

**nelson mandela bay**  
M U N I C I P A L I T Y

**2011/12 – 2013/14**  
**BUDGET**

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## **PART 1 – ANNUAL BUDGET**

### **1.1 EXECUTIVE MAYOR'S REPORT**

The Nelson Mandela Bay Municipality presents the reviewed Integrated Development Plan (IDP) for 2011-2016: the institution's key strategic planning tool, which is reviewed on an annual basis. This IDP presents the communities of Nelson Mandela Bay with bold initiatives, strategies and programmes to give them access to quality basic services – in many instances, for the first time in their lives.

Public participation and engagement is the foundation on which the IDP is based and, again, this IDP is the outcome of a series of public IDP and Budget meetings and the Outreach Programme visits of the political leadership to the communities of Nelson Mandela Bay over the past 5 years. During these comprehensive Outreach Programmes, the political leadership talked and listened to residents and community representatives to identify their priorities and needs, which were subsequently integrated into the IDP and Budget.

The abject conditions under which some of our residents live, calls for a paradigm shift in service delivery.

The task now ahead is the full implementation of the IDP and Budget. If we fail in this, we will be failing our people. Complementary to the IDP and Budget is the Municipality's Turnaround Strategy that will change the face of the Municipality and Nelson Mandela Bay. The Turnaround Strategy is premised on and reviewed by way of constant assessments of institutional performance gaps and developing and implementing interventions to ensure a continuous improvement in governance, service delivery and accountability, while promoting a more efficient and motivated workforce, and socio-economic transformation.

The successful implementation of the IDP and Budget can be achieved only through a partnership between the Municipality and the other spheres of government to create a single window of co-ordination as reflected in Outcome 9. This should be complemented by partnerships with local communities and key stakeholders.

The implementation of sound financial management practices are considered critical in ensuring the ongoing financial sustainability of the Municipality and the delivery of municipal services on a financially sustainable basis.

***Together, we can do more!***

**CLLR ZANOXOLO WAYILE  
EXECUTIVE MAYOR**

## 1.2 **COUNCIL 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 2011/12 and the indicative allocations for the projected outer years 2012/13 and 2013/14; and the multi-year and single year capital appropriations be approved for the purpose of complying with section 16(2) of the Municipal Finance Management Act (MFMA) 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 27]
- 1.3 Budgeted Financial Performance (revenue by source and expenditure by type); [Page 28]
- 1.4 and Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source. [Page 30]

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 35]
- 2.3 Cash backed reserves and accumulated surplus reconciliation; [Page 37]
- 2.4 Asset management; [Page 38]
- 2.5 Basic service delivery measurement. [Page 41]

3. The consolidated budget that includes the financial impact of the municipal entity (Mandela Bay Development Agency) be noted.

4. The revised Integrated Development Plan (IDP) be approved as reflected elsewhere in the agenda.

5. The proposed amendments to the 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. Tariffs be increased as follows with effect from 1 July 2011:

Property rates	-	11,5%
Water	-	11,5%
Sanitation	-	11,5%
Refuse	-	11,5%

Electricity	:	ATTP Consumers	-	16%
	:	Domestic Consumers	-	22%
	:	Small Business	-	24%
	:	Medium & Large Business	-	28%

(Final approval of the proposed electricity tariffs by the National Electricity Regulator of South Africa (NERSA) is still awaited).

8. Indicative tariffs for 2012/13 and 2013/14 be increased as follows:

	<u>2012/13</u>	<u>2013/14</u>
Property rates	13%	13%
Water	13%	13%
Sanitation	13%	13%
Refuse	13%	13%
Electricity (on average)	20,9%	20,9%

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 2011/12 to 2013/14 Capital Budget and Programme, so as to ensure the achievement of a minimum spending level of 95%.
10. 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 2011/12 to 2013/14 financial years, and that the possibility of a Metro delegation engaging the Provincial Government in this regard be considered.

### **1.3 EXECUTIVE SUMMARY**

The development of the budget is informed by the key service delivery priorities as reflected in the IDP and the need to maintain the Municipality's financial sustainability.

The Municipality is implementing specific revenue collection strategies, such as the debt relief campaign, in order to improve the collection of outstanding consumer debt.

National Treasury's MFMA Circulars No. 51, 54 and 55 were used to guide the compilation of the 2011/12 MTREF.

The Municipality faced the following significant challenges during the compilation of the 2011/12 MTREF:

- Reprioritisation of capital projects and operating expenditure within the financial affordability limits of the Budget, taking the cash position into account;
- The increased costs associated with bulk water and electricity, placing upward pressure on tariff increases to consumers. Continued high tariff increases may soon render municipal services financially unaffordable;
- Salary increases for municipal staff exceeding consumer inflation, and the requirement to fill funded vacant, critical and essential positions in accordance with the Salary and Wage Collective Agreement;
- Maintaining revenue collection rates at the targeted levels;

- Depleted Capital Replacement Reserve, impacting on the Municipality's ability to fund capital expenditure from internal sources;
- Allocations of the required operating budget provision for newly created infrastructure and facilities.

The following budget principles and guidelines directly informed the compilation of the 2011/12 MTREF:

- 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 human resources 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.
- No loan funding is available to support the Capital Budget, in view of financial affordability considerations.
- In accordance with Section 19 of the Municipal Finance Management Act, the affected Executive Directors to 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.

In view of the aforementioned, the following table represents a consolidated overview of the proposed 2011/12 Medium-term Revenue and Expenditure Framework:

**Table 1 (Consolidated Overview of the 2011/12 MTREF)**

R thousands	Adjustments Budget 2010/11	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Total Operating Revenue	5,653,291	6,355,409	7,240,566	8,336,060
Total Operating Expenditure	6,035,990	6,605,474	7,466,576	8,414,098
Surplus/(Deficit)	(382,700)	(250,066)	(226,010)	(78,039)
Total Capital Expenditure	1,626,634	1,360,007	1,302,169	1,607,233

Total operating revenue has increased by 12,4% or R702 million for the 2011/12 financial year, compared to the 2010/11 Adjustments Budget. For the two outer years, operational revenue increases by 13,9% and 15,1% per cent respectively, resulting in a total revenue growth of R2,7 billion over the MTREF, when compared to the 2010/11 financial year.

Total operating expenditure for the 2011/12 financial year amounts to R6,6 billion, resulting in a budgeted deficit of R250 million. Compared to the 2010/11 Adjustments Budget, operational expenditure increased by 9,4% in the 2011/12 budget; and by 13% and 12,7% for each of the respective outer years of the MTREF. The operating deficit for year two reduces to R226 million, with year 3 reflecting an operating deficit of R78 million.

The major operating expenditure items for 2011/12 are employee costs (28%), bulk electricity and water purchases (29%), general expenses (6%), grants and subsidies paid (6%), repairs and maintenance (7%) and depreciation (10%).

Funding for the 2011/12 Operating Budget is obtained from various sources, the major sources being service charges such as electricity, water, sanitation and refuse collection and disposal (57%), property rates (15%), grants and subsidies received from National and Provincial Governments (21%).

In order to support the 2011/12 Operating Budget, the following increase in rates and service charges have been proposed, with effect from 1 July 2011:

Property rates	-	11,5%
Water	-	11,5%
Sanitation	-	11,5%
Refuse	-	11,5%
Electricity	:	
	: ATTP Consumers	- 16%
	: Domestic Consumers	- 22%
	: Small Business	- 24%
	: Medium & Large Business	- 28%

(Final approval of the proposed electricity tariffs by NERSA is still awaited).

The capital budget of R1,4 billion for 2011/12 is 16,4% less than the 2010/11 Adjustment Budget. The reduction is due to various projects being finalised in the previous financial year, as well as financial affordability considerations. The capital budget reduces to R1,3 billion in the 2012/13 financial year and then increases to R1,6 billion in the 2013/14 financial year. The capital budget over the MTREF will be solely funded from government grants and subsidies, as the Municipality has reached its prudential borrowing limits, whilst no internal funding is available.

#### **1.4 OPERATING REVENUE FRAMEWORK**

The continued provision and expansion of services is largely dependent on the Municipality generating the required revenue. Efficient and effective revenue management is thus critical in ensuring the ongoing financial sustainability of the Municipality. It is worth noting that expenditure has to be limited to the realistically anticipated revenues in accordance with the MFMA.

The Municipality's revenue management strategy includes the following key components:

- National Treasury's guidelines in this regard;
- Growth in the revenue base;
- Efficient revenue management, targeting a 93,75% annual collection rate for property rates and service charges, after discounting Assistance to the Poor (ATTP) subsidies;
- Electricity bulk tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Water bulk tariff increases as approved by the Department of Water Affairs (DWA);
- Ensuring fully cost reflective tariffs for trading services;
- The Property Rates Policy;
- The ATTP Policy and provision of free basic services;
- Tariff Policies;
- The level of property rates and tariff increases must ensure financially sustainable services delivery.
- The level of property rates and tariff increases to provide for the maintenance and replacement of infrastructure, including the expansion of services.

The following table is a summary of the 2011/12 MTREF (classified by main revenue source):

**Table 2 (Summary of main revenue sources)**

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
<b>R thousand</b>									
<b>Revenue By Source</b>									
Property rates	587,605	659,777	756,499	862,387	862,387	862,387	961,565	1,086,754	1,228,243
Service charges - electricity revenue	1,196,832	1,502,322	1,769,657	2,206,868	2,206,868	2,206,868	2,753,364	3,329,835	4,027,151
Service charges - water revenue	306,475	344,730	407,918	411,202	411,202	411,202	465,383	525,883	594,247
Service charges - sanitation revenue	203,315	226,507	228,020	264,727	264,727	264,727	295,170	333,543	376,903
Service charges - refuse revenue	89,393	96,266	105,486	120,952	120,952	120,952	134,861	152,393	172,204
Rental of facilities and equipment	12,974	13,336	15,545	18,107	18,107	18,107	18,791	19,934	21,149
Interest earned - external investments	183,781	166,128	61,760	135,913	20,000	20,000	21,257	22,264	23,600
Interest earned - outstanding debtors	89,611	92,041	105,783	108,025	80,000	80,000	78,993	83,733	88,757
Fines	22,823	27,533	23,415	59,376	30,015	30,015	24,998	26,498	28,088
Licences and permits	7,142	8,552	8,242	6,980	6,980	6,980	7,399	7,843	8,314
Agency services	1,093	1,152	1,220	1,472	1,472	1,472	1,402	1,486	1,575
Transfers recognised - operational	720,927	1,021,115	1,454,743	1,268,308	1,385,470	1,385,470	1,384,487	1,434,618	1,531,901
Other revenue	183,235	186,624	241,997	245,971	245,111	245,111	207,738	215,782	233,928
Gains on disposal of PPE	482	6							
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>3,605,687</b>	<b>4,346,087</b>	<b>5,180,287</b>	<b>5,710,288</b>	<b>5,653,291</b>	<b>5,653,291</b>	<b>6,355,409</b>	<b>7,240,566</b>	<b>8,336,060</b>

**Table 3 (Mix of main revenue sources)**

Description	Current Year 2010/11		2011/12 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2011/12	%	Budget Year +1 2012/13	%	Budget Year +2 2013/14	%
<b>R thousand</b>								
<b>Revenue By Source</b>								
Property rates	862,387	15.25%	961,565	15.13%	1,086,754	15.01%	1,228,243	14.73%
Service charges - electricity revenue	2,206,868	39.04%	2,753,364	43.32%	3,329,835	45.99%	4,027,151	48.31%
Service charges - water revenue	411,202	7.27%	465,383	7.32%	525,883	7.26%	594,247	7.13%
Service charges - sanitation revenue	264,727	4.68%	295,170	4.64%	333,543	4.61%	376,903	4.52%
Service charges - refuse revenue	120,952	2.14%	134,861	2.12%	152,393	2.10%	172,204	2.07%
Rental of facilities and equipment	18,107	0.32%	18,791	0.30%	19,934	0.28%	21,149	0.25%
Interest earned - external investments	20,000	0.35%	21,257	0.33%	22,264	0.31%	23,600	0.28%
Interest earned - outstanding debtors	80,000	1.42%	78,993	1.24%	83,733	1.16%	88,757	1.06%
Fines	30,015	0.53%	24,998	0.39%	26,498	0.37%	28,088	0.34%
Licences and permits	6,980	0.12%	7,399	0.12%	7,843	0.11%	8,314	0.10%
Agency services	1,472	0.03%	1,402	0.02%	1,486	0.02%	1,575	0.02%
Transfers recognised - operational	1,385,470	24.51%	1,384,487	21.78%	1,434,618	19.81%	1,531,901	18.38%
Other revenue	245,111	4.34%	207,738	3.27%	215,782	2.98%	233,928	2.81%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>5,653,291</b>	<b>100.00%</b>	<b>6,355,409</b>	<b>100.00%</b>	<b>7,240,566</b>	<b>100.00%</b>	<b>8,336,060</b>	<b>100.00%</b>
<b>Total Revenue from rates and service charges</b>	<b>3,866,136</b>	<b>68.39%</b>	<b>4,610,343</b>	<b>72.54%</b>	<b>5,428,408</b>	<b>74.97%</b>	<b>6,398,748</b>	<b>76.76%</b>

In the 2010/11 financial year, rates and service charges amounted to R3,9 billion or 68,4%. This increases to R4,6 billion, R5,4 billion and R6,4 billion in the 2011/12, 2012/13 and 2013/14 financial years, respectively. A significant trend is the increase in the total percentage of revenue generated from rates and service charges, which increases from 72,5% in 2011/12 to 76,8% in 2013/14. This growth is mainly attributable to increased electricity revenue, as a result of significant increases in the Eskom bulk electricity tariffs.

Property rates represent the third largest revenue source, amounting to 15,1% or R961,6 million in 2011/12 and increasing to R1,2 billion in 2013/14. The fourth largest revenue source is 'other revenue' which consists of items such as building plan fees and disconnection and re-connection fees. Directorates are required to review these charges on an annual basis to ensure that they are cost reflective and market related, where applicable.

