairs and maintenance	12.0	12.0	12.0
Increase in bulk purchase of power costs	28.9	25.8	25.9

It is to be noted that the Budget has been prepared, based on Generally Recognised Accounting Practice (GRAP).

## 2.6 Overview of Budget Funding

### 2.6.1 Funding the Budget

#### 2.6.1.1 Funding of operating expenditure

The Municipality's operating expenditure is mainly funded from sources such as property rates, service charges and government grants. The table below reflects the funding sources:

Description	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year 2011/12
<b>R thousand</b>							
<b>Revenue By Source</b>							
Property rates	659,777	774,525	772,037	772,037	862,387	940,002	1,024,603
Service charges - electricity revenue	1,502,322	1,852,194	1,853,088	1,853,088	2,206,868	2,607,324	3,096,943
Service charges - water revenue	344,730	367,052	365,049	365,049	411,202	462,622	501,906
Service charges - sanitation revenue	226,507	238,227	235,372	235,372	264,727	291,354	320,482
Service charges - refuse revenue	96,266	108,763	108,763	108,763	120,952	133,854	145,644
Rental of facilities and equipment	13,336	18,417	17,272	17,272	18,107	19,590	21,126
Interest earned - external investments	172,880	185,926	186,677	186,677	135,913	145,519	156,503
Interest earned - outstanding debtors	92,041	114,121	100,285	100,285	108,025	106,617	111,503
Fines	25,528	50,384	50,395	50,395	59,376	64,126	69,256
Licences and permits	8,552	7,828	7,846	7,846	6,980	7,649	8,261
Agency services	1,152	1,107	1,402	1,402	1,472	1,546	1,623
Transfers recognised - operational	1,986,206	1,398,577	1,316,763	1,316,763	1,268,308	1,254,973	1,304,649

Description	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year 2011/12
R thousand							
Other revenue	187,913	162,450	164,623	164,623	245,971	229,743	247,173
Gains on disposal of PPE	6	7					
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>5,317,216</b>	<b>5,279,577</b>	<b>5,179,569</b>	<b>5,179,569</b>	<b>5,710,288</b>	<b>6,264,920</b>	<b>7,009,673</b>

### 2.6.1.2 Funding of capital expenditure

The Municipality's capital expenditure is mainly funded from sources such as government grants, internally generated funds and borrowing. The table below reflects the funding sources.

Vote Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
<b>Total Capital Expenditure</b>									
<b>Funded by:</b>									
National Government	488,099	1,318,148	1,585,935	1,239,783	1,690,188	1,690,188	1,119,477	1,506,773	1,375,506
Provincial Government	46,118	49,626	57,097	13,220	77,353	77,353	2,250	2,700	-
District Municipality							-		
Other transfers and grants				5,000	5,000	5,000	40,000	90,000	100,000
Transfers recognised - Capital	534,217	1,367,774	1,643,032	1,258,003	1,772,541	1,772,541	1,161,727	1,599,473	1,475,506
Public contributions & donations	16,018	11,239	23,348	42,060	42,740	42,740	38,186	39,268	39,268
Borrowing	130,865	100,710	563,075	745,201	745,201	745,201	470,000	705,686	818,887
Internally generated funds	294,244	416,821	567,939	294,191	351,338	351,338	513,210	341,563	295,519
<b>Total Capital Funding</b>	<b>975,344</b>	<b>1,896,544</b>	<b>2,797,395</b>	<b>2,339,455</b>	<b>2,911,819</b>	<b>2,911,819</b>	<b>2,183,123</b>	<b>2,685,990</b>	<b>2,629,180</b>

### 2.6.2 Reconciliation showing that Operating and Capital Expenditure remain funded in accordance with Section 18 of the MFMA

Supporting table SB6 Adjustments Budget - Funding measurement

Description	MFMA section	Ref	Current year 2009/2010		Medium Term Revenue and Expenditure Framework		Budget Year 2012/2013
			Original Budget	Adjusted Budget	Budget Year 2010/11	Budget Year 2011/12	
<b>Funding measures</b>	-	-					
Cash/cash equivalents at the year end - R'000	18(1)b	1	1,187,065	560,223	914,847	1,564,939	2,325,941
Cash + investments at the yr end less applications - R'000	18(1)b	2	340,250	8,539	227,610	1,088,119	1,883,300
Cash year end/monthly employee/supplier payments	18(1)b	3	4.5	2.1	2.6	3.9	5.1
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	95,232	(63,331)	970,501	1,427,744	1,286,520
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	12.1%	11.8%	10.0%	8.7%	8.8%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	90.9%	96.1%	96.5%	98.0%	97.5%

Description	MFMA section	Ref	Current year 2009/2010		Medium Term Revenue and Expenditure Framework		Budget Year +3 2012/2013
			Original Budget	Adjusted Budget	Budget Year +1 2010/11	Budget Year +2 2011/12	
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	1.3%	3.1%	1.3%	1.2%	1.1%
Capital payments % of capital expenditure	18(1)c;19	8	80.2%	80.0%	80.0%	80.0%	80.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	68.9%	102.3%	46.0%	64.9%	71.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10	100.0%	100.0%	100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	-21.0%	-4.1%	-10.8%	-0.6%	3.8%
Long term receivables % change - incr(decr)	18(1)a	12	-29.6%	-29.6%	-2.0%	-2.0%	-5.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	5.4%	5.0%	4.8%	4.9%	5.1%
Asset renewal % of capital budget	20(1)(vi)	14	9.0%	8.0%	11.0%	10.0%	10.0%

### **Funding Measures**

1 **Cash/cash equivalents at the year end - R'000**

The positive cash balances indicates that the Municipality is able to meet its ongoing commitments.

2 **Cash + investments at the yr end less applications - R'000**

Sufficient cash is available to meet commitments.

3 **Cash year end/monthly employee/supplier payments**

This ratio indicates that the Municipality have atleast 3 months cash available to meet monthly operating payments.

4 **Surplus/(Deficit) excluding depreciation offsets: R'000**

Sufficient operational revenues are raised to cover operational budget requirements.

5 **Service charge rev % change - macro CPIX target exclusive**

This ratio indicates the difference between the % increase in service charges and inflation rate (set at 6%).

The high increases relates to Electricity increases being above inflation, taking into account high bulk electricity price increase imposed by Eskom.

6 **Cash receipts % of Ratepayer & Other revenue**

This ratio indicates the rate at which funds are collected i.e collection rate. The Municipality's targeted collection rate was set at 98% and is in line with the above indicators.

7 **Debt impairment expense as a % of total billable revenue**

This ratio indicates that sufficient provision has been made for bad debts based on the collection rate of 98%.

8 **Capital payments % of capital expenditure**

This ratio indicates whether the timing of payments is being taken into consideration when forecasting the cash position. By applying the accrual basis of accounting it is anticipated that only 80% will be cash expenditure taking into account the timing of the payment of invoices.

- 9 Borrowing receipts % of capital expenditure (excl. transfers)  
This ratio indicates that the Municipality's "own funded" capital budget is largely funded from borrowed funds. It is to be noted that a loan in the amount of R420 million, relating to the 2008/09 financial year, was only received in the 2009/10 financial year. If this amount is excluded then the ratio will amount to 65,4% compared to 102,3%.
- 10 Grants % of Govt. legislated/gazetted allocations  
Grants are fully reflected in the budget.
- 11 Current consumer debtors % change - incr(decr)  
The decline in consumer debtors are related to the mechanisms that have been put place to collect outstanding debt as well as the ATTP consumers that are older than 90 days, being written off.
- 12 Long term receivables % change - incr(decr)  
The ratio indicates a declining trend in long term receivables.
- 13 R&M % of Property Plant & Equipment  
Increased funding committed for asset repairs and maintenance.
- 14 Asset renewal % of capital budget  
Increased funding committed for asset renewal.

The aforementioned table reflects that the 2010/11 to 2012/13 Adjustments Budget is fully funded.

### 2.6.3 Estimated Collection Levels

The original 2009/10 Operating Budget was based on a debtors' collection rate of 98%, which has been maintained in the 2010/11 Budget. Strategies are being implemented to maintain the debtors' collection rate at the targeted level.

### 2.6.4 Investments by type

The following tables reflect investments by type:-

#### **Investment particulars by type**

Investment type	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year 2011/12	Budget Year 2012/13
R thousand									
<u>Parent municipality</u> Deposits - Bank	1,500,348	1,859,626	799,205	1,159,817	532,975	532,975	886,229	1,534,898	2,297,199
Consolidated total:	1,500,348	1,859,626	799,205	1,159,817	532,975	532,975	886,229	1,534,898	2,297,199



Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11
R thousand										
Other grant providers:	-	-	-	5,000	5,000	5,000	40,000	90,000	100,000	
<i>Coega Grant</i>	-	-	-	5,000	5,000	5,000	40,000	90,000	100,000	
Total Capital Transfers and Grants	534,217	1,367,774	1,643,032	1,258,003	2,449,098	2,449,098	1,161,727	1,599,473	1,475,506	
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>1,208,777</b>	<b>2,242,966</b>	<b>2,382,462</b>	<b>2,572,186</b>	<b>3,765,860</b>	<b>3,765,860</b>	<b>2,430,035</b>	<b>2,854,446</b>	<b>2,780,155</b>	

## GRANTS EXPENDITURE

Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11
R thousand										
<b>EXPENDITURE:</b>										
<u>Operating expenditure of Transfers and Grants</u>										
<b>National Government:</b>	<b>378,208</b>	<b>588,681</b>	<b>500,230</b>	<b>930,219</b>	<b>939,442</b>	<b>939,442</b>	<b>1,045,276</b>	<b>1,148,224</b>	<b>1,189,750</b>	
Equitable share	231,700	274,820	382,444	456,625	466,835	466,835	602,883	686,623	759,738	
Levy replacement	68,585	94,023	107,051	370,500	361,224	361,224	391,668	411,917	424,990	
Restructuring	29,903	99,637	-	-	-	-	-	-	-	
Finance Management	1,218	674	750	1,560	1,694	1,694	1,810	1,872	1,941	
Municipal Systems Improvement	12			30,000	30,000	30,000	36,000	45,000		
Department of Water Affairs				16,500	16,500	16,500	4,200			
Other transfers/grants [insert description]	46,791	119,526	9,985	55,034	63,189	63,189	8,715	2,811	3,081	
<b>Provincial Government:</b>	<b>132,315</b>	<b>152,630</b>	<b>194,015</b>	<b>341,694</b>	<b>349,336</b>	<b>349,336</b>	<b>212,611</b>	<b>102,529</b>	<b>110,501</b>	
Health subsidy	59,069	62,701	71,353	78,682	85,116	85,116	91,760	99,029	107,001	
Sports and Recreation	16,953	15,640	17,802	4,000	3,500	3,500	3,500	3,500	3,500	
Housing	20,239	46,939	98,511	250,000	250,000	250,000	117,350			
Operating Transfers and Grants	36,054	27,350	6,349	9,011	10,719	10,719				
<b>Other grant providers:</b>	<b>295,516</b>	<b>177,070</b>	<b>69,751</b>	<b>22,200</b>	<b>27,985</b>	<b>27,985</b>	<b>10,421</b>	<b>4,221</b>	<b>4,398</b>	
<i>International Donors</i>	838	37,385	12,273	2,000	8,490	8,490	3,000	2,000	2,000	
<i>Other Grant Providers</i>	294,677	139,685	57,478	20,200	19,495	19,495	7,421	2,221	2,398	
<b>Total operating expenditure of Transfers and Grants:</b>	<b>806,039</b>	<b>918,382</b>	<b>763,996</b>	<b>1,294,113</b>	<b>1,316,763</b>	<b>1,316,763</b>	<b>1,268,308</b>	<b>1,254,973</b>	<b>1,304,649</b>	
<u>Capital expenditure of Transfers and Grants</u>										
<b>National Government:</b>	<b>488,099</b>	<b>1,318,148</b>	<b>1,585,935</b>	<b>1,239,783</b>	<b>2,366,744</b>	<b>2,366,744</b>	<b>1,119,477</b>	<b>1,506,773</b>	<b>1,375,506</b>	
Municipal Infrastructure (MIG)	65,142	95,493	178,639	299,815	299,815	299,815	179,676	355,600	202,986	
Public Transport	33,157	66,229	178,944	429,960	644,238	644,238	479,387	730,460	796,278	
Sport and Recreation	178,010	787,200	494,283	16,000	140,000	140,000	120,000			



Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
				Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year 2011/12	Budget Year 2012/13
<b>R thousand</b>	<b>Audited Outcome</b>	<b>Audited Outcome</b>	<b>Audited Outcome</b>	<b>Original Budget</b>	<b>Adjusted Budget</b>	<b>Full Year Forecast</b>	<b>Budget Year 2010/11</b>	<b>Budget Year 2011/12</b>	<b>Budget Year 2012/13</b>
<b>Capital transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year	486,255	430,204	353,065	313,226	313,226	313,226	159,861	276,450)	9,209
Current year receipts	432,047	1,241,009	1,546,097	1,086,418	1,536,823	1,536,823	1,236,066	1,239,532	1,366,297
<b>Conditions met - transferred to revenue</b>	<b>488,099</b>	<b>1,318,148</b>	<b>1,585,935</b>	<b>1,239,783</b>	<b>1,690,188</b>	<b>1,690,188</b>	<b>1,119,477</b>	<b>1,506,773</b>	<b>1,375,506</b>
Conditions still to be met - transferred to liabilities	430,204	353,065	313,226	159,861	159,861	159,861	276,450	9,209	
<b>Provincial Government:</b>									
Balance unspent at beginning of the year									
Current year receipts	46,118	49,626	57,097	13,220	77,353	77,353	2,250	2,700	-
<b>Conditions met - transferred to revenue</b>	<b>46,118</b>	<b>49,626</b>	<b>57,097</b>	<b>13,220</b>	<b>77,353</b>	<b>77,353</b>	<b>2,250</b>	<b>2,700</b>	<b>-</b>
Conditions still to be met - transferred to liabilities									
<b>Other grant providers:</b>									
Balance unspent at beginning of the year									
Current year receipts				5,000	5,000	5,000	40,000	90,000	100,000
<b>Conditions met - transferred to revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>40,000</b>	<b>90,000</b>	<b>100,000</b>
Conditions still to be met - transferred to liabilities									
<b>Total capital transfers and grants revenue</b>	<b>534,217</b>	<b>1,367,774</b>	<b>1,643,032</b>	<b>1,258,003</b>	<b>1,772,541</b>	<b>1,772,541</b>	<b>1,161,727</b>	<b>1,599,473</b>	<b>1,475,506</b>
<b>Total capital transfers and grants - CTBM</b>	<b>430,204</b>	<b>353,065</b>	<b>313,226</b>	<b>159,861</b>	<b>159,861</b>	<b>159,861</b>	<b>276,450</b>	<b>9,209</b>	<b>0</b>
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>	<b>1,418,287</b>	<b>2,312,724</b>	<b>2,513,199</b>	<b>2,592,386</b>	<b>3,089,303</b>	<b>3,089,303</b>	<b>2,430,035</b>	<b>2,854,447</b>	<b>2,780,155</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>	<b>687,419</b>	<b>540,522</b>	<b>369,946</b>	<b>159,861</b>	<b>159,861</b>	<b>159,861</b>	<b>276,450</b>	<b>9,209</b>	<b>0</b>

## 2.8 Allocations and Grants made by the Municipality

The table below reflects the grants and allocations made by the Municipality. It includes grants-in-aid made in accordance with the Municipality's grants-in-aid policy and transfers to entities and other organisations to primarily support their operational expenditure.

Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
				Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year 2011/12	Budget Year 2012/13
<b>R thousand</b>	<b>Audited Outcome</b>	<b>Audited Outcome</b>	<b>Audited Outcome</b>	<b>Original Budget</b>	<b>Adjusted Budget</b>	<b>Full Year Forecast</b>	<b>Budget Year 2010/11</b>	<b>Budget Year 2011/12</b>	<b>Budget Year 2012/13</b>
<b>Transfers to other municipalities</b>									
<i>Insert description</i>									
<b>TOTAL TRANSFERS TO MUNICIPALITIES:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transfers to Entities/Other External Mechanisms</b>									
<i>Entity - MBDA</i>	20,044	30,646	13,620	76,885	76,885	76,885	97,075	127,362	128,750



Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year 2011/12
<i>Centenary Hall Promotions-ex entity</i>	55	60	129						
<i>Feather Market Promotions- ex- entity</i>	1,047	1,099	1,188						
<b>TOTAL TRANSFERS TO ENTITIES/EMs'</b>	<b>21,146</b>	<b>31,805</b>	<b>14,937</b>	<b>76,885</b>	<b>76,885</b>	<b>76,885</b>	<b>97,075</b>	<b>127,362</b>	<b>128,750</b>
<u>Transfers to other Organs of State</u>									
<b>TOTAL TRANSFERS TO OTHER ORGANS OF STATE:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<u>Grants to other Organisations</u>									
<i>Grants in Aid</i>	4,989	6,109	6,657	7,428	7,806	7,806	8,369	9,018	9,719
<i>Honararia</i>	42								
Metropolitan Transport Fund	929	934	-	1,012	1,012	1,012			
NMB Art Museum	3,189	4,067	-						
S21 Company - NMBT	11,006	11,099	11,776	12,624	12,624	12,624	13,634	14,725	15,903
Surf Lifesaving Club Services	46	62	66	71	71	71	75	81	88
S21 Company - UDDI	2,553	2,681	2,842	4,012	4,012	4,012	4,333	4,680	5,054
Indigent	154,761	183,822	245,953	348,481	355,479	355,479	454,757	498,344	520,179
<b>TOTAL GRANTS TO OTHER ORGANISATIONS:</b>	<b>177,515</b>	<b>208,774</b>	<b>267,293</b>	<b>373,629</b>	<b>381,004</b>	<b>381,004</b>	<b>481,169</b>	<b>526,848</b>	<b>550,943</b>
<b>TOTAL TRANSFERS AND GRANTS</b>	<b>198,660</b>	<b>240,579</b>	<b>282,230</b>	<b>450,513</b>	<b>457,889</b>	<b>457,889</b>	<b>578,244</b>	<b>654,209</b>	<b>679,694</b>

## 2.9 Councillors and board members allowances and employee benefits provide the following information

### COUNCILLORS & BOARD MEMBER ALLOWANCES AND EMPLOYEE BENEFITS

Summary of Employee and Councillor remuneration	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework			
	R thousand	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<u>Councillors (Political Office Bearers plus Other)</u>		D	E	F	G	H	I
Salary		44,891	43,667	43,667	48,034	52,837	58,121
Cell phone allowance		1,420	1,381	1,381	1,519	1,671	1,838
<b>Sub Total - Councillors</b>		<b>46,311</b>	<b>45,048</b>	<b>45,048</b>	<b>49,553</b>	<b>54,508</b>	<b>59,959</b>
% increase		12.3%	(2.7%)	-	10.0%	10.0%	10.0%
<u>Senior Managers of the Municipality</u>							
Salary		13,819	13,307	13,307	16,021	15,817	17,387
Performance Bonus		1,267	1,420	1,420	1,857	1,965	2,043
<b>Sub Total - Senior Managers of Municipality</b>		<b>15,086</b>	<b>14,726</b>	<b>14,726</b>	<b>17,878</b>	<b>17,782</b>	<b>19,431</b>
% increase		21.1%	(2.4%)	-	21.4%	(0.5%)	9.3%
<u>Other Municipal Staff</u>							
Basic Salaries and Wages		729,517	788,300	788,300	894,519	985,336	1,097,885

Summary of Employee and Councillor remuneration	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	R thousand	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12
Pension Contributions	124,706	132,312	132,312	147,550	162,569	179,785
Medical Aid Contributions	67,290	69,984	69,984	80,541	92,620	106,512
Motor vehicle allowance	43,211	42,975	42,975	43,225	43,306	43,714
Cell phone allowance						
Housing allowance	11,021	12,156	12,156	12,137	12,134	12,136
Overtime	47,026	50,627	50,627	53,093	57,459	62,131
Performance Bonus						
Other benefits or allowances	441,530	367,266	367,266	466,650	494,166	542,211
In-kind benefits						
<b>Sub Total - Other Municipal Staff</b>	<b>1,464,301</b>	<b>1,463,618</b>	<b>1,463,618</b>	<b>1,697,715</b>	<b>1,847,592</b>	<b>2,044,374</b>
% increase	15.4%	(0.0%)	-	16.0%	8.8%	10.7%
<b>Total Parent Municipality</b>	<b>1,525,697</b>	<b>1,523,393</b>	<b>1,523,393</b>	<b>1,765,145</b>	<b>1,919,882</b>	<b>2,123,763</b>
	15.4%	(0.2%)	-	15.9%	8.8%	10.6%
<b>Senior Managers of Entities</b>						
Salary	2,259	2,259	2,259	2,375	2,613	2,874
Pension Contributions	210	210	210	231	254	279
Medical Aid Contributions	85	85	85	85	94	103
Performance Bonus	254	254	254	254	279	307
Other benefits or allowances	131	131	131	131	144	158
In-kind benefits						
<b>Sub Total - Senior Managers of Entities</b>	<b>2,939</b>	<b>2,939</b>	<b>2,939</b>	<b>3,076</b>	<b>3,384</b>	<b>3,722</b>
% increase	-	-	-	4.7%	10%	10%
<b>Other Staff of Entities</b>						
Basic Salaries and Wages	2,507	2,507	2,507	2,915	3,207	3,526
Pension Contributions	232	232	232	255	281	309
Medical Aid Contributions	288	288	288	317	349	384
<b>Sub Total - Other Staff of Entities</b>	<b>3,027</b>	<b>3,027</b>	<b>3,027</b>	<b>3,487</b>	<b>3,836</b>	<b>4,219</b>
% increase	-	-	-	15.2%	10%	10%
<b>Total Municipal Entities</b>	<b>5,966</b>	<b>5,966</b>	<b>5,966</b>	<b>6,563</b>	<b>7,220</b>	<b>7,941</b>