Operating grants and transfers (second largest revenue source) amounted to R1,4 billion in the 2011/12 financial year and increases to R1,5 billion in 2013/14. The year-on-year growth for the 2011/12 financial year amounts to 9,2% and 3,6% and 6,8% for the two outer years. The following table provides a breakdown of the various operating grants and subsidies allocated to the Municipality over the medium term:

**Table 4 (Operating Transfers and Grant Receipts)**

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>	588,681	500,230	827,627	1,045,276	1,161,815	1,161,815	1,270,578	1,328,116	1,419,279
Equitable share	274,820	382,444	466,835	602,883	602,883	602,883	656,653	730,416	778,401
Fuel Levy	94,023	107,051	360,042	391,668	391,668	391,668	419,132	435,019	462,626
Restructuring	99,637			-	-	-	-	-	-
Finance Management	674	750	750	1,810	1,000	1,000	1,250	1,250	1,250
Municipal Systems Improvement				36,000	25,000	25,000	20,000		
Department of Water Affairs				4,200	4,200	4,200			
Other transfers/grants [insert description]	119,526	9,985		8,715	137,064	137,064	173,543	161,431	177,002
<b>Provincial Government:</b>	151,764	192,904	-	212,611	212,611	212,611	100,728	106,502	112,622
Health subsidy	62,701	71,353		91,760	91,760	91,760	96,228	102,002	108,122
Sports and Recreation	15,640	17,802		3,500	3,500	3,500	4,500	4,500	4,500
Housing	46,939	98,511		117,350	117,350	117,350	-	-	-
Operating Transfers and Grants	26,484	5,238							
<b>Other grant providers:</b>	134,747	46,296	-	10,421	11,044	11,044	-	-	-
<i>International Donors</i>	37,385	12,273		3,000	3,623	3,623			
<i>Other grant providers:</i>	97,361	34,023		7,421	7,421	7,421			
<b>Total Operating Transfers and Grants</b>	<b>875,192</b>	<b>739,430</b>	<b>827,627</b>	<b>1,268,308</b>	<b>1,385,470</b>	<b>1,385,470</b>	<b>1,371,306</b>	<b>1,434,618</b>	<b>1,531,901</b>

The Municipality is faced with the challenge of managing service delivery with its limited financial resources. Against the aforementioned background, the Municipality has undertaken the tariff determination process relating to property rates and service charges as follows.

### 1.4.1 Property Rates

Property rates fund the costs associated with the provision of general services, such as recreational, library and health services.

The following provisions in the Property Rates Policy are highlighted:

- The first R15,000 of the market value of a property used for residential purposes is excluded from the rateable value (Section 17(h) of the MPRA).
- 100% rebate will be granted to registered indigents in terms of the Indigent Policy.
- Pensioners, physically and mentally disabled property owners of rateable property may on submission of an application be granted a rebate. In this regard the following stipulations are relevant to the applicant:
  - (a) must be a natural person;
  - (b) be the owner of the property which is categorised as residential;
  - (c) occupy the property as his or her normal residence or where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement;
  - (d) produce a bar-coded identity document;
  - (e) - *pensioner's*: be at least 60 years of age on 1 July of the financial year concerned; or if the owner turns 60 during the year the rebate will be granted on a pro rata basis from the date on which the applicant turned 60;  
- *disabled*: be in receipt of disability grant / pension and submit proof and nature of disability e.g. letter from doctor with application.
  - (f) not be in receipt of an indigent subsidy;
  - (g) a usufructuary will be regarded as the owner;
  - (h) the criteria of a natural person may be waived at the sole discretion of the municipality to allow for a property owned by a trust where the total number of beneficiaries meets all of the other requirements of this policy; and provided further that the gross monthly income of all persons residing on that property be added to the gross monthly income of the beneficiaries staying on that property;
  - (i) qualify for only one rebate per year, if financial circumstances change can only apply for future years; and
  - (j) be in receipt of a total gross annual income from all sources, excluding medical aid contributions, child support / grant but including the income of the spouse of the owner and all persons normally residing on that property, not exceeding R78,720 per annum;
  - (k) submit pension statements, previous 3 months bank statements from all bank and investment accounts of owner and spouse, and proof of gross salary of any other persons living on the property (not just rental received). All documents provided must clearly state who it is for – documents which do not reflect person's name or ID No. on will not be considered.
  - (l) submit a certified affidavit declaring any assistance from any other sources. Assistance received from family members not residing on property, will not however be included in the calculation of total household income;
  - (m) provide a certified affidavit to explain any once-off monies received e.g. gifts, donations, etc.
- Sporting organisations, the sole purpose of which is to use the property owned/leased by them for sporting purposes, whether for gain or not, may qualify for a rebate, with amateur bodies



being granted 100% and professional bodies 40%. Audited financial statement must be provided, if however the sporting body does not have audited financial statement reasons therefore must be provided on the clubs official letterhead.

- 20% rebate may be granted to owners of property in important biodiversity areas or environmentally sensitive areas contained within a municipal Spatial Development Framework or Metropolitan Open Space System or municipal conservation plan exist. In this regard the following stipulations are relevant:
  - (a) the owners of the land must enter into an agreement with the Municipality to conserve their land (by the protection and appropriate management thereof) for a defined period of time;
  - (b) the rebate is only applicable to the area that is subject to the conservation agreement between the land owner and the municipality;
  - (c) the conservation value of the property must be assessed via a set of rigorous ecological criteria (such as the municipal Spatial Development Framework or Municipal Conservation Assessment and Plan);
  - (d) in the event that the conservation agreement is not adhered to by the land owner, the municipality may terminate the agreement with the owner of the land and the associated rate rebate with immediate effect; and
  - (e) in the event that the conservation agreement is not adhered to by the owner of the land, the owner of the land will become liable for all the rates that would have been levied on the land as if the agreement were not in place, from the effective date of the start of the rate rebate or for the last five years, whichever is the shorter period.
- 75% rebate may be granted to the owners of Game Parks. In this regard the following stipulations are relevant:
  - (a) the property must be used predominantly as a game park with the sole purpose of viewing of animals by the general public at an affordable price and for encouraging tourists to the area;
  - (b) the usage of the property must be in accordance with the zoning scheme of the area;
  - (c) the owner must be registered with the South African Revenue Service and provide proof thereof with the application. If proof of registration with SARS cannot be produced due to recent ownership change, upon application, a municipal official, authorised by the Municipal Manager shall issue a certificate of compliance to the owner, after an inspection of the property has been conducted and the municipal official is satisfied that such land is used predominately as a game park;
  - (d) the owner must run educational programs for schools and not for gain institutions at a nominal fee. Proof of such activities must be submitted with the application;
  - (e) the land owner must prove that he/she has complied with the National Veld and Forest Fire Act (Act 101 of 1998) and legislation governing the control of alien invasive species; and
  - (f) property used for hunting of game shall not qualify for the rebate.
- If the usage of a property changes during a financial year, the rebate applicable will be reduced *pro rata* for the balance of the financial year.
- All accounts of the applicant must be up to date or arrangements must be made to pay any outstanding balances before any rebate will be granted. The applicant must continue to pay the rates account in full until the rebate is granted as no interest will be reversed.

A property rates increase of 11,5% is proposed as from 1 July 2011.

#### **1.4.2 Sale of Water and Impact of Tariff Increases**

In accordance with National Treasury's MFMA Circular, no. 51, Municipalities are encouraged to review the level and structure of their water tariffs to ensure:

- Fully cost reflective water tariffs – tariffs should include the costs associated with maintenance and renewal of purification plants, water networks and water reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the indigent; and
- Water tariffs are designed to encourage efficient and sustainable consumption.

National Treasury has also urged municipalities to ensure that water tariffs are fully cost reflective by 2014. In this regard a phased-in approach has been proposed to ensure that tariffs are fully cost reflective by 2014.

A tariff increase of 11,5% is proposed as from 1 July 2011. The proposed tariff increase is mainly influenced by the following:

- The cost of bulk water purchases increased by 12,2%;
- Repairs and maintenance of water infrastructure increased by 14,7%;
- Costs of servicing existing external borrowing to fund water infrastructure; and
- Increased provision for debt impairment, in view of declining revenue collection levels.

The water tariff structure is designed in such a manner that higher levels of consumption are progressively charged at a higher rate.

#### **1.4.3 Sale of Electricity and Impact of Tariff Increases**

NERSA has determined that the Eskom bulk electricity tariff to municipalities would increase by 26,71% as from 1 July 2011. Considering the Eskom tariff increase, the Municipality's consumer tariffs will be increased by 24,8% to offset the additional electricity bulk purchase costs as from 1 July 2011.

On 24 February 2010, NERSA approved the implementation of Inclining Block tariffs (IBT). On 25 November 2010, NERSA issued its '*Guideline on municipal price increase for 2011/12*', which required all municipalities to implement the IBT specified by NERSA for all domestic / residential consumers as from 1 July 2011. This stepped tariff structure will result in consumers with higher consumption levels paying progressively more for electricity.

National Treasury noted the concerns raised by SALGA and its member municipalities, together with Eskom, regarding the implementation of the IBT as proposed by NERSA. On 7 March 2011, NERSA agreed with the different stakeholders that there was a need for further research on the IBT and that NERSA would engage extensively with stakeholders to develop a revised IBT proposal in preparation for the 2012/13 municipal budgets.

At the meeting of 7 March 2011, it was further agreed that municipalities should regard NERSA's current proposals on IBT as a guideline, and that when a municipality applies to NERSA for the approval of its electricity tariffs (in line with the normal process), it should indicate to what extent it is able to implement an IBT structure. It was further agreed that NERSA would not enforce the current IBT proposal, but that municipalities should nevertheless start restructuring their electricity tariffs to accommodate an IBT structure, appropriate to the municipality's circumstances.

As the Municipality is currently assessing the implications of IBT, it will only be able to implement IBT as from the 2012/13 financial year.

The following electricity tariff increases are proposed as from 1 July 2011:

ATTP Consumers	-	16%
Domestic Consumers	-	22%
Small Business	-	24%
Medium & Large Business	-	28%

The proposed tariff increases are mainly influenced by the following:

- The cost of bulk electricity purchases increased by 26,71%;
- Repairs and maintenance of electricity infrastructure increased by 23%;
- Costs of servicing existing external borrowing to fund electricity infrastructure;
- Increased provision for debt impairment, in view of declining revenue collection levels.

The aforementioned proposed electricity tariff increases have been submitted to NERSA and final approval is still awaited.

#### **1.4.4 Sanitation and Impact of Tariff Increases**

Sanitation charges are determined based on the volume of water consumed, which is appropriately reduced by the percentage of water discharged into the sewer system.

A tariff increase of 11,5% is proposed for sanitation as from 1 July 2011. The proposed tariff increase is mainly influenced by the following:

- Repairs and maintenance of sanitation infrastructure increased by 12%;
- Costs of servicing existing external borrowing to fund sanitation infrastructure;
- Increased provision for debt impairment, in view of declining revenue collection levels.

#### **1.4.5 Refuse Collection and Disposal and Impact of Tariff Increases**

The refuse collection and disposal service is currently operating on a break even basis. A tariff increase of 11,5% is proposed for the refuse collection and disposal service, as from 1 July 2011.

The proposed tariff increase is mainly influenced by the following:

- Costs of servicing existing external borrowing to fund refuse infrastructure;
- Increased provision for rehabilitation of landfill sites.
- Increased provision for debt impairment, in view of declining revenue collection levels.

#### **1.4.6 Overall impact of tariff increases on households**

The following table reflects the anticipated impact of the proposed tariff increases on a large and small household, as well as an indigent household receiving free basic services.

It is to be noted that the overall impact of the proposed tariff increases on household bills has been maintained to between 12% and 18%, with the increase for indigent households being 12,6%. The increase in household bills is largely influenced by the electricity tariff increase.

**Table 5 (Table SA14 – Household bills)**

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Rand/cent							% incr.			
<b>Monthly Account for Household - 'Large' Household</b>										
Rates and services charges:										
Property rates	423.93	453.61	492.16	541.38	541.38	541.38	11.5%	603.64	682.11	770.79
Electricity: Basic levy										
Electricity: Consumption	506.85	532.19	598.72	748.40	748.40	748.40	22.0%	913.04	1,113.91	1,358.97
Water: Basic levy	15.20	15.96	16.92	18.78	18.78	18.78	11.5%	20.94	23.66	26.74
Water: Consumption	143.74	150.92	159.98	177.58	177.58	177.58	11.5%	198.00	223.74	252.83
Sanitation	104.48	109.70	116.29	126.75	126.75	126.75	11.5%	141.33	159.70	180.46
Refuse removal	39.57	41.55	44.05	48.45	48.45	48.45	11.5%	54.02	61.04	68.98
Other										
<b>Sub-total</b>	<b>1,233.77</b>	<b>1,303.93</b>	<b>1,428.12</b>	<b>1,661.34</b>	<b>1,661.34</b>	<b>1,661.34</b>	<b>16.2%</b>	<b>1,930.97</b>	<b>2,264.16</b>	<b>2,658.77</b>
VAT on Services	113.38	119.04	131.03	156.79	156.79	156.79		185.83	221.49	264.32
<b>Total large household bill:</b>	<b>1,347.15</b>	<b>1,422.97</b>	<b>1,559.15</b>	<b>1,818.13</b>	<b>1,818.13</b>	<b>1,818.13</b>	<b>16.4%</b>	<b>2,116.80</b>	<b>2,485.65</b>	<b>2,923.09</b>
% increase/-decrease		5.6%	9.6%	16.6%	-	-		16.4%	17.4%	17.6%
<b>Monthly Account for Household - 'Small' Household</b>										
Rates and services charges:										
Property rates	109.84	117.53	127.52	140.27	140.27	140.27	11.5%	156.40	176.73	199.71
Electricity: Basic levy										
Electricity: Consumption	252.41	265.03	298.16	372.70	372.70	372.70	22.0%	454.69	554.72	676.76
Water: Basic levy	15.20	15.96	16.92	18.78	18.78	18.78	11.5%	20.94	23.66	26.74
Water: Consumption	119.78	125.77	133.32	147.99	147.99	147.99	11.5%	165.01	186.46	210.70
Sanitation	87.07	91.42	96.91	105.63	105.63	105.63	11.5%	117.78	133.09	150.39
Refuse removal	39.57	41.55	44.05	48.45	48.45	48.45	11.5%	54.02	61.04	68.98
Other										
<b>Sub-total</b>	<b>623.87</b>	<b>657.26</b>	<b>716.88</b>	<b>833.82</b>	<b>833.82</b>	<b>833.82</b>	<b>16.2%</b>	<b>968.84</b>	<b>1,135.70</b>	<b>1,333.28</b>
VAT on Services	71.96	75.56	82.51	97.10	97.10	97.10		113.74	134.26	158.70
<b>Total small household bill:</b>	<b>695.83</b>	<b>732.82</b>	<b>799.39</b>	<b>930.92</b>	<b>930.92</b>	<b>930.92</b>	<b>16.3%</b>	<b>1,082.58</b>	<b>1,269.96</b>	<b>1,491.98</b>
% increase/-decrease		5.3%	9.1%	16.5%	-	-		16.3%	17.3%	17.5%
<b>Monthly Account for Household - 'Small' Household receiving free basic services</b>										
Rates and services charges:										
Property rates	9.65	10.32	11.20	12.32	12.32	12.32	11.5%	13.74	15.52	17.54