Disclosure of Salaries, Allowances & Benefits	No.	Salary	Contrib.	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum			1.			2.	3.
<b>Councillors</b>							
Speaker	1	808,140		18,810			826,950
Chief Whip	1	757,630		18,810			776,440
Executive Mayor	1	1,010,180		37,680			1,047,860
Deputy Executive Mayor	1	808,140		18,810			826,950
Executive Committee	9	6,818,660		169,290			6,987,950
Total for all other councillors	107	37,830,790		1,255,620			39,086,410
<b>Total Councillors</b>	<b>120</b>	<b>48,033,540</b>	<b>-</b>	<b>1,519,020</b>			<b>49,552,560</b>
<b>Senior Managers of the Municipality</b>							
Municipal Manager (MM)	1	1,260,560		176,480			1,437,040

Disclosure of Salaries, Allowances & Benefits	No. 10	Salary	Contrib.	Allowances	Performance Bonuses	In-kind benefits	Total Package
Chief Finance Officer	1	1,092,610		152,970			1,245,580
Deputy City Manager - Governance	4	4,256,620		743,570			5,000,190
Deputy City Manager - Procurement & Infrastructure	2	3,661,870		318,090			3,979,960
Deputy City Manager - Health, Safety & Social Issues	4	4,399,310		613,410			5,012,720
Deputy City Manager - Corporate & Human Resources	1	1,054,670		147,660			1,202,330
<b>Total Senior Managers of the Municipality</b>	<b>13</b>	<b>15,725,640</b>	<b>-</b>	<b>2,152,180</b>	<b>-</b>	<b>-</b>	<b>17,877,820</b>
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	<b>133</b>	<b>63,759,180</b>	<b>-</b>	<b>3,671,200</b>	<b>-</b>	<b>-</b>	<b>67,430,380</b>

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

EC000 Nelson Mandela Bay - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2010/11												Medium Term Revenue and Expenditure Framework		
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2010/11	Budget Year +1 2011/12
<b>Cash Receipts By Source</b>													1		
Property rates	68,383	67,065	62,793	81,843	69,263	69,040	74,674	67,377	69,734	59,576	77,695	77,695	845,139	921,202	1,004,111
Property rates - penalties & collection charges												-	-	-	-
Service charges - electricity revenue	118,906	182,487	131,072	174,680	179,810	177,496	176,341	172,597	181,127	133,671	267,272	267,272	2,162,730	2,555,178	3,035,004
Service charges - water revenue	22,156	34,002	24,422	32,548	33,504	33,073	32,857	32,160	33,749	24,907	49,800	49,800	402,978	453,370	491,868
Service charges - sanitation revenue	14,263	21,890	15,723	20,954	21,569	21,292	21,153	20,704	21,727	16,035	32,061	32,061	259,432	285,527	314,073
Service charges - refuse revenue	6,517	10,002	7,184	9,574	9,855	9,728	9,665	9,460	9,927	7,326	14,648	14,648	118,533	131,177	142,731
Service charges - other	-											-	-	-	-
Rental of facilities and equipment	976	1,148	1,418	299	1,101	910	984	1,263	1,122	1,288	3,359	3,876	17,745	19,198	20,704
Interest earned - external investments	11,326	11,326	11,326	11,326	11,326	11,326	11,326	11,326	11,326	11,326	11,326	11,326	135,913	145,519	156,503
Interest earned - outstanding debtors	8,822	8,822	8,822	8,822	8,822	8,822	8,822	8,822	8,822	8,822	8,822	8,822	105,864	104,485	109,273
Dividends received												-	-	-	-
Fines	2,212	2,477	2,393	2,141	2,821	2,577	1,697	1,922	1,793	1,579	18,359	19,403	59,376	64,126	69,256
Licences and permits	621	736	618	651	595	620	629	517	528	414	329	722	6,980	7,649	8,261
Agency services	120	124	123	130	132	143	167	140	107	175	70	40	1,472	1,546	1,623
Transfer receipts - operational	133,469	6,459	27,259	127,511	27,812	168,208	98,632	35,419	100,568	144,435	68,661	329,875	1,268,308	1,254,973	1,304,649
Other revenue	10,557	13,844	16,587	26,901	15,497	13,940	11,473	35,892	17,572	11,253	31,796	40,660	245,971	229,743	247,173
<b>Cash Receipts by Source</b>	<b>398,329</b>	<b>360,383</b>	<b>309,741</b>	<b>497,381</b>	<b>382,105</b>	<b>517,174</b>	<b>448,419</b>	<b>397,599</b>	<b>458,103</b>	<b>420,807</b>	<b>584,199</b>	<b>856,201</b>	<b>5,630,441</b>	<b>6,173,692</b>	<b>6,905,229</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	94,764	4,586	19,354	90,534	19,747	119,429	70,030	25,148	71,405	102,550	48,750	234,215	900,513	1,329,060	1,178,375