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12 % incr	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Electricity: Basic levy									-	-
Electricity: Consumption	38.02	39.92	44.91	56.13	56.13	56.13	16.0%	65.11	75.53	87.62
Water: Basic levy	15.20	15.96	16.92	18.78	18.78	18.78	11.5%	20.94	23.66	26.74
Water: Consumption	38.37	40.28	42.70	47.40	47.40	47.40	11.5%	52.85	59.72	67.49
Sanitation	38.35	40.26	42.68	46.52	46.52	46.52	11.5%	51.87	58.61	66.23
Refuse removal	39.57	41.55	44.05	48.45	48.45	48.45	11.5%	54.02	61.04	68.98
Other										
<b>Sub-total</b>	<b>179.16</b>	<b>188.29</b>	<b>202.46</b>	<b>229.60</b>	<b>229.60</b>	<b>229.60</b>	<b>12.6%</b>	<b>258.53</b>	<b>294.08</b>	<b>334.60</b>
VAT on Services	23.73	24.92	26.78	30.42	30.42	30.42		34.27	39.00	44.39
<b>Total small household bill:</b>	<b>202.89</b>	<b>213.21</b>	<b>229.24</b>	<b>260.02</b>	<b>260.02</b>	<b>260.02</b>	<b>12.6%</b>	<b>292.80</b>	<b>333.08</b>	<b>378.99</b>
% increase/-decrease		5.1%	7.5%	13.4%	-	-		12.6%	13.8%	13.8%

The basis used for calculating the municipal accounts for the different categories of households is as follows:-

Description	Land (m <sup>2</sup> )	Improvements (m <sup>2</sup> )	Electricity (kwh)	Water (kl)
Large Household	1000m <sup>2</sup>	150m <sup>2</sup>	1000kwh	30kl
Small Household	300m <sup>2</sup>	48m <sup>2</sup>	498kwh	25kl
Small Household receiving free services	300m <sup>2</sup>	48m <sup>2</sup>	75kwh	8kl

## 1.5 OPERATING EXPENDITURE FRAMEWORK

The Municipality's expenditure framework for the 2011/12 budget and MTREF is informed by the following:

- The funding of the budget over the medium-term is informed by the requirements of Section 18 and 19 of the MFMA;
- A balanced budget approach by limiting operating expenditure to the operating revenue;
- The asset renewal strategy and the repairs and maintenance plan;
- Strict adherence to the principle of "no budget allocations without a project implementation plan".

The following table is a high level summary of the 2011/12 budget and MTREF (classified per main type of operating expenditure):

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

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>R thousand</b>									
<b>Expenditure By Type</b>									
Employee related costs	1,264,407	1,280,871	1,636,005	1,716,502	1,698,133	1,698,133	1,869,569	2,015,435	2,193,458
Remuneration of councillors	37,825	41,255	44,886	49,553	49,553	49,553	51,084	55,426	60,414

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
Debt impairment	59,199	175,549	419,467	49,131	129,489	129,489	288,147	339,276	399,922
Depreciation & asset impairment	283,295	406,256	563,896	287,092	735,954	735,954	689,192	775,871	763,004
Finance charges	47,205	82,500	145,978	180,596	179,696	179,696	221,117	202,579	191,290
Bulk purchases	724,803	941,832	1,237,381	1,535,654	1,532,704	1,532,704	1,931,746	2,405,494	2,995,017
Other materials	330,069	381,616	408,104	489,048	425,820	425,820	458,472	509,661	548,947
Contracted services	78,507	93,202	147,765	120,446	238,539	238,539	269,675	290,509	313,696
Transfers and grants	240,579	265,764	364,571	578,244	546,102	546,102	417,961	474,300	524,451
Other expenditure	398,144	603,354	753,596	634,033	500,000	500,000	418,512	398,026	423,899
Loss on disposal of PPE	44,882	7,538	2,933						
<b>Total Expenditure</b>	<b>3,508,914</b>	<b>4,279,736</b>	<b>5,724,580</b>	<b>5,640,300</b>	<b>6,035,990</b>	<b>6,035,990</b>	<b>6,605,474</b>	<b>7,466,576</b>	<b>8,414,098</b>

The total operating expenditure increased by R569 million (9,4%) from R6 billion in 2010/11 to R6,6 billion in 2011/12. Below is a discussion of the main expenditure components.

### Employee related costs

The 2011/12 draft budget provides for annual increments, where applicable, and a general increase of 8.0% in line with the negotiated agreement. As the budget only provides for a 8% increase, any increase negotiated in excess of the budget provision will place upward pressure on this component of the Municipality's Budget.

The total budget provision of R1,859 billion represents an increase of 9,5% over the 2010/11 Adjustments budget.

An amount of approximately R12 million has been provided to ensure the implementation of the new wage curve in the 2011/12 financial year, as agreed to by the South African Local Government Bargaining Council. The budget further includes an amount, of approximately R30 million to cover back pay, in accordance with the wage curves collective agreement. In order to curtail personnel costs, the rationalisation of the Municipality's organisational structure should be considered.

**Council's target for 2011/12 is to restrict personnel costs to 34% of total expenditure. Personnel costs in the 2011/12 Budget represent 28,3% of total expenditure.**

### Remuneration of Councillors

The remuneration of Councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in preparing the budget. As the budget provides for a 8% increase, Councillors' remuneration should be limited to the budget allocated for this purpose.

## Debt Impairment

The provision for debt impairment was determined based on a targeted annual collection rate of 93,75%, excluding ATTP subsidies. For the 2011/12 financial year this amounted to R288,1 million and increases to R399,9 million in 2013/14. While this expenditure represents a non-cash flow item, it is taken into account in determining the total costs associated with the rendering of municipal services and the realistically anticipated revenues.

## Depreciation and Asset Impairment

The provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. The budget amounts to R689,2 million for the 2011/12 financial and equates to 10,4% of the total operating expenditure.

## Finance Charges

Finance charges consist primarily of the repayment of interest on existing long-term borrowing (cost of capital). Finance charges constitute 3,3% (R221 million) of total operating expenditure for 2011/12 and reduces to R191 million in 2013/14. It is to be noted that no new borrowing will be raised.

## Bulk Electricity Purchases

Purchase of Power has increased from R1,473 billion in 2010/11 to R1,865 billion in 2011/12, an increase of 26.6%.

NERSA has approved a 26,71% increase in the Eskom bulk tariff for the 2011/12 financial year. The 2011/12 budget accordingly allows for a 26,71% increase for bulk power purchases from Eskom. It has been estimated, however, that energy consumption levels will not reflect any growth, due to the following:

- Significant increases in electricity prices;
- Consumer awareness of the need to conserve energy; and
- The implementation of energy conservation measures.

## Bulk Water Purchases

The bulk purchase of water increased by R7 259 750 (12.2%) from R59 548 380 in 2010/11 to R66 808 130 in 2011/12, as follows:

	2010/11	2011/12	%
DWAF	56 814 020	63 631 710	11.8
Water Resource Management charge	2 238 530	2 231 631	(0.3)
Consumptive charges (includes Return on Assets charge, Depreciation and Operation & Maintenance charges)	54 575 490	61 400 079	12.5
Gamtoos Irrigation Board	1 392 790	1 673 860	20.2
Sundays River Irrigation Board	1 341 570	1 502 560	12.0
<b>Total</b>	<b>59 548 380</b>	<b>66 808 130</b>	<b>12,2</b>

The total budget provision of R66.8 million is influenced by the declining water consumption patterns, in addition to a water tariff increase of approximately 12%.

### Other Materials

Other materials comprise, amongst others, the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan, expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure. The budget for 2011/12 amounts to R458,5 million and increases by 11,2% and 7,7% for the two outer years.

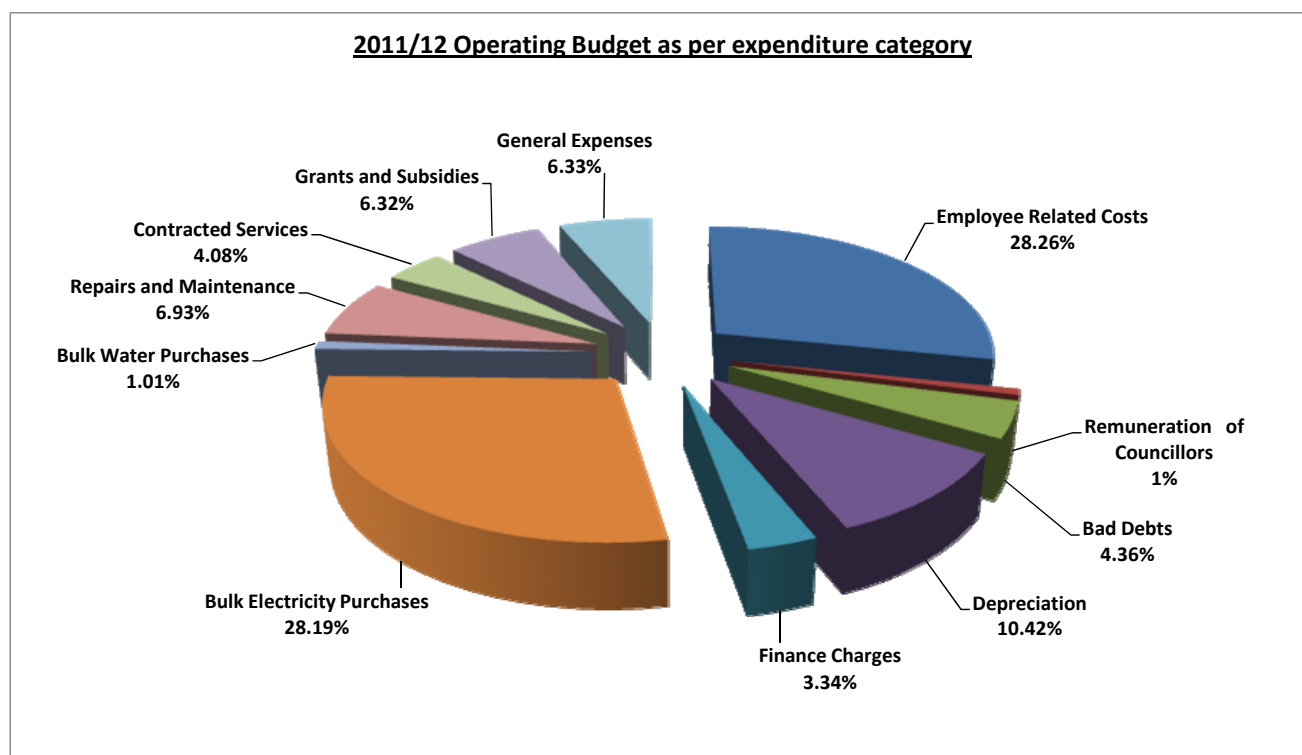
### Contracted Services

In the 2011/12 financial year, the budget provision amounts to R269,7 million, representing an increase of 13,1%, over the 2010/11 Adjustments budget. For the two outer years the increase has been limited to 7,7% and 8%.

### Other Expenditure

Other expenditure comprises of various line items relating to the daily operations of the municipality. This expenditure has been identified as an area in which cost savings and efficiencies can be achieved. The expenditure has been reduced by 16,3% and 4,9% for 2011/12 and 2012/13. The reduction in expenditure is mainly attributable to the fact that the expenditure associated with Housing Top Structures has not been included in the budget pending written confirmation of the housing top structures funding by the Provincial Government. In the 2013/14 financial year the expenditure increases by 6,5%.

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



**Figure 1 Main operational expenditure categories for the 2011/12 financial year**



### 1.5.1 Priority relating to repairs and maintenance

In line with the Municipality's stated intention to preserve and maintain its existing infrastructure, the 2011/12 budget and MTREF provide for reasonable growth in the asset maintenance budget, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality.

During the compilation of the 2011/12 MTREF operational repairs and maintenance was identified as a strategic priority in view of the aging of infrastructure and certain deferred maintenance. To this end, repairs and maintenance was increased by 7,7% in the 2011/12 financial year, from R425,8 million to R458,5 million. The growth for the two outer years amount to 11,2% and 7,7%, respectively. In relation to the total operating expenditure, repairs and maintenance constitutes 6,9%, 6,8% and 6,5% for the respective financial years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

**Table 7 (Repairs and maintenance per asset class)**

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<u>Repairs and maintenance expenditure by Asset Class/Sub-class</u>									
<b>Infrastructure</b>	258,652	304,163	324,392	380,732	329,492	329,492	369,802	408,057	441,083
Infrastructure - Road transport	57,362	65,336	66,113	86,907	86,907	86,907	89,773	95,159	100,870
Infrastructure - Electricity	23,296	33,965	34,912	35,597	25,409	25,409	38,059	39,913	42,367
Infrastructure - Water	90,381	102,375	117,915	128,063	111,949	111,949	120,635	140,257	152,718
Infrastructure - Sanitation	85,935	100,392	103,325	127,608	102,881	102,881	116,606	127,687	139,757
Infrastructure - Other	1,677	2,095	2,127	2,557	2,347	2,347	4,729	5,040	5,372
<b>Community</b>	26,047	31,701	29,167	47,981	41,530	41,530	29,304	31,651	33,603
<b>Other assets</b>	45,009	44,777	54,487	59,016	54,797	54,797	59,366	69,953	74,262
<b>Intangibles</b>	362	976	-	1,319	-	-	-	-	-
<b>Total Repairs and Maintenance Expenditure</b>	<b>330,069</b>	<b>381,617</b>	<b>408,104</b>	<b>489,048</b>	<b>425,820</b>	<b>425,820</b>	<b>458,472</b>	<b>509,661</b>	<b>548,947</b>

For the 2011/12 financial year an amount of R369,8 million (80,7%) of total repairs and maintenance, will be spent on infrastructure assets.

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

The social package assists indigent households that have limited financial ability to pay for municipal services. In order to qualify for free services the households are required to register in terms of the Municipality's Assistance to the Poor Policy. Detail relating to free services, cost of free basis services, as well as basic service delivery measurement is contained in Table A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share allocation, received in terms of the annual Division of Revenue Act.