MONTHLY CASH FLOWS	Budget Year 2010/11												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Contributions recognised - capital & Contributed assets													-			
Proceeds on disposal of PPE													-			
Short term loans													-			
Borrowing long term/refinancing							470,000						-	470,000	705,686	818,887
Increase (decrease) in consumer deposits	164	164	164	164	164	164	164	164	164	164	164	164	1,966	2,005	5,114	
Decrease (Increase) in non-current debtors													-	-	-	
Decrease (increase) other non-current receivables	13	1	1	(367)	1	1		1,258	114	114	114	113	1,362	1,339	3,175	
Decrease (increase) in non-current investments	(98)	(98)	(98)	(98)	(98)	(98)	(98)	(98)	(98)	(98)	(98)	(98)	(1,179)	(1,237)	(1,299)	
<b>Total Cash Receipts by Source</b>	<b>493,172</b>	<b>365,036</b>	<b>329,162</b>	<b>587,613</b>	<b>401,919</b>	<b>636,670</b>	<b>988,515</b>	<b>424,071</b>	<b>529,687</b>	<b>523,537</b>	<b>633,128</b>	<b>1,090,595</b>	<b>7,003,104</b>	<b>8,210,545</b>	<b>8,909,481</b>	
<b>Cash Payments by Type</b>																
Employee related costs	104,000	135,459	128,941	128,265	176,646	128,754	128,815	146,120	132,469	136,611	183,807	185,705	1,715,592	1,865,374	2,063,805	
Remuneration of councillors	3,806	3,795	3,795	3,795	3,795	3,713	5,617	4,031	4,031	4,083	4,546	4,546	49,553	54,508	59,959	
Collection costs	248	248	248	248	248	248	248	248	248	248	248	248	2,979	3,217	3,475	
Interest paid	-	-	36,119	-	-	36,119	-	-	36,119	-	-	36,119	144,477	154,294	168,594	
Bulk purchases - Electricity	2	148,979	110,052	79,581	82,713	79,567	69,978	77,439	75,867	83,132	148,577	224,917	1,180,805	1,456,088	1,797,151	
Bulk purchases - Water & Sewer	0	6,021	4,447	3,216	3,343	3,215	2,828	3,129	3,066	3,360	6,004	9,089	47,719	51,536	55,659	
Other materials	5,727	19,744	23,165	35,193	31,715	21,197	23,254	19,719	35,483	34,309	65,693	76,039	391,239	423,375	455,029	
Contracted services	38	6,605	8,726	6,418	6,930	8,928	5,564	6,017	7,776	6,943	13,440	18,972	96,357	88,619	95,773	
Grants and subsidies paid - other municipalities													-			
Grants and subsidies paid - other	17,054	17,472	17,510	39,850	19,926	17,060	19,058	33,112	42,719	18,757	102,985	117,092	462,595	523,367	543,755	
General expenses	21,593	57,283	55,622	17,996	33,267	43,141	19,249	52,414	29,577	12,785	67,992	94,054	504,974	409,529	401,095	

MONTHLY CASH FLOWS	Budget Year 2010/11												Medium Term Revenue and Expenditure Framework		
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2010/11	Budget Year +1 2011/12
Cash Payments by Type	152,468	395,606	388,625	314,562	358,584	341,944	274,612	342,230	367,355	300,228	593,293	766,782	4,596,289	5,029,908	5,644,294
Other Cash Flows/Payments by Type															
Capital assets	24,094	100,395	19,613	58,310	30,077	134,825	104,213	473,994	49,167	48,536	111,893	587,382	1,746,498	2,148,792	2,103,344
Repayment of borrowing			76,423			76,423			76,423			76,423	305,693	381,752	400,840
Other Cash Flows/Payments												-			
<b>Total Cash Payments by Type</b>	<b>176,562</b>	<b>496,002</b>	<b>484,662</b>	<b>372,872</b>	<b>388,660</b>	<b>553,192</b>	<b>378,824</b>	<b>816,224</b>	<b>492,945</b>	<b>348,764</b>	<b>705,186</b>	<b>1,430,588</b>	<b>6,648,481</b>	<b>7,560,452</b>	<b>8,148,478</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>316,611</b>	<b>(130,966)</b>	<b>(155,500)</b>	<b>214,741</b>	<b>13,259</b>	<b>83,477</b>	<b>609,691</b>	<b>(392,153)</b>	<b>36,742</b>	<b>174,773</b>	<b>(72,058)</b>	<b>(339,993)</b>	<b>354,623</b>	<b>650,093</b>	<b>761,003</b>
Cash/cash equivalents at the month/year begin:	560,223	876,834	745,868	590,368	805,109	818,367	901,845	1,511,535	1,119,382	1,156,125	1,330,898	1,258,840	560,223	914,846	1,564,939
Cash/cash equivalents at the month/year end:	876,834	745,868	590,368	805,109	818,367	901,845	1,511,535	1,119,382	1,156,125	1,330,898	1,258,840	914,847	914,846	1,564,939	2,325,942

## **2.11 Annual Budgets and Service Delivery and Budget Implementation Plans – Directorates**

In terms of section 53 (1)(c)(ii) of the MFMA, the Service Delivery and Budget Implementation Plan (SDBIP) constitutes a detailed plan for implementing the Municipality's delivery of services and its annual budget, which must include the following:

- (a) Monthly projections of
  - Revenue to be collected, by source; and
  - Operational and capital expenditure, by vote.
- (b) Service delivery targets and performance indicators for each quarter.

In accordance with Section 53 of the MFMA, the Executive Mayor is required to approve the SDBIP within 28 days after the approval of the budget. Furthermore, the Executive Mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators, as set out in the SDBIP, are made public within 14 days after the approval of the SDBIP.

The SDBIP gives effect to the IDP and Budget of the Municipality. It includes the service delivery targets and performance indicators for each quarter, which forms the basis for the performance agreements of the Executive Directors. It therefore facilitates oversight over the financial and non-financial performance of the Municipality and allows the Municipal Manager to monitor the performance of the Executive Directors, the Executive Mayor/Council to monitor the performance of the Municipal Manager, and the Community to monitor the performance of the Municipality.

The SDBIP relating to the 2010/11 financial year will be approved by the Executive Mayor during June 2010, following the approval of the Budget.