## 1.6 CAPITAL EXPENDITURE

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

**Table 8 (2011/12 Medium-term capital budget per vote)**

Description	Current Year 2010/11		2011/12 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2011/12	%	Budget Year +1 2012/13	%	Budget Year +2 2013/14	%
<b>Capital expenditure - Municipal Vote</b>								
Vote1 - Budget and Treasury	99,050	6.09%	54,965	4.04%	57,761	4.44%	9,500	0.59%
Vote2 - Public Health	77,215	4.75%	25,094	1.85%	30,800	2.37%	26,543	1.65%
Vote3 - Housing Land	11,355	0.70%	90,000	6.62%	157,360	12.08%	167,360	10.41%
Vote4 - Economic Development and Recreational Services	126,386	7.77%	32,000	2.35%	30,000	2.30%	8,500	0.53%
Vote5 - Corporate Administration	42,030	2.58%	30,500	2.24%	10,500	0.81%	18,100	1.13%
Vote6 - Rate and General Engineers	704,497	43.31%	395,300	29.07%	514,090	39.48%	783,000	48.72%
Vote7 - Water Service	104,900	6.45%	473,000	34.78%	168,728	12.96%	224,550	13.97%
Vote8 - Sanitation	146,845	9.03%	116,373	8.56%	190,020	14.59%	233,680	14.54%
Vote9 - Electricity and Energy	202,847	12.47%	86,000	6.32%	118,000	9.06%	123,000	7.65%
Vote10 - Executive and Council	11,500	0.71%	12,000	0.88%	10,000	0.77%	10,000	0.62%
Vote11 - Safety and Security	15,050	0.93%	6,500	0.48%	1,000	0.08%	3,000	0.19%
Vote12 - 2010 World Cup Office	20,000	1.23%	–	0.00%	–	0.00%	–	0.00%
Vote13 - Strategic Programmes Directorate	64,960	3.99%	38,275	2.81%	13,910	1.07%	–	0.00%
<b>Total Capital Expenditure</b>	<b>1,626,634</b>	<b>100.00%</b>	<b>1,360,007</b>	<b>100.00%</b>	<b>1,302,169</b>	<b>100.00%</b>	<b>1,607,233</b>	<b>100.00%</b>

Of the total amount of R1,4 billion for 2011/12, an amount of R1,17 billion has been appropriated for the development of infrastructure, which represents 85,3% of the total capital budget. In the outer years this amount totals R1,15 billion (88,2%) and R1,53 billion (95,3%) respectively for each of the financial years. Water receives the highest allocation of R473 million in 2011/12, which equates to 40,8% followed by Transport and Roads Services at R395 million (34,1%), Housing Reticulation Services at R90 million (7,7%), Sanitation at R116,4 million (10%) and Electricity Services at R86 million (7,4%).

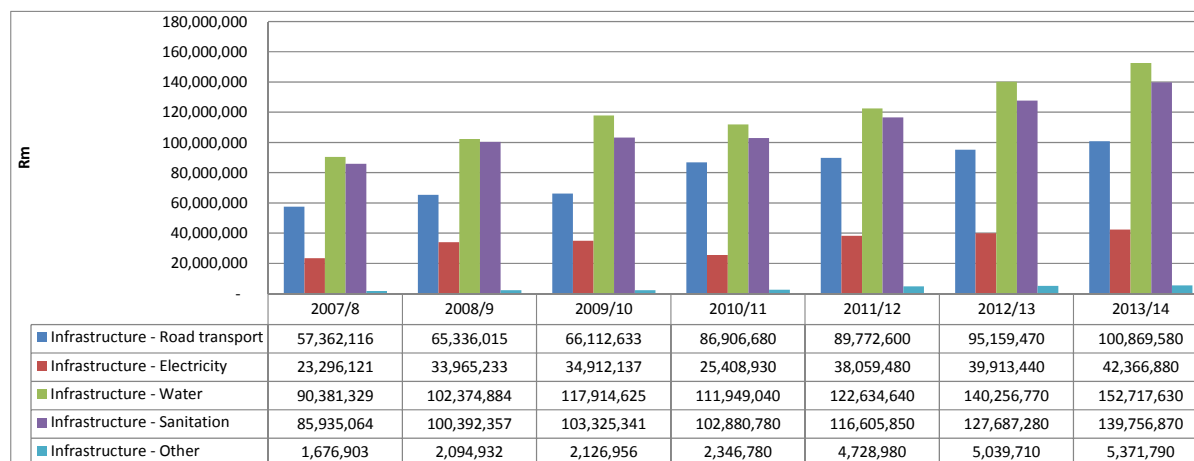
Total new assets represent 78,8% or R1,07 billion of the total capital budget while asset renewal/rehabilitation equates to 21,2% or R287,9 million. National Treasury has suggested that 40% of the capital budget should be allocated for asset renewal/rehabilitation. Further detail relating to asset classes and proposed capital expenditure is contained in Table A9 (Asset Management). Some of the major projects to be undertaken over the medium-term includes, amongst others:

- Reticulation services for housing delivery – R355 million;
- Construction of new scientific services laboratory – R57 million;

- Replacement of fleet – R18 million;
- Tarring of gravel roads – R237 million;
- Stormwater Improvement – R51 million;
- Construction of Major Roads – R135 million;
- Informal Housing Electrification – R65 million;
- Provision of sidewalks – R36 million;
- Electricity infrastructure – R262 million;
- Integrated Public Transportation System – R985 million;
- Drought relief projects – R527 million;
- Water treatment works – R32 million;
- Water Reticulation Network – R223 million;
- Backlog eradication of Sanitation backlogs – R14,5 million;
- Bulk Sewers – R113 million;
- Waste Water Treatment Works – R224 million;
- Construction of clinics and medical equipment– R6 million;
- Greening and beautification – R3 million;
- Cemetery development – R7,5 million;
- Refuse sites and recycling stations – R40,5 million;
- Urban renewal – R52 million; and
- Sports and Recreational facilities – R30 million.

Annexure “A” provides a summary of the capital projects included in the Capital budget.

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.



**Figure 2 Capital Infrastructure Programme**

### 1.7 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY

The ten main budget tables, as required in terms of the Municipal Budget and Reporting Regulations, are included in this section. These tables set out the Municipality's 2011/12 budget and MTREF to be considered for approval by Council. Each table is accompanied by *explanatory notes*.

**Table 9 (Table A1 - Budget Summary)**

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>Financial Performance</b>									
Property rates	587,605	659,777	756,499	862,387	862,387	862,387	961,565	1,086,754	1,228,243
Service charges	1,796,014	2,169,825	2,511,081	3,003,748	3,003,748	3,003,748	3,648,779	4,341,654	5,170,506
Investment revenue	183,781	166,128	61,760	135,913	20,000	20,000	21,257	22,264	23,600
Transfers recognised - operational	720,927	1,021,115	1,454,743	1,268,308	1,385,470	1,385,470	1,384,487	1,434,618	1,531,901
Other own revenue	317,360	329,243	396,203	439,932	381,685	381,685	339,321	355,275	381,810
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>3,605,687</b>	<b>4,346,087</b>	<b>5,180,287</b>	<b>5,710,288</b>	<b>5,653,291</b>	<b>5,653,291</b>	<b>6,355,409</b>	<b>7,240,566</b>	<b>8,336,060</b>
Employee costs	1,264,407	1,280,871	1,636,005	1,716,502	1,698,133	1,698,133	1,859,569	2,015,435	2,193,458
Remuneration of councillors	37,825	41,255	44,886	49,553	49,553	49,553	51,084	55,426	60,414
Depreciation & asset impairment	283,295	406,256	563,896	287,092	735,954	735,954	689,192	775,871	763,004
Finance charges	47,205	82,500	145,978	180,596	179,696	179,696	221,117	202,579	191,290
Materials and bulk purchases	1,054,872	1,323,448	1,645,485	2,024,703	1,958,524	1,958,524	2,390,218	2,915,155	3,543,964
Transfers and grants	240,579	265,764	364,571	578,244	546,102	546,102	417,961	474,300	524,451
Other expenditure	580,731	879,642	1,323,760	803,610	868,028	868,028	976,334	1,027,810	1,137,517
<b>Total Expenditure</b>	<b>3,508,914</b>	<b>4,279,736</b>	<b>5,724,580</b>	<b>5,640,300</b>	<b>6,035,990</b>	<b>6,035,990</b>	<b>6,605,474</b>	<b>7,466,576</b>	<b>8,414,098</b>
<b>Surplus/(Deficit)</b>	<b>96,774</b>	<b>66,351</b>	<b>(544,293)</b>	<b>69,988</b>	<b>(382,700)</b>	<b>(382,700)</b>	<b>(250,066)</b>	<b>(226,010)</b>	<b>(78,039)</b>
Transfers recognised - capital	1,039,724	970,072	993,724	900,513	528,787	528,787	1,249,467	1,043,100	1,352,000
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>1,136,497</b>	<b>1,036,423</b>	<b>449,432</b>	<b>970,501</b>	<b>146,087</b>	<b>146,087</b>	<b>999,401</b>	<b>817,090</b>	<b>1,273,961</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>1,136,497</b>	<b>1,036,423</b>	<b>449,432</b>	<b>970,501</b>	<b>146,087</b>	<b>146,087</b>	<b>999,401</b>	<b>817,090</b>	<b>1,273,961</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>1,896,545</b>	<b>2,797,395</b>	<b>2,273,293</b>	<b>2,183,123</b>	<b>1,626,634</b>	<b>1,626,634</b>	<b>1,360,007</b>	<b>1,302,169</b>	<b>1,607,233</b>
Transfers recognised - capital	1,367,774	1,643,032	956,989	1,161,727	528,787	528,787	1,249,467	1,043,100	1,352,000
Public contributions & donations	11,239	23,348	94,452	38,186	38,186	38,186	38,000	33,000	37,000
Borrowing	100,710	563,075	745,200	470,000	470,000	470,000	-	-	-
Internally generated funds	416,821	567,939	476,652	513,210	589,661	589,661	122,540	226,069	218,233
<b>Total sources of capital funds</b>	<b>1,896,544</b>	<b>2,797,395</b>	<b>2,273,293</b>	<b>2,183,123</b>	<b>1,626,634</b>	<b>1,626,634</b>	<b>1,410,007</b>	<b>1,302,169</b>	<b>1,607,233</b>
<b>Financial position</b>									
Total current assets	2,913,240	2,110,605	1,968,882	1,940,646	1,256,787	1,256,787	1,484,224	1,761,340	2,196,301
Total non current assets	7,542,491	9,545,409	11,367,259	10,457,257	12,201,946	12,201,946	12,865,135	13,312,044	14,079,933

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Total current liabilities	1,953,594	2,085,650	2,073,303	1,677,784	1,105,053	1,105,053	1,474,867	1,564,816	1,659,939
Total non current liabilities	1,269,522	1,223,452	2,466,494	2,365,448	2,912,172	2,912,172	2,946,397	2,950,829	2,958,526
Community wealth/Equity	7,232,615	8,346,913	8,796,344	8,354,671	9,441,508	9,441,509	9,928,094	10,557,738	11,657,770
<b>Cash flows</b>									
Net cash from (used) operating	1,839,157	1,344,887	938,304	1,934,666	1,106,505	1,106,505	1,617,491	1,618,002	2,063,830
Net cash from (used) investing	(1,867,081)	(2,303,651)	(2,301,966)	(1,746,315)	(2,014,747)	(2,014,747)	(1,363,169)	(1,296,464)	(1,579,913)
Net cash from (used) financing	236,860	(68,054)	1,113,172	166,273	357,027	357,027	(89,696)	(96,117)	(103,753)
Cash/cash equivalents at the year end	1,907,077	880,260	629,770	914,847	59,986	59,986	442,619	668,040	1,048,205
<b>Cash backing/surplus reconciliation</b>									
Cash and investments available	1,927,140	880,987	630,725	939,594	59,986	59,986	442,639	668,060	1,048,225
Application of cash and investments	2,406,389	2,058,865	1,446,359	846,290	45,627	45,627	440,731	478,921	513,076
Balance - surplus (shortfall)	(479,249)	(1,177,878)	(815,634)	93,304	14,359	14,359	1,908	189,139	535,149
<b>Asset management</b>									
Asset register summary (WDV)	8,040,157	9,450,710	11,304,786	10,457,257	10,457,258	12,141,451	12,801,616	13,247,700	14,014,605
Depreciation & asset impairment	283,295	406,256	563,896	287,092	735,954	735,954	689,192	775,871	763,004
Renewal of Existing Assets	189,707	190,818	241,359	391,936	444,747	444,747	287,900	301,888	339,323
Repairs and Maintenance	330,069	381,617	408,104	489,048	425,820	425,820	458,472	509,661	548,947
<b>Free services</b>									
Cost of Free Basic Services provided	154,961	191,776	216,810	342,360	342,360	342,360	178,057	207,681	242,700
Revenue cost of free services provided	183,818	231,313	265,171	449,625	449,625	449,625	293,663	340,757	395,860
<b>Households below minimum service level</b>									
Water:	34,380	34,380	-	-	-	-	-	-	-
Sanitation/sewerage:	39,000	39,000	22,000	23,760	23,760	23,760	21,859	20,110	18,501
Energy:	-	-	-	-	-	-	-	-	-
Refuse:	8,298	8,286	12,000	12,000	12,000	12,000	1,191	1,311	1,311

### Explanatory notes to Table A1 - 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, cash flow, and MFMA funding compliance). The table provides an overview 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, as well as the Municipality's commitment to eliminating basic service delivery backlogs.

**Table 10 (Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification))**

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	R thousand Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>Revenue - Standard</b>									
<i>Governance and administration</i>	2,107,205	1,952,661	1,552,494	1,824,191	1,594,827	1,594,827	1,689,573	1,860,207	2,034,028
Executive and council	367,922	545,117	201,536	212,549	112,549	112,549	1,237	27	27
Budget and treasury office	1,731,543	1,396,709	1,346,747	1,611,323	1,481,959	1,481,959	1,670,069	1,844,986	2,018,161
Corporate services	7,740	10,835	4,211	319	319	319	18,268	15,194	15,840
<i>Community and public safety</i>	219,161	432,284	589,938	309,797	279,511	279,511	189,745	198,587	177,675
Community and social services	18,620	2,429	34,083	19,910	19,910	19,910	14,917	15,543	16,207
Sport and recreation	7,283	94,265	21,156	2,477	2,477	2,477	42,316	40,458	21,670
Public safety	53,135	55,466	34,528	62,691	32,462	32,462	27,700	29,362	31,124
Housing	69,794	197,679	400,349	132,588	132,531	132,531	5,899	425	450
Health	70,329	82,444	99,823	92,130	92,130	92,130	98,913	112,799	108,225
<i>Economic and environmental services</i>	157,422	273,359	750,072	219,288	142,845	142,845	857,348	961,453	1,248,400
Planning and development	53,386	-	46,738	194,388	117,945	117,945	424,883	464,368	491,495
Road transport	83,465	250,629	695,871	23,548	23,548	23,548	411,096	483,513	743,119
Environmental protection	20,571	22,730	7,463	1,352	1,352	1,352	21,369	13,571	13,786
<i>Trading services</i>	2,148,678	2,645,188	3,147,681	4,243,486	4,150,856	4,150,856	4,855,650	5,250,106	6,213,846
Electricity	1,304,766	1,583,009	1,892,532	2,396,709	2,382,288	2,382,288	2,958,915	3,553,596	4,281,179
Water	395,961	525,467	633,383	557,588	553,338	553,338	1,094,200	783,339	894,688
Waste water management	301,385	355,944	427,682	1,075,110	1,001,143	1,001,143	554,189	649,746	744,242
Waste management	146,565	180,769	194,084	214,080	214,088	214,088	248,347	263,426	293,737
<i>Other</i>	12,945	12,668	133,826	14,039	14,039	14,039	12,559	13,312	14,111
<b>Total Revenue - Standard</b>	<b>4,645,410</b>	<b>5,316,159</b>	<b>6,174,012</b>	<b>6,610,801</b>	<b>6,182,078</b>	<b>6,182,078</b>	<b>7,604,876</b>	<b>8,283,665</b>	<b>9,688,060</b>
<b>Expenditure - Standard</b>									
<i>Governance and administration</i>	805,850	803,788	1,145,766	1,021,169	1,189,777	1,189,777	978,127	1,073,368	1,163,471
Executive and council	130,083	173,874	321,203	274,350	334,326	334,326	172,195	184,418	196,039
Budget and treasury office	575,125	601,184	581,781	601,281	570,691	570,691	563,805	625,486	683,561
Corporate services	100,642	28,731	242,781	145,538	284,760	284,760	242,127	263,464	283,871
<i>Community and public safety</i>	599,876	959,770	1,130,852	962,633	977,234	977,234	930,311	981,472	1,048,136
Community and social services	70,443	19,556	114,386	215,127	215,127	215,127	211,283	218,982	228,919
Sport and recreation	82,417	274,590	100,362	54,741	54,741	54,741	146,248	149,197	156,774
Public safety	218,699	272,496	308,868	319,252	283,346	283,346	338,366	366,628	397,358
Housing	124,824	273,160	460,055	226,938	200,264	200,264	34,328	31,156	33,708
Health	103,493	119,969	147,181	146,575	223,756	223,756	200,086	215,510	231,377
<i>Economic and environmental services</i>	376,235	409,176	816,165	512,831	751,224	751,224	918,833	1,005,629	1,053,387
Planning and development	108,664	-	29,762	263,005	499,400	499,400	519,211	554,608	589,418
Road transport	160,332	211,198	256,315	122,505	122,505	122,505	215,246	258,473	263,100
Environmental protection	107,239	197,978	530,088	127,321	129,319	129,319	263,703	278,041	293,132
<i>Trading services</i>	1,714,431	2,099,238	2,440,851	3,132,826	3,106,914	3,106,914	3,727,196	4,359,048	5,111,975
Electricity	993,209	1,277,045	1,470,162	2,003,009	1,980,055	1,980,055	2,490,120	3,004,134	3,655,475
Water	269,397	377,979	520,055	415,068	422,015	422,015	491,633	544,085	589,082
Waste water management	245,095	255,792	306,019	505,918	498,011	498,011	232,131	245,875	266,540
Waste management	206,730	188,423	144,615	208,831	206,833	206,833	311,457	331,368	358,804
<i>Other</i>	12,523	7,764	190,946	10,841	10,841	10,841	51,008	47,058	37,129
<b>Total Expenditure - Standard</b>	<b>3,508,916</b>	<b>4,279,736</b>	<b>5,724,580</b>	<b>5,640,300</b>	<b>6,035,990</b>	<b>6,035,990</b>	<b>6,605,474</b>	<b>7,466,576</b>	<b>8,414,098</b>
<b>Surplus/(Deficit) for the year</b>	<b>1,136,495</b>	<b>1,036,423</b>	<b>449,432</b>	<b>970,501</b>	<b>146,088</b>	<b>146,088</b>	<b>999,401</b>	<b>817,089</b>	<b>1,273,961</b>

## Explanatory notes to Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

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. It is to be noted that the revenue by vote as reflected in this table, includes revenue attributable to capital grants.

**Table 11 (Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote))**

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>Revenue by Vote</b>									
Vote1 - Budget and Treasury	1,731,543	1,396,709	1,320,414	1,611,323	1,481,960	1,481,960	1,670,081	1,845,000	2,018,175
Vote2 - Public Health	237,465	285,943	306,900	315,697	315,705	315,705	371,447	392,782	418,913
Vote3 - Housing Land	69,794	197,679	400,956	153,864	153,807	153,807	115,661	178,732	190,015
Vote4 - Economic Development and Recreational Services	92,232	106,933	174,721	195,783	194,583	194,583	172,110	177,772	163,380
Vote5 - Corporate Administration	7,740	13,264	4,116	5,939	5,939	5,939	11,933	8,504	8,772
Vote6 - Rate and General Engineers	83,465	250,629	724,663	576,304	500,439	500,439	538,358	619,093	893,258
Vote7 - Water Service	395,962	525,467	638,152	557,588	553,338	553,338	1,094,200	783,339	894,688
Vote8 - Sanitation	301,385	355,944	375,518	504,621	430,654	430,654	554,189	649,746	744,242
Vote9 - Electricity and Energy	1,304,766	1,583,009	1,933,102	2,396,709	2,382,287	2,382,287	2,958,915	3,553,596	4,281,179
Vote10 - Executive and Council	349,126	498,110	6,086	4,038	4,038	4,038	1,636	426	426
Vote11 - Safety and Security	53,135	55,466	51,427	80,423	50,194	50,194	45,540	48,273	51,169
Vote12 - 2010 World Cup Office	852	17,274	191,220	153,612	53,612	53,612	-	-	-
Vote13 - Strategic Programmes Directorate	17,943	29,733	46,738	54,899	55,522	55,522	70,805	26,404	23,843
Example 14 - Vote14	-	-	-	-	-	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>4,645,410</b>	<b>5,316,159</b>	<b>6,174,012</b>	<b>6,610,801</b>	<b>6,182,078</b>	<b>6,182,078</b>	<b>7,604,876</b>	<b>8,283,666</b>	<b>9,688,060</b>
<b>Expenditure by Vote to be appropriated</b>									
Vote1 - Budget and Treasury	324,246	601,184	698,203	601,281	570,691	570,691	541,437	601,868	658,365
Vote2 - Public Health	402,450	506,369	884,605	568,483	645,664	645,664	712,821	758,274	811,506
Vote3 - Housing Land	172,285	273,160	429,292	270,600	243,926	243,926	137,041	142,343	154,201
Vote4 - Economic Development and Recreational Services	238,799	282,355	295,645	344,411	449,236	449,236	463,840	491,198	499,708
Vote5 - Corporate Administration	100,642	48,286	291,365	215,488	354,710	354,710	237,239	251,244	268,042
Vote6 - Rate and General Engineers	188,731	211,198	273,779	257,381	391,165	391,165	472,828	542,636	572,508
Vote7 - Water Service	328,176	377,979	522,289	415,068	422,015	422,015	491,633	544,085	589,082
Vote8 - Sanitation	252,422	255,792	256,116	357,066	349,159	349,159	385,192	427,417	453,790

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
Vote9 - Electricity and Energy	1,115,526	1,277,045	1,480,636	2,003,009	1,980,055	1,980,055	2,491,320	3,005,406	3,656,823
Vote10 - Executive and Council	121,465	123,321	161,306	188,569	248,545	248,545	202,171	214,848	228,782
Vote11 - Safety and Security	237,847	272,496	270,447	333,163	297,257	297,257	346,276	375,225	406,612
Vote12 - 2010 World Cup Office	3,830	20,852	131,135	60,068	46,852	46,852	88,939	89,388	90,634
Vote13 - Strategic Programmes Directorate	22,498	29,701	29,762	25,712	36,715	36,715	34,739	22,646	24,045
Example 14 - Vote14	-	-	-	-	-	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>3,508,916</b>	<b>4,279,736</b>	<b>5,724,580</b>	<b>5,640,300</b>	<b>6,035,990</b>	<b>6,035,990</b>	<b>6,605,474</b>	<b>7,466,576</b>	<b>8,414,098</b>
<b>Surplus/(Deficit) for the year</b>	<b>1,136,495</b>	<b>1,036,423</b>	<b>449,432</b>	<b>970,501</b>	<b>146,088</b>	<b>146,088</b>	<b>999,401</b>	<b>817,090</b>	<b>1,273,961</b>

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

- The purpose of the format in which the budget is presented, 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. Operating revenue and expenditure is thus presented 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.

**Table 12 (Table A4 - Budgeted Financial Performance (revenue and expenditure))**

Description	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome
<b>Revenue By Source</b>										
Property rates	587,605	659,777	756,499	862,387	862,387	862,387	862,387	961,565	1,086,754	1,228,243
Property rates - penalties & collection charges										
Service charges - electricity revenue	1,196,832	1,502,322	1,769,657	2,206,868	2,206,868	2,206,868	2,206,868	2,753,364	3,329,835	4,027,151
Service charges - water revenue	306,475	344,730	407,918	411,202	411,202	411,202	411,202	465,383	525,883	594,247
Service charges - sanitation revenue	203,315	226,507	228,020	264,727	264,727	264,727	264,727	295,170	333,543	376,903
Service charges - refuse revenue	89,393	96,266	105,486	120,952	120,952	120,952	120,952	134,861	152,393	172,204
<b>Revenue By Source</b>										
Service charges - other										
Rental of facilities and equipment	12,974	13,336	15,545	18,107	18,107	18,107	18,107	18,791	19,934	21,149
Interest earned - external investments	183,781	166,128	61,760	135,913	20,000	20,000	20,000	21,257	22,264	23,600
Interest earned - outstanding debtors	89,611	92,041	105,783	108,025	80,000	80,000	80,000	78,993	83,733	88,757
Dividends received										
Fines	22,823	27,533	23,415	59,376	30,015	30,015	30,015	24,998	26,498	28,088



Description	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome
Licences and permits	7,142	8,552	8,242	6,980	6,980	6,980	6,980	7,399	7,843	8,314
Agency services	1,093	1,152	1,220	1,472	1,472	1,472	1,472	1,402	1,486	1,575
Transfers recognised - operational	720,927	1,021,115	1,454,743	1,268,308	1,385,470	1,385,470	1,385,470	1,384,487	1,434,618	1,531,901
Other revenue	183,235	186,624	241,997	245,971	245,111	245,111	245,111	207,738	215,782	233,928
Gains on disposal of PPE	482	6								
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>3,605,687</b>	<b>4,346,087</b>	<b>5,180,287</b>	<b>5,710,288</b>	<b>5,653,291</b>	<b>5,653,291</b>	<b>5,653,291</b>	<b>6,355,409</b>	<b>7,240,566</b>	<b>8,336,060</b>
<b>Expenditure By Type</b>										
Employee related costs	1,264,407	1,280,871	1,636,005	1,716,502	1,698,133	1,698,133	1,698,133	1,859,569	2,015,435	2,193,458
Remuneration of councillors	37,825	41,255	44,886	49,553	49,553	49,553	49,553	51,084	55,426	60,414
Debt impairment	59,199	175,549	419,467	49,131	129,489	129,489	129,489	288,147	339,276	399,922
Depreciation & asset impairment	283,295	406,256	563,896	287,092	735,954	735,954	735,954	689,192	775,871	763,004
Finance charges	47,205	82,500	145,978	180,596	179,696	179,696	179,696	221,117	202,579	191,290
Bulk purchases	724,803	941,832	1,237,381	1,535,654	1,532,704	1,532,704	1,532,704	1,931,746	2,405,494	2,995,017
Other materials	330,069	381,616	408,104	489,048	425,820	425,820	425,820	458,472	509,661	548,947
Contracted services	78,507	93,202	147,765	120,446	238,539	238,539	238,539	269,675	290,509	313,696
Transfers and grants	240,579	265,764	364,571	578,244	546,102	546,102	546,102	417,961	474,300	524,451
Other expenditure	398,144	603,354	753,596	634,033	500,000	500,000	500,000	418,512	398,026	423,899
Loss on disposal of PPE	44,882	7,538	2,933							
<b>Total Expenditure</b>	<b>3,508,914</b>	<b>4,279,736</b>	<b>5,724,580</b>	<b>5,640,300</b>	<b>6,035,990</b>	<b>6,035,990</b>	<b>6,035,990</b>	<b>6,605,474</b>	<b>7,466,576</b>	<b>8,414,098</b>
<b>Surplus/(Deficit)</b>	<b>96,774</b>	<b>66,351</b>	<b>(544,293)</b>	<b>69,988</b>	<b>(382,700)</b>	<b>(382,700)</b>	<b>(382,700)</b>	<b>(250,066)</b>	<b>(226,010)</b>	<b>(78,039)</b>
Transfers recognised - capital	1,039,724	970,072	993,724	900,513	528,787	528,787	528,787	1,249,467	1,043,100	1,352,000
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-
Contributed assets										
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>1,136,497</b>	<b>1,036,423</b>	<b>449,432</b>	<b>970,501</b>	<b>146,087</b>	<b>146,087</b>	<b>146,087</b>	<b>999,401</b>	<b>817,090</b>	<b>1,273,961</b>
Taxation										
<b>Surplus/(Deficit) after taxation</b>	<b>1,136,497</b>	<b>1,036,423</b>	<b>449,432</b>	<b>970,501</b>	<b>146,087</b>	<b>146,087</b>	<b>146,087</b>	<b>999,401</b>	<b>817,090</b>	<b>1,273,961</b>
Attributable to minorities										
<b>Surplus/(Deficit) attributable to municipality</b>	<b>1,136,497</b>	<b>1,036,423</b>	<b>449,432</b>	<b>970,501</b>	<b>146,087</b>	<b>146,087</b>	<b>146,087</b>	<b>999,401</b>	<b>817,090</b>	<b>1,273,961</b>
Share of surplus/ (deficit) of associate										
<b>Surplus/(Deficit) for the year</b>	<b>1,136,497</b>	<b>1,036,423</b>	<b>449,432</b>	<b>970,501</b>	<b>146,087</b>	<b>146,087</b>	<b>146,087</b>	<b>999,401</b>	<b>817,090</b>	<b>1,273,961</b>

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

### Revenue

1. 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.
2. Total revenue amounts to R6,4 billion in 2011/12 and increases to R8,3 billion in 2013/14. This represents a year-on-year increase of 12,4% for the 2011/12 financial year, 13,9% for the 2012/13 financial year and 15,1% for the 2013/14 financial year.
3. Revenue from property rates amounts to R961,6 million in the 2011/12 financial year and increases to R1,2 billion in 2013/14, which amounts to 14,7% of the total operating revenue base of the Municipality. It remains relatively constant over the medium-term, whilst tariff increases of 11,5% have been provided for 2011/12 and 13% for the two outer years.
4. Services charges relating to electricity, water, sanitation and refuse collection and removal constitute the biggest component of the total revenue base, amounting to R3,6 billion for the 2011/12 financial year and increasing to R5,2 billion in 2013/14. For the 2011/12 financial year services charges amount to 57,4% of the total revenue base and grows to 62% in 2013/14. This growth is mainly attributable to the increase in the bulk price of electricity.
5. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It is to be noted that the grants increased by 9,2% for 2011/12 and 3,6% and 6,8% for the two outer years.