## **2.12 Contracts having Future Budgetary Implications**

Below the schedule of contracts impacting on future budgets:

### Contracts impacting on the Municipality's revenue

	Description of lease	Start of lease contract	End of lease contract	Escalation	Period	2009/10	2010/11	2011/12	2012/13
1	Isimilo Investments (PTY) LTD (Beachview, Maitland 487/35 & Maitland Beach)	01-10-04	30-09-2044	0%	40	240,000.00	240,000.00	240,000.00	240,000.00
2	Buhlebendalo Properties (PTY) LTD (Van Staden Resorts)	05-08-04	04-08-2044	0%	40	240,000.00	240,000.00	240,000.00	240,000.00
3	Logistics Park Lease	01-04-08	31-05-2058	0%	50	1	1	1	1
4	Rental of Uitenhage Fresh Produce Market	01-09-03	31-08-2013	10%	10	246,842.87	271,527.15	298,679.87	328,547.86
						<b>726,843.87</b>	<b>751,528.15</b>	<b>778,680.87</b>	<b>808,548.86</b>

### Contracts Impacting on the Municipality's Expenditure

	Description of lease	Start of lease contract	End of lease contract	Escalation	Period	2009/10	2010/11	2011/12	2012/13
1	Office space rented from Apexhi Properties - Shop 64 - Cleary Park	01-08-05	31-07-2010	9%	5	356,916.70	29,949.13		
2	Parking space rented from Apexhi Properties - Cleary Park - shop 64	01-08-05	31-07-2010	9%	5	1,009.29	84.69		
3	AR1122 Copier, S/N 5510529Y Leased From Sharp Electronics	01-09-06	31-08-2011	0%	5	1,650.00	1,650.00	275.00	
4	AR5320 Copier, S/N 65079364 Leased From Sharp Electronics	01-10-06	30-09-2011	0%	5	3,348.00	3,348.00	837.00	
5	AR1122 Copier, S/N 65107022 Leased From Sharp Electronics	01-09-06	31-08-2011	0%	5	1,650.00	1,650.00	275.00	
6	AR1122 Copier, S/N 65106702 Leased From Sharp Electronics	01-09-06	31-08-2011	0%	5	1,650.00	1,650.00	275.00	
7	AR1451 Copier, s/n 65022521-Sharp - 1st Brister House	19-04-06	18-04-2011	0%	5	17,712.00	14,760.00		
8	Photostat Machine AR 5316 leased from Sharp Electronics	01-09-05	31-08-2010	0%	5	2,587.08	431.18		
	<b>Description of lease</b>	<b>Start of lease contract</b>	<b>End of lease contract</b>	<b>Escalation</b>	<b>Period</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>



9	Monthly Rental for AR5316 s/n 55041856 - Fleet management services, Deal Party - Sharp	31-08-05	30-08-2010	0%	5	2,304.96			
10	DI3410 Photocopier leased from Minolta	01-09-04	31-08-2009	0%	5	2,430			
11	Konica Photocopier - 7020 Leased from The Rental Company Trust	01-10-05	30-09-2010	0%	5	13,284.00	3,321.00		
12	Rental of AF2016 Copier, S/N K8166621392, Leased From Nashua EC	01-11-06	31-10-2011	15%	5	10,683.68	12,286.24	4,281.57	
13	PABX Switchboard - ERICSSON BP 250 leased from the rental company	23-06-05	22-06-2010	0%	5	28,442.68			
14	Rental of AF2015 Copier, S/N J9056220142, Leased From Nashua EC	01-07-05	30-06-2010	15%	5	21,491.79			
15	Rental of DI3510 Copier, S/N 21727961, Leased From The Rental Company	01-12-04	30-11-2009	0%	5	9,700.00			
16	Rental of AR1163 Copier, S/N 45091286, Leased From Sharp Electronics	01-10-04	30-09-2009	0%	5	704.46			
17	Rental of AR1163 Copier, S/N 45091396, Leased From Sharp Electronics	01-05-05	30-04-2010	0%	5	2,441.30			
18	Rental of AR0450 Copier, S/N 55036283, Leased From Sharp Electronics	01-07-05	30-06-2010	0%	5	17,070.72			
19	Rental of AR1163 Copier, S/N 45091746, Leased From Sharp Electronics	01-Oct-04	30-09-2009	0%	5	704.46			
	<b>Description of lease</b>	<b>Start of lease contract</b>	<b>End of lease contract</b>	<b>Escalation</b>	<b>Period</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>
20	Rental of AR1163 Copier, S/N 45091356, Leased From Sharp	01-Jun-05	31-05-2010	0%	5	3,586.00			