### Expenditure

6. Bulk purchases have increased significantly over the 2007/08 to 2011/12 period, increasing from R724,8 million to R1,9 billion. These increases are mainly attributable to the substantial increases in the cost of bulk electricity from Eskom.

**Table 13 (Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source)**

Description	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<i>Capital expenditure - Vote Multi-year expenditure to be appropriated</i>										
Vote1 - Budget and Treasury	84,577	27,306	51,396	113,050	99,050	99,050	99,050	54,965	57,761	9,500
Vote2 - Public Health	56,544	94,182	81,242	55,039	77,215	77,215	77,215	25,094	30,800	26,543
Vote3 - Housing Land	14,079	57,683	79,531	2,500	11,355	11,355	11,355	90,000	157,360	167,360
Vote4 - Economic Development and Recreational Services	75,729	164,809	214,808	139,350	126,386	126,386	126,386	32,000	30,000	8,500
Vote5 - Corporate Administration	48,893	69,411	46,471	34,800	42,030	42,030	42,030	30,500	10,500	18,100

Description	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome
Vote6 - Rate and General Engineers	348,280	907,170	976,761	913,256	704,497	704,497	704,497	395,300	514,090	783,000
Vote7 - Water Service	118,511	188,807	215,412	160,450	104,900	104,900	104,900	473,000	168,728	224,550
Vote8 - Sanitation	99,266	111,993	131,950	275,065	146,845	146,845	146,845	116,373	190,020	233,680
Vote9 - Electricity and Energy	227,425	257,520	217,874	264,386	202,847	202,847	202,847	86,000	118,000	123,000
Vote10 - Executive and Council	304	15,650	6,199	12,800	11,500	11,500	11,500	12,000	10,000	10,000
Vote11 - Safety and Security	34,301	44,256	88,929	32,460	15,050	15,050	15,050	6,500	1,000	3,000
Vote12 - 2010 World Cup Office	787,200	843,000	141,600	120,000	20,000	20,000	20,000	-	-	-
Vote13 - Strategic Programmes Directorate	1,435	15,607	21,119	59,967	64,960	64,960	64,960	38,275	13,910	-
<b>Capital multi-year expenditure sub-total</b>	<b>1,896,545</b>	<b>2,797,395</b>	<b>2,273,293</b>	<b>2,183,123</b>	<b>1,626,634</b>	<b>1,626,634</b>	<b>1,626,634</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Single-year expenditure to be appropriated</b>								<b>1,360,007</b>	<b>1,302,169</b>	<b>1,607,233</b>
Vote1 - Budget and Treasury	-	-	-	-	-	-	-	-	-	-
Vote2 - Public Health	-	-	-	-	-	-	-	-	-	-
Vote3 - Housing Land	-	-	-	-	-	-	-	-	-	-
Vote4 - Economic Development and Recreational Services	-	-	-	-	-	-	-	-	-	-
Vote5 - Corporate Administration	-	-	-	-	-	-	-	-	-	-
Vote6 - Rate and General Engineers	-	-	-	-	-	-	-	-	-	-
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>Single-year expenditure to be appropriated</b>										
Example 14 - Vote14	-	-	-	-	-	-	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Vote</b>	<b>1,896,545</b>	<b>2,797,395</b>	<b>2,273,293</b>	<b>2,183,123</b>	<b>1,626,634</b>	<b>1,626,634</b>	<b>1,626,634</b>	<b>1,360,007</b>	<b>1,302,169</b>	<b>1,607,233</b>
<b>Capital Expenditure - Standard Governance and administration</b>	<b>133,773</b>	<b>112,367</b>	<b>282,017</b>	<b>340,617</b>	<b>152,580</b>	<b>152,580</b>	<b>152,580</b>	<b>97,465</b>	<b>78,261</b>	<b>37,600</b>
Executive and council	304	15,650	6,199	192,767	11,500	11,500	11,500	12,000	10,000	10,000
Budget and treasury office	84,577	27,306	112,710	113,050	99,050	99,050	99,050	54,965	57,761	9,500

Description	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
				R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
Corporate services	48,893	69,411	163,109	34,800	42,030	42,030	42,030	30,500	10,500	18,100
<i>Community and public safety</i>	<b>180,654</b>	<b>360,930</b>	<b>440,575</b>	<b>213,999</b>	<b>186,906</b>	<b>186,906</b>	<b>186,906</b>	<b>112,094</b>	<b>179,560</b>	<b>180,360</b>
Community and social services	75,729	164,809	35,465		51,926	51,926	51,926	3,000	6,000	1,000
Sport and recreation			376,238	124,000	94,459	94,459	94,459	9,000	4,000	7,500
Public safety	34,301	44,256	2,670	32,460	15,050	15,050	15,050	6,500	1,000	3,000
Housing	14,079	57,683		2,500	11,355	11,355	11,355	90,000	157,360	167,360
Health	56,544	94,182	26,203	55,039	14,116	14,116	14,116	3,594	11,200	1,500
<i>Economic and environmental services</i>	<b>349,715</b>	<b>922,777</b>	<b>902,107</b>	<b>928,606</b>	<b>807,248</b>	<b>807,248</b>	<b>807,248</b>	<b>464,575</b>	<b>554,100</b>	<b>790,100</b>
Planning and development	1,435	15,607	45,397	15,350	64,960	64,960	64,960	58,275	33,910	-
Road transport	348,280	907,170	856,710	913,256	704,497	704,497	704,497	395,300	514,090	783,000
Environmental protection					37,791	37,791	37,791	11,000	6,100	7,100
<i>Trading services</i>	<b>445,202</b>	<b>558,321</b>	<b>648,593</b>	<b>699,901</b>	<b>479,900</b>	<b>479,900</b>	<b>479,900</b>	<b>685,873</b>	<b>490,248</b>	<b>599,173</b>
Electricity	227,425	257,520	333,489	264,386	202,847	202,847	202,847	86,000	118,000	123,000
Water	118,511	188,807	197,870	160,450	104,900	104,900	104,900	473,000	168,728	224,550
Waste water management	99,266	111,993	117,234	275,065	146,845	146,845	146,845	116,373	190,020	233,680
Waste management					25,308	25,308	25,308	10,500	13,500	17,943
<i>Other</i>	<b>787,200</b>	<b>843,000</b>					-			
<b>Total Capital Expenditure - Standard</b>	<b>1,896,545</b>	<b>2,797,395</b>	<b>2,273,293</b>	<b>2,183,123</b>	<b>1,626,634</b>	<b>1,626,634</b>	<b>1,626,634</b>	<b>1,360,007</b>	<b>1,302,169</b>	<b>1,607,233</b>
<b>Funded by:</b>										
National Government	1,318,148	1,585,935	956,989	1,119,477	478,205	478,205	478,205	1,246,467	1,043,100	1,352,000
Provincial Government	49,626	57,097		2,250	10,582	10,582	10,582	-	-	-
District Municipality								-	-	-
Other transfers and grants				40,000	40,000	40,000	40,000	3,000	-	-
Transfers recognised - capital	<b>1,367,774</b>	<b>1,643,032</b>	<b>956,989</b>	<b>1,161,727</b>	<b>528,787</b>	<b>528,787</b>	<b>528,787</b>	<b>1,249,467</b>	<b>1,043,100</b>	<b>1,352,000</b>
Public contributions & donations	11,239	23,348	94,452	38,186	38,186	38,186	38,186	38,000	33,000	37,000
Borrowing	100,710	563,075	745,200	470,000	470,000	470,000	470,000	-	-	-
Internally generated funds	416,821	567,939	476,652	513,210	589,661	589,661	589,661	122,540	226,069	218,233
<b>Total Capital Funding</b>	<b>1,896,544</b>	<b>2,797,395</b>	<b>2,273,293</b>	<b>2,183,123</b>	<b>1,626,634</b>	<b>1,626,634</b>	<b>1,626,634</b>	<b>1,410,007</b>	<b>1,302,169</b>	<b>1,607,233</b>

### Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote; capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

2. The capital programme is funded from capital and provincial grants and transfers, public contributions and donations, and internally generated funds. For 2011/12, capital transfers totals R1,2 billion (88.6%) and escalates to R1,35 billion by 2013/14 (84%). Internally generated funding amounts to R122,5 million, R226 million and R218 million for each of the respective financial years of the MTREF. The source of the internally generated funding comprises the fuel levy and the equitable share allocation. These funding sources are further discussed in detail in Section 2.6 (Overview of Budget Funding).

**Table 14 (Table A6 - Budgeted Financial Position)**

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>R thousand</b>									
<b>ASSETS</b>									
<b>Current assets</b>									
Cash	67,514	95,383	124,361	53,365	39,986	39,986	200,000	200,000	200,000
Call investment deposits	1,839,564	784,877	506,343	861,482	20,000	20,000	242,619	468,040	848,205
Consumer debtors	739,242	867,462	584,415	811,110	924,378	924,378	761,585	807,280	855,717
Other debtors	176,495	231,008	618,965	127,254	127,254	127,254	180,000	180,000	180,000
Current portion of long-term receivables	1,244	647	34	1,943	1,943	1,943	20	20	20
Inventory	89,182	131,228	134,764	85,492	143,226	143,226	100,000	106,000	112,360
<b>Total current assets</b>	<b>2,913,240</b>	<b>2,110,605</b>	<b>1,968,882</b>	<b>1,940,646</b>	<b>1,256,787</b>	<b>1,256,787</b>	<b>1,484,224</b>	<b>1,761,340</b>	<b>2,196,301</b>
<b>Non current assets</b>									
Long-term receivables	116,382	93,972	63,102	64,796	64,796	64,796	63,499	64,324	65,308
Investments	20,063	727	20	24,747		-	20	20	20
Investment property	1,020,175	1,865,722	70,763			-	-	-	-
Investment in Associate			-			-	-	-	-
Property, plant and equipment	6,139,630	7,260,015	10,821,866	10,231,789	12,001,224	11,708,893	12,400,545	12,861,082	13,692,811
Agricultural						-	-	-	-
Biological							-	-	-
Intangible	246,241	324,974	411,509	135,925	135,926	428,257	401,071	386,617	321,794
Other non-current assets									
<b>Total non current assets</b>	<b>7,542,491</b>	<b>9,545,409</b>	<b>11,367,259</b>	<b>10,457,257</b>	<b>12,201,946</b>	<b>12,201,946</b>	<b>12,865,135</b>	<b>13,312,044</b>	<b>14,079,933</b>
<b>TOTAL ASSETS</b>	<b>10,455,731</b>	<b>11,656,015</b>	<b>13,336,141</b>	<b>12,397,903</b>	<b>13,458,733</b>	<b>13,458,733</b>	<b>14,349,358</b>	<b>15,073,383</b>	<b>16,276,235</b>

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
				Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand	Audited Outcome	Audited Outcome	Audited Outcome						
<b>LIABILITIES</b>									
<b>Current liabilities</b>									
Bank overdraft							-	-	-
Borrowing	56,438	51,828	92,458	305,693	115,268	115,268	98,682	106,307	114,115
Consumer deposits	88,730	77,115	79,850	100,278	100,278	100,278	82,585	85,150	87,704
Trade and other payables	1,775,785	1,913,310	1,852,616	1,125,762	843,456	843,456	1,240,000	1,314,400	1,393,264
Provisions	32,640	43,398	48,380	146,051	46,051	46,051	53,600	58,960	64,856
<b>Total current liabilities</b>	<b>1,953,594</b>	<b>2,085,650</b>	<b>2,073,303</b>	<b>1,677,784</b>	<b>1,105,053</b>	<b>1,105,053</b>	<b>1,474,867</b>	<b>1,564,816</b>	<b>1,659,939</b>
<b>Non current liabilities</b>									
Borrowing	450,706	386,657	1,459,787	1,507,256	1,788,980	1,788,980	1,729,021	1,622,715	1,508,600
Provisions	818,816	836,795	1,006,706	858,192	1,123,192	1,123,192	1,217,376	1,328,114	1,449,926
<b>Total non current liabilities</b>	<b>1,269,522</b>	<b>1,223,452</b>	<b>2,466,494</b>	<b>2,365,448</b>	<b>2,912,172</b>	<b>2,912,172</b>	<b>2,946,397</b>	<b>2,950,829</b>	<b>2,958,526</b>
<b>TOTAL LIABILITIES</b>	<b>3,223,115</b>	<b>3,309,102</b>	<b>4,539,797</b>	<b>4,043,232</b>	<b>4,017,225</b>	<b>4,017,225</b>	<b>4,421,264</b>	<b>4,515,645</b>	<b>4,618,465</b>
<b>NET ASSETS</b>	<b>7,232,615</b>	<b>8,346,913</b>	<b>8,796,344</b>	<b>8,354,671</b>	<b>9,441,508</b>	<b>9,441,509</b>	<b>9,928,094</b>	<b>10,557,738</b>	<b>11,657,770</b>
<b>COMMUNITY WEALTH/EQUITY</b>									
Accumulated Surplus/(Deficit)	2,811,190	3,392,252	3,201,819	4,059,030	4,268,825	4,268,826	3,535,230	3,443,219	3,548,636
Reserves	4,421,425	4,954,661	5,594,525	4,295,641	5,172,683	5,172,683	6,392,864	7,114,519	8,109,134
Minorities' interests									
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>7,232,615</b>	<b>8,346,913</b>	<b>8,796,344</b>	<b>8,354,671</b>	<b>9,441,508</b>	<b>9,441,509</b>	<b>9,928,094</b>	<b>10,557,738</b>	<b>11,657,770</b>

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

1. 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.
2. Any movement on the Budgeted Financial Performance or the Capital Budget will invariably impact on the Budgeted Financial Position. For example, the collection rate assumption will impact on the cash position of the municipality and consequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption informs the budget provision for debt impairment, which in turn impacts on the provision for bad debts. These



Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
R thousand									
NET INCREASE/ (DECREASE) IN CASH HELD	208,936	(1,026,818)	(250,490)	354,623	(551,214)	(551,214)	164,626	225,421	380,165
Cash/cash equivalents at the year begin:	1,698,141	1,907,077	880,260	560,223	611,200	611,200	277,992	442,619	668,040
Cash/cash equivalents at the year end:	1,907,077	880,260	629,770	914,847	59,986	59,986	442,619	668,040	1,048,205

### Explanatory notes to Table A7 - Budgeted Cash Flow Statement

- The budgeted cash flow statement represents the first measurement in determining whether the budget is funded.
- It reflects the expected cash in-flows versus cash out-flows that is likely to result from the implementation of the budget.
- The cash position of the Municipality declined significantly over the 2007/08 to 2009/10 period, from R1,9 billion to R629,8 million.
- As part of the 2010/11 Adjustments budget, the declining cash position had to be addressed as a matter of urgency, with various interventions being implemented such as the reduction of expenditure allocations and rationalisation of spending priorities. Although the 2010/11 Adjustments Budget projected a cash balance of R59,9 million, this is anticipated to increase to R277,9 million as at the end of June 2011, as a result of the Municipality's ongoing cashflow management and monitoring. The anticipated increase of R218 million in the projected cash balance as at the end of June 2011 is made up as follows:

### Adjustment to June 2011 Balance

Description	Value	Comments
<b>June 2011 - Balance</b>	<b>59.98</b>	<b>Projected Cash Balance per Adjustments Budget - June 2011</b>
	0.62	Adjustment to July 2010 Opening Balance
Salaries	40.00	Implementation of TASK - Carryover to 2012
Housing (HRF)	28.30	Reduction in Housing Revolving Fund
Vat Refunds	11.47	Review of Vat including Increase in turnaround time of payment of claims by SARS
Capital Costs	127.05	Adjustment to capital for projects where funding not yet received & non cash items
Operating Expenditure	33.77	Additional Operating Carry-Over to 2012
Loan Repayment	36.95	Loan delayed to May 2011 - delayed loan instalment
NDPG - Direct	2.40	Additional Funding received for claims submitted
Provincial Health	3.96	Income over CF Projections
FIFA	6.76	Revenue from FIFA included in Cash Flow as R 30 million. This value increased by R 11.86 million to R 41 million (less R 5.1 mil Vat).
Library Subsidy	3.00	Subsidy received - previously provided for in the budget
Roads & Public Works Pell Street	5.75	Subsidy received in respect of expenditure incurred in the 2009/2010 Financial Year.
BRT	50.00	Carry-Over from 2011 to 2012
<b>Cash Inflows</b>	<b>350.03</b>	



### Adjustment to June 2011 Balance

Description	Value	Comments
Salaries	-20.00	Provision for Retirement Benefits not previously included in Salaries.
Water Charges	-3.66	Increase in Bulk water charges due to additional costs as a result of the drought
Operating Expenditure	-28.04	Adjustments to Operating spending for unspent conditional grants
EPWP	-5.60	Reduction in receipt of funding based on Quarterly performance
Investment Income	-10.48	Adjustment due to delay in loan - (Refer loan instalment savings)
Drought Relief Funding	-50.00	Drought Relief Bridge Funding - Income to be received 2012
NDPG	-14.24	Reduction in receipt of funding
<b>Cash Outflows</b>	<b>-132.02</b>	
<b>Movement</b>	<b>218.01</b>	
<b>June 2011 Balance</b>	<b>277.99</b>	<b>Revised Projected Cash Balance per Adjustments Budget - June 2011</b>

- The 2011/12 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
- Cash and cash equivalents amounts to R442,6 million as at the end of the 2011/12 financial year and increases to R1,0 billion in 2013/14.

**Table 16 (Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation)**

Description	2007/8	2008/9	2009/10	Current Year 2010/11		2011/12 Medium Term Revenue & Expenditure Framework		
				Original Budget	Adjusted Budget	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<u>Cash and investments available</u>								
Cash/cash equivalents at the year end	1,907,077	880,260	629,770	914,847	59,986	442,619	668,040	1,048,205
Other current investments > 90 days	0	0	935	0	0	0	0	0
Non current assets - Investments	20,063	727	20	24,747	-	20	20	20
<b>Cash and investments available:</b>	<b>1,927,140</b>	<b>880,987</b>	<b>630,725</b>	<b>939,594</b>	<b>59,986</b>	<b>442,639</b>	<b>668,060</b>	<b>1,048,225</b>
<u>Application of cash and investments</u>								
Unspent conditional transfers	594,326	645,367	201,851	282,306	-			
Unspent borrowing	-	-				-	-	-
Statutory requirements	11,382	11,382						
Other working capital requirements	860,611	915,476	798,456	252,915	(121,722)	393,731	431,921	466,076
Other provisions	-	-		(282,306)	-			
Long term investments committed	-	-	-	-	-			
Reserves to be backed by cash/investments	940,070	486,640	446,052	593,375	167,349	47,000	47,000	47,000
<b>Total Application of cash and investments:</b>	<b>2,406,389</b>	<b>2,058,865</b>	<b>1,446,359</b>	<b>846,290</b>	<b>45,627</b>	<b>440,731</b>	<b>478,921</b>	<b>513,076</b>

Description	2007/8	2008/9	2009/10	Current Year 2010/11		2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand								
Surplus(shortfall)	(479,249)	(1,177,878)	(815,634)	93,304	14,359	1,908	189,139	535,149

### Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. The table assesses the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. As part of the budgeting and planning guidelines that informed the compilation of the 2011/12 MTREF, the end objective of the medium-term framework was to ensure the budget is funded as required in accordance with section 18 of the MFMA.
4. It is to be noted that the budget progressively moves from a funding surplus of only R1,9 million in 2011/12 to a surplus of R535,1 million in 2013/14. The projected surplus in 2013/14 would enable the Municipality to maintain a cost coverage ratio of at least two months, as well as replenishing some of the depleted reserves.

### Table 17 (Table A9 - Asset Management)

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>CAPITAL EXPENDITURE</b>									
<b>Total New Assets</b>	1,706,837	2,276,988	1,994,760	1,791,187	1,122,874	1,122,874	1,112,107	1,000,281	1,267,910
<i>Infrastructure - Road transport</i>	222,449	684,505	794,839	651,088	351,166	351,166	288,800	372,090	628,000
<i>Infrastructure - Electricity</i>	195,897	221,504	313,885	240,296	181,047	181,047	60,400	59,500	60,000
<i>Infrastructure - Water</i>	75,446	107,808	151,610	97,750	59,356	59,356	435,000	123,040	164,000
<i>Infrastructure - Sanitation</i>	61,941	33,092	87,150	234,290	122,773	122,773	38,073	117,820	160,850
<i>Infrastructure - Other</i>	6,743	21,765	-	17,374	22,421	22,421	-	-	-
<b>Infrastructure</b>	<b>562,477</b>	<b>1,068,675</b>	<b>1,347,485</b>	<b>1,240,798</b>	<b>736,763</b>	<b>736,763</b>	<b>822,273</b>	<b>672,450</b>	<b>1,012,850</b>
Community	877,698	1,052,133	425,849	306,773	202,368	202,368	90,369	58,210	16,100
Heritage assets	518	9,850	-	1,000	2,890	2,890	-	-	1,000
Investment properties	-	57,683	-	-	-	-	120,000	157,360	167,360
Other assets	138,044	35,170	186,974	177,414	180,853	180,853	14,500	39,500	46,100
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	128,100	53,477	34,452	65,202	-	-	64,965	72,761	24,500
<b>Total Renewal of Existing Assets</b>	<b>189,707</b>	<b>190,818</b>	<b>241,359</b>	<b>391,936</b>	<b>444,747</b>	<b>444,747</b>	<b>287,900</b>	<b>301,888</b>	<b>339,323</b>

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
<i>Infrastructure - Road transport</i>	97,119	107,910	80,448	262,168	353,331	353,331	112,500	109,000	120,000
<i>Infrastructure - Electricity</i>	13,964	15,516	10,802	25,100	21,800	21,800	25,600	58,500	63,000
<i>Infrastructure - Water</i>	43,246	37,068	63,802	63,294	45,544	45,544	45,000	45,688	60,550
<i>Infrastructure - Sanitation</i>	35,378	30,324	51,325	41,375	24,073	24,073	78,300	72,200	72,830
<i>Infrastructure - Other</i>	-	-	-	-	-	-	10,500	13,500	17,943
<b>Infrastructure</b>	<b>189,707</b>	<b>190,818</b>	<b>206,378</b>	<b>391,936</b>	<b>444,747</b>	<b>444,747</b>	<b>271,900</b>	<b>298,888</b>	<b>334,323</b>
Community	-	-	10,843	-	-	-	-	3,000	3,000
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	24,138	-	-	-	16,000	-	2,000
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>									
<i>Infrastructure - Road transport</i>	319,568	792,415	875,287	913,256	704,497	704,497	401,300	481,090	748,000
<i>Infrastructure - Electricity</i>	209,861	237,020	324,688	265,396	202,847	202,847	86,000	118,000	123,000
<i>Infrastructure - Water</i>	118,692	144,876	215,412	161,044	104,900	104,900	480,000	168,728	224,550
<i>Infrastructure - Sanitation</i>	97,319	63,416	138,475	275,665	146,846	146,846	116,373	190,020	233,680
<i>Infrastructure - Other</i>	6,743	21,765	-	17,374	22,421	22,421	10,500	13,500	17,943
<b>Infrastructure</b>	<b>752,184</b>	<b>1,259,493</b>	<b>1,553,863</b>	<b>1,632,734</b>	<b>1,181,510</b>	<b>1,181,510</b>	<b>1,094,173</b>	<b>971,338</b>	<b>1,347,173</b>
Community	877,698	1,052,133	436,692	306,773	202,368	202,368	90,369	61,210	19,100
Heritage assets	518	9,850	-	1,000	2,890	2,890	-	-	1,000
Investment properties	-	57,683	-	-	-	-	120,000	157,360	167,360
Other assets	138,044	35,170	211,112	177,414	180,853	180,853	30,500	39,500	48,100
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	128,100	53,477	34,452	65,202	-	-	64,965	72,761	24,500
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>1,896,544</b>	<b>2,467,806</b>	<b>2,236,119</b>	<b>2,183,123</b>	<b>1,567,621</b>	<b>1,567,621</b>	<b>1,400,007</b>	<b>1,302,169</b>	<b>1,607,233</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>									
<i>Infrastructure - Road transport</i>	2,147,944	2,792,685	4,193,173	4,031,267	4,031,267	4,604,394	4,833,478	5,169,545	5,813,535
<i>Infrastructure - Electricity</i>	877,699	1,151,199	1,306,508	1,463,032	1,463,032	1,406,391	1,435,590	1,415,136	1,406,631
<i>Infrastructure - Water</i>	700,351	902,709	1,153,966	1,104,973	1,104,973	1,181,101	1,580,403	1,626,714	1,712,574

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
<i>Infrastructure - Sanitation</i>	505,059	596,584	683,428	920,395	920,395	765,498	837,347	975,774	1,127,514
<i>Infrastructure - Other</i>	32,149	41,139	83,424	60,473	60,473	90,523	165,258	278,175	381,254
<b>Infrastructure</b>	<b>4,263,202</b>	<b>5,484,316</b>	<b>7,420,499</b>	<b>7,580,140</b>	<b>7,580,140</b>	<b>8,047,907</b>	<b>8,852,076</b>	<b>9,465,344</b>	<b>10,441,508</b>
Community	2,154,857	1,339,657	2,726,258	2,165,208	2,165,208	2,720,261	2,591,040	2,458,393	2,324,302
Heritage assets	53,603	59,146	111,083	70,000	70,000	106,156	99,982	93,822	89,418
Investment properties	1,020,175	1,865,722	70,763	-	-	-	-	-	-
Other assets	302,079	376,897	564,674	505,984	505,984	838,870	857,447	843,523	837,583
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	246,241	324,974	411,509	135,925	135,926	428,257	401,071	386,617	321,794
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>8,040,157</b>	<b>9,450,710</b>	<b>11,304,786</b>	<b>10,457,257</b>	<b>10,457,258</b>	<b>12,141,451</b>	<b>12,801,616</b>	<b>13,247,700</b>	<b>14,014,605</b>
<b>EXPENDITURE OTHER ITEMS</b>									
<u>Depreciation &amp; asset impairment</u>	283,295	406,256	563,896	287,092	735,954	735,954	689,192	775,871	763,004
<u>Repairs and Maintenance by Asset Class</u>	330,069	381,617	408,104	489,048	425,820	425,820	458,472	509,561	548,847
<i>Infrastructure - Road transport</i>	57,362	65,336	66,113	86,907	86,907	86,907	89,773	95,159	100,870
<i>Infrastructure - Electricity</i>	23,296	33,965	34,912	35,597	25,409	25,409	38,059	39,913	42,367
<i>Infrastructure - Water</i>	90,381	102,375	117,915	128,063	111,949	111,949	120,635	140,257	152,718
<i>Infrastructure - Sanitation</i>	85,935	100,392	103,325	127,608	102,881	102,881	116,606	127,687	139,757
<i>Infrastructure - Other</i>	1,677	2,095	2,127	2,557	2,347	2,347	4,729	5,040	5,372
<b>Infrastructure</b>	<b>258,652</b>	<b>304,163</b>	<b>324,392</b>	<b>380,732</b>	<b>329,492</b>	<b>329,492</b>	<b>369,802</b>	<b>408,057</b>	<b>441,083</b>
Community	26,047	31,701	29,167	47,981	41,530	41,530	29,804	31,651	33,603
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	45,371	45,753	54,545	60,335	54,797	54,797	59,953	69,853	74,162
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>613,364</b>	<b>787,873</b>	<b>971,941</b>	<b>776,140</b>	<b>1,161,774</b>	<b>1,161,774</b>	<b>1,147,663</b>	<b>1,285,431</b>	<b>1,311,851</b>
<i>% of capital exp on renewal of assets</i>	11.1%	8.4%	12.1%	21.9%	39.6%	39.6%	26.9%	30.2%	26.8%
<i>Renewal of Existing Assets as % of deprecn"</i>	67.0%	47.0%	42.8%	136.5%	60.4%	60.4%	41.8%	38.9%	44.5%
<i>R&amp;M as a % of PPE</i>	5.4%	5.3%	3.8%	4.8%	3.5%	3.6%	2.7%	4.0%	4.0%
<i>Renewal and R&amp;M as a % of PPE</i>	6.4%	6.1%	5.7%	8.4%	8.3%	8.3%	5.9%	6.1%	6.3%

### Explanatory notes to Table A9 - Asset Management

- The 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.

- National Treasury has suggested that municipalities should allocate at least 40% of their capital budget to the renewal/rehabilitation of existing assets, and allocations to repairs and maintenance should be 8% of PPE. In this regard the expenditure relating to the renewal/rehabilitation of existing assets amounts to 21,2% of the capital budget, whilst repairs and maintenance constitute 4,1% of PPE.