	Electronics								
21	Rental of AR1507 Copier, S/N 45000137, Leased From Sharp Electronics	01-10-04	30-09-2009	0%	5	5,874.39			
22	Rental of AR0516 AR-PB2A Printer Board, Leased From Sharp Electronics	01-06-05	30-11-2009	0%	4.5	2,079.40			
23	Building leased from Apexhi Properties Ltd - 8th Floor Fidelity Centre	01-09-04	31-08-2009	0%	5	34,237.91			
24	Rental of AR1163 Copier, S/N 45091506, Leased From Sharp Electronics	01-05-05	30-04-2010	0%	5	2,200.00			
25	Rental of AR0206 Copier, S/N 45085635, Leased From Sharp Electronics	01-11-04	31-10-2009	0%	5	1,608.04			
26	Rental of Xerox 123 Digital Copier With Multi Coin Box, S/N 3551913820 Main Library Leased from Technologies Acceptances (Pty) Ltd	01-08-05	31-07-2010	0%	5	8,232.00	686.00		
27	Rental of Xerox 123 Digital Copier With Multi Coin Box, S/N 3551913901	01-08-05	31-07-2010	0%	5	8,232.00	686.00		
28	Rental of Xerox 123 Digital Copier With Multi Coin Box, S/N 3551917087	01-08-05	31-07-2010	0%	5	8,232.00	686.00		
29	Rental of Xerox M123 Digital Copier With Multi Coin Box, S/N 3551910414	01-08-05	31-07-2010	0%	5	8,232.00	686.00		
30	Rental of Xerox M123 Digital Copier With Multi Coin Box, S/N 3551911887	01-08-05	31-07-2010	0%	5	8,232.00	686.00		
	<b>Description of lease</b>	<b>Start of lease contract</b>	<b>End of lease contract</b>	<b>Escalation</b>	<b>Period</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>
31	Rental of Xerox M123 Digital Copier With Multi Coin Box, S/N 3551912360	01-08-05	31-07-2010	0%	5	8,232.00	686.00		

32	Rental of Xerox M123 Digital Copier With Multi Coin Box, S/N 3551915645	01-08-05	31-07-2010	0%	5	8,232.00	686.00		
33	Rental of Xerox M123 Digital Copier With Multi Coin Box, S/N 3551908436 - Walmer Library	01-08-05	31-07-2010	0%	5	8,232.00	686.00		
34	Rental of Xerox M123 Digital Copier With Multi Coin Box, S/N 3551952826 - West End Library	01-08-05	31-07-2010	0%	5	8,232.00	686.00		
35	Rental of Xerox M123 Digital Copier With Multi Coin Box, S/N 3551913510 - Zwide Library	01-08-05	31-07-2010	0%	5	8,232.00	686.00		
36	Rental of Xerox M123 Digital Copier With Multi Coin Box, S/N 3551915823	01-08-05	31-07-2010	0%	5	8,232.00	686.00		
37	Lease - Space for Simulcast Radio System (Provincial Hospital)	01-09-04	31-07-2014	5%	9,9	9,480.95	9,955.00	10,452.75	10,975.38
38	Standard Bank Ltd								
						<b>645,399.81</b>	<b>86,631.23</b>	<b>16,396.31</b>	<b>10,975.38</b>

### 2.13 Legislation Compliance Status

Below a discussion of the Municipality's progress relating to the implementation of the MFMA:

#### Implementation of the MFMA

The municipality has been implementing the provisions of the MFMA in accordance with a documented Implementation Plan. The municipality monitors its implementation status on an ongoing basis through reporting via its Committees, including the following:

- The Municipal Manager's Management Team includes all Executive Directors, which meets fortnightly and attends to MFMA issues requiring attention.
- The Budget and Treasury Committee – a standing committee of the Council, which meets every six weeks. The committee considers specific MFMA implementation issues and reports via the Mayoral Committee to Council.
- Meetings between the Municipal Manager, COO and CFO to discuss MFMA implementation issues, as and when necessary. Issues requiring attention are monitored so that actions are taken to ensure compliance.

The following reflects the status of implementation of some of the key MFMA areas:

#### IDP

The IDP review process is in progress and a draft 2010/11 IDP has been developed and subjected to public participation. The IDP includes specific deliverables that forms the basis for the Budget and SDBIP.

### Budget

The annual budget document has been developed taking the MFMA and National Treasury (NT) requirements into account. Budgets are being tabled and approved within the required legislated timeframes.

### Annual Report

The Annual Report has been developed taking the MFMA and NT requirements into account. The 2008/09 Annual Report was tabled in January 2010, which was before the legislated deadline.

### Oversight Report

For 2008/09, the Speaker has lead the oversight process, which complies with the MFMA and NT guidance for an Oversight Committee. On 25 March 2010, the Council adopted its 2008/09 Oversight Report.

### In-Year Reporting

The municipality submits the various reports required to the Executive Mayor, Council, and NT on an ongoing basis, in accordance with the MFMA.

### Supply Chain Management Policy (SCM)

A Supply Chain Management Policy has been adopted and implemented in accordance with the MFMA and NT requirements.

All the required committee structures are in place. Whilst the municipality is working at making these new processes operate more efficiently and effectively, it is considered that the municipality is currently complying with the MFMA and NT guidelines.

### Budget and Treasury

A Budget and Treasury Office has been established in accordance with the MFMA and NT requirements, consisting of a CFO and municipal officials reporting to the CFO.

### Audit Committee

An Audit Committee, consisting of three members, has been established and meets on a quarterly basis.

### Internal Audit Function

The municipality has an Internal Audit sub-directorate reporting to the Chief Operating Officer and operating in accordance with an audit plan.

In relation to the 2010/11 financial year and beyond, the municipality plans to focus on the following high priority areas:

- Maintaining the unqualified audit opinion expressed by the Auditor-General (AG) in relation to the 2008/09 Financial Statements. An action plan has been developed to address any shortcomings. Implementation of the plan is monitored by the Municipal Manager in the first instance.
- Further strengthening of the integration and linkages between the IDP, Budget, SDBIP and Annual Report.

#### **2.14 Capital expenditure details**

A summary of the budgeted capital expenditure is reflected in Annexure "A".

#### **2.15 Acting Municipal Manager's Quality Certification**

##### **Quality Certificate**

**I, ELIAS NTOBA, Acting Municipal Manager of Nelson Mandela Bay Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the Municipality**

**Print Name: ELIAS NTOBA**

**Acting Municipal Manager of Nelson Mandela Bay Municipality (EC000)**

**Signature** \_\_\_\_\_

**Date** \_\_\_\_\_