**Table 18 (Table A10 - Basic Service Delivery Measurement)**

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>Household service targets (000)</b>									
<u>Water:</u>									
Piped water inside dwelling	225	211	265	286	286	286	309	334	361
Piped water inside yard (but not in dwelling)	6	6	7	8	8	8	8	9	10
Using public tap (at least min.service level)	29	29	65	70	70	70	76	82	88
Other water supply (at least min.service level)					-	-			
<i>Minimum Service Level and Above sub-total</i>	260	246	337	364	364	364	393	425	458
Using public tap (< min.service level)						-			
Other water supply (< min.service level)						-			
No water supply	34	34				-			
<i>Below Minimum Service Level sub-total</i>	34	34	-	-	-	-	-	-	-
<b>Total number of households</b>	<b>294</b>	<b>280</b>	<b>337</b>	<b>364</b>	<b>364</b>	<b>364</b>	<b>393</b>	<b>425</b>	<b>458</b>
<u>Sanitation/sewerage:</u>									
Flush toilet (connected to sewerage)	231	217	256	276	276	276	299	322	348
Flush toilet (with septic tank)	0	0	3	3	3	3	3	3	3
Chemical toilet	-	-				-			
Pit toilet (ventilated)	-	-				-			
Other toilet provisions (> min.service level)	0					-			
<i>Minimum Service Level and Above sub-total</i>	231	217	259	280	280	280	302	325	351
Bucket toilet	39	39	22	24	24	24	22	20	19
Other toilet provisions (< min.service level)	-	-				-			
No toilet provisions						-			
<i>Below Minimum Service Level sub-total</i>	39	39	22	24	24	24	22	20	19
<b>Total number of households</b>	<b>270</b>	<b>256</b>	<b>281</b>	<b>303</b>	<b>303</b>	<b>303</b>	<b>323</b>	<b>345</b>	<b>369</b>
<u>Energy:</u>									
Electricity (at least min.service level)	39	38	36	35	35	35	35	20	20

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Electricity - prepaid (min.service level)	218	227	232	236	236	236	236	246	246
<i>Minimum Service Level and Above sub-total</i>	257	265	268	271	271	271	271	266	266
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>257</b>	<b>265</b>	<b>268</b>	<b>271</b>	<b>271</b>	<b>271</b>	<b>271</b>	<b>266</b>	<b>266</b>
<b><u>Refuse:</u></b>									
Removed at least once a week	174	170	172	177	177	177	275	283	292
<i>Minimum Service Level and Above sub-total</i>	174	170	172	177	177	177	275	283	292
Removed less frequently than once a week	8	7	9	9	9	9	-	-	-
Using communal refuse dump	-	-			-	-			
Using own refuse dump	-	-			-	-			
Other rubbish disposal	-	-			-	-			
No rubbish disposal	1	1	3	3	3	3	1	1	1
<i>Below Minimum Service Level sub-total</i>	8	8	12	12	12	12	1	1	1
<b>Total number of households</b>	<b>182</b>	<b>178</b>	<b>184</b>	<b>189</b>	<b>189</b>	<b>189</b>	<b>276</b>	<b>285</b>	<b>293</b>
<b><u>Households receiving Free Basic Service</u></b>									
Water (6 kilolitres per household per month)	98	108	115		107	107	85	85	85
Sanitation (free minimum level service)	98	108	115		-	-	85	85	85
Electricity/other energy (50kwh per household per month)	98	99	105	110	110	110	85	85	85
Refuse (removed at least once a week)	77	80	83	85	85	85	79	79	79
<b><u>Cost of Free Basic Services provided (R'000)</u></b>	<b>154,961</b>	<b>191,776</b>	<b>216,810</b>	<b>342,360</b>	<b>342,360</b>	<b>342,360</b>	<b>178,057</b>	<b>207,681</b>	<b>242,700</b>
Water (6 kilolitres per household per month)									
Sanitation (free sanitation service)									
Electricity/other energy (50kwh per household per month)									
Refuse (removed once a week)									
<b>Total cost of FBS provided (minimum social package)</b>									
<b><u>Highest level of free service provided</u></b>									
Property rates (R value threshold)			42,700	-	-	-			
Water (kilolitres per household per month)			8	8	8	8	8	8	8
Sanitation (kilolitres per household per month)			11	11	11	11	11	11	11

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Sanitation (Rand per household per month)			62	73	73	73	86	98	112
Electricity (kwh per household per month)			75	75	75	75	75	75	75
Refuse (average litres per week)			0	0	0	0			
<b>Revenue cost of free services provided (R'000)</b>									
Property rates (R15 000 threshold rebate)	28,857	39,537	42,700	17,948	17,948	17,948	18,419	20,998	23,937
Property rates (other exemptions, reductions and rebates)				89,317	89,317	89,317	49,717	56,677	64,612
Water	38,991	42,114	45,483	96,593	96,593	96,593	67,728	77,887	89,570
Sanitation	52,664	57,141	61,998	75,580	75,580	75,580	56,071	63,921	72,870
Electricity/other energy	38,862	52,691	66,313	91,345	91,345	91,345	49,110	61,289	76,489
Refuse	24,444	39,830	48,677	78,842	78,842	78,842	52,618	59,985	68,382
Municipal Housing - rental rebates							-		
Housing - top structure subsidies							-		
Other							-		
<b>Total revenue cost of free services provided (total social package)</b>	<b>183,818</b>	<b>231,313</b>	<b>265,171</b>	<b>449,625</b>	<b>449,625</b>	<b>449,625</b>	<b>293,663</b>	<b>340,757</b>	<b>395,860</b>

### Explanatory notes to Table A10 - Basic Service Delivery Measurement

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

### 1.8 Consolidated Budget Tables

The ten main budget tables, as required in terms of the Municipal Budget and Reporting Regulations, are included in this section. These tables set out the Municipality's and the Entity's 2011/12 budget and MTREF to be noted by Council.

### Table 19 (Table A1 –Consolidated Budget Summary)

Description	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousands								
<b>Financial Performance</b>								
Property rates	659,777	756,499	862,387	862,387	862,387	980,869	1,118,196	1,274,750
Service charges	2,169,774	2,510,971	3,003,748	3,003,748	3,003,748	3,672,538	4,382,451	5,232,605
Investment revenue	169,411	65,323	138,713	22,800	22,800	23,757	24,564	25,800
Transfers recognised - operational	977,628	1,402,136	1,268,308	1,385,470	1,385,470	1,384,487	1,434,618	1,531,901
Other own revenue	335,976	397,193	439,932	381,685	381,685	352,927	358,633	385,447

Description	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>R thousands</b>								
<b>Total Revenue (excluding capital transfers and contributions)</b>	4,312,566	5,132,122	5,713,088	5,656,091	5,656,091	6,414,577	7,318,462	8,450,503
Employee costs	1,286,491	1,641,283	1,721,296	1,702,633	1,702,633	1,876,226	2,021,491	2,199,937
Remuneration of councillors	41,255	44,886	49,553	49,553	49,553	51,084	55,426	60,414
Depreciation & asset impairment	407,147	564,059	287,242	736,122	736,122	689,192	775,871	763,004
Finance charges	82,503	146,030	180,596	179,696	179,696	221,226	202,695	191,412
Materials and bulk purchases	1,323,835	1,645,499	2,024,703	1,958,524	1,958,524	2,399,118	2,915,055	3,543,864
Transfers and grants	184,882	283,059	481,169	480,242	480,242	419,861	470,943	520,814
Other expenditure	898,961	1,334,743	816,687	878,345	878,345	946,424	975,991	1,072,181
<b>Total Expenditure</b>	4,225,073	5,659,559	5,561,246	5,985,115	5,985,115	6,603,131	7,417,471	8,351,626
<b>Surplus/(Deficit)</b>	87,493	(527,437)	151,842	(329,024)	(329,024)	(188,554)	(99,009)	98,878
Transfers recognised - capital	970,072	993,724	900,513	528,787	528,787	1,249,467	1,043,100	1,352,000
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	1,057,564	466,287	1,052,355	199,763	199,763	1,060,913	944,091	1,450,878
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	1,057,564	466,287	1,052,355	199,763	199,763	1,060,913	944,091	1,450,878
<b>Capital expenditure &amp; funds sources</b>								
<b>Capital expenditure</b>	2,843,048	2,329,644	2,264,123	1,679,634	1,679,634	1,411,367	1,361,911	1,666,986
Transfers recognised - capital	1,643,032	956,989	1,161,727	528,787	528,787	1,249,467	1,043,100	1,352,000
Public contributions & donations	23,348	94,451	38,186	38,186	38,186	38,000	33,000	37,000
Borrowing	563,075	745,200	470,000	470,000	470,000	-	-	-
Internally generated funds	613,592	533,003	594,210	642,862	642,862	173,900	285,811	277,986
<b>Total sources of capital funds</b>	2,843,048	2,329,644	2,264,123	1,679,834	1,679,834	1,461,367	1,361,911	1,666,986
<b>Financial position</b>								
Total current assets	2,156,106	2,012,333	1,985,766	1,298,907	1,298,907	1,534,211	1,873,770	2,404,245
Total non current assets	9,546,843	11,368,050	10,457,657	12,202,246	12,202,246	12,916,920	13,372,220	14,140,134
Total current liabilities	2,080,315	2,048,709	1,723,304	1,147,473	1,147,473	1,511,362	1,598,348	1,689,494
Total non current liabilities	1,224,968	2,467,722	2,365,448	2,912,172	2,912,172	2,946,397	2,950,829	2,958,526
Community wealth/Equity	8,397,666	8,863,952	8,354,671	9,441,508	9,441,509	9,993,371	10,696,813	11,896,360
<b>Cash flows</b>								
Net cash from (used) operating	1,367,100	934,936	1,912,445	1,084,784	1,084,784	1,679,084	1,742,573	2,222,508
Net cash from (used) investing	(2,303,771)	(2,302,213)	(1,746,015)	(2,015,047)	(2,015,047)	(1,414,894)	(1,356,593)	(1,640,076)
Net cash from (used) financing	(68,054)	1,112,788	166,273	357,027	357,027	(89,696)	(96,117)	(103,753)



Description	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12
R thousands								
Cash/cash equivalents at the year end	926,301	671,812	934,967	80,106	80,106	472,606	762,470	1,241,149
<u>Cash backing/surplus reconciliation</u>								
Cash and investments available	927,028	672,747	959,714	80,106	80,106	472,626	762,490	1,241,169
Application of cash and investments	2,224,308	1,268,113	1,143,877	61,032	61,032	458,023	493,942	526,828
<b>Balance - surplus (shortfall)</b>	<b>(1,297,280)</b>	<b>(595,366)</b>	<b>(184,163)</b>	<b>19,074</b>	<b>19,074</b>	<b>14,603</b>	<b>268,548</b>	<b>714,341</b>
<u>Asset management</u>								
Asset register summary (WDV)	9,450,699	11,304,879	10,457,257	10,457,258	12,141,525	12,853,401	13,307,876	14,074,806
Depreciation & asset impairment	407,147	564,059	287,242	736,122	736,122	689,192	775,871	763,004
Renewal of Existing Assets	236,471	297,710	472,936	497,747	497,747	339,260	361,630	399,076
Repairs and Maintenance	382,003	408,118	489,048	425,820	425,820	467,372	509,561	548,847
<u>Free services</u>								
Cost of Free Basic Services provided	191,776	216,810	342,360	342,360	342,360	178,057	207,681	242,700
Revenue cost of free services provided	231,313	265,171	449,625	449,625	449,625	293,663	340,757	395,860
<u>Households below minimum service level</u>								
Water:	34,380	-	-	-	-	-	-	-
Sanitation/sewerage:	39,000	22,000	23,760	23,760	23,760	21,859	20,110	18,501
Energy:	-	-	-	-	-	-	-	-
Refuse:	8,286	12,000	12,000	12,000	12,000	1,191	1,311	1,311

**Table 20 (Table A2 –Consolidated Budget Financial Performance)**

Description	2008/9	2009/10	Current Year 2010/11		2011/12 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2011/12
R thousand							
<u>Revenue – Standard</u>							
<i>Governance and administration</i>	1,952,661	1,552,494	1,824,191	1,594,827	1,708,877	1,891,650	2,080,535
Executive and council	545,117	201,536	212,549	112,549	1,237	27	27
Budget and treasury office	1,396,709	1,346,747	1,611,323	1,481,959	1,689,372	1,876,429	2,064,668
Corporate services	10,835	4,211	319	319	18,268	15,194	15,840
<i>Community and public safety</i>	395,561	579,938	309,797	279,511	189,746	198,587	177,675
Community and social services	2,429	34,083	19,910	19,910	14,918	15,543	16,207
Sport and recreation	57,542	11,156	2,477	2,477	42,316	40,458	21,670
Public safety	55,466	34,528	62,691	32,462	27,700	29,362	31,124
Housing	197,679	400,349	132,588	132,531	5,899	425	450

Description	2008/9	2009/10	Current Year 2010/11		2011/12 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2011/12
R thousand							
Health	82,444	99,823	92,130	92,130	98,913	112,799	108,225
<i>Economic and environmental services</i>	<b>271,795</b>	<b>706,726</b>	<b>222,088</b>	<b>145,645</b>	<b>866,454</b>	<b>967,110</b>	<b>1,254,237</b>
Planning and development	3,202	8,572	197,188	120,745	470,989	470,025	497,332
Road transport	250,629	695,871	23,548	23,548	377,096	483,513	743,119
Environmental protection	17,964	2,283	1,352	1,352	18,369	13,571	13,786
<i>Trading services</i>	<b>2,649,954</b>	<b>3,152,861</b>	<b>4,243,486</b>	<b>4,150,856</b>	<b>4,886,409</b>	<b>5,290,903</b>	<b>6,275,945</b>
Electricity	1,583,009	1,892,532	2,396,709	2,382,288	2,958,915	3,553,596	4,281,179
Water	525,467	633,383	557,588	553,338	1,115,614	809,183	934,882
Waste water management	355,944	427,682	1,075,110	1,001,143	560,807	660,242	759,543
Waste management	185,534	199,264	214,080	214,088	251,073	267,882	300,341
<i>Other</i>	<b>12,668</b>	<b>133,826</b>	<b>14,039</b>	<b>14,039</b>	<b>12,559</b>	<b>13,312</b>	<b>14,111</b>
<b>Total Revenue - Standard</b>	<b>5,282,637</b>	<b>6,125,846</b>	<b>6,613,601</b>	<b>6,184,878</b>	<b>7,664,044</b>	<b>8,361,562</b>	<b>9,802,503</b>
<b>Expenditure – Standard</b>							
<i>Governance and administration</i>	<b>803,788</b>	<b>1,145,766</b>	<b>1,021,169</b>	<b>1,189,777</b>	<b>934,348</b>	<b>1,012,612</b>	<b>1,083,604</b>
Executive and council	173,874	321,203	274,350	334,326	173,245	184,418	196,039
Budget and treasury office	601,184	581,781	601,281	570,691	516,977	564,730	603,694
Corporate services	28,731	242,781	145,538	284,760	244,127	263,464	283,871
<i>Community and public safety</i>	<b>947,558</b>	<b>1,118,620</b>	<b>962,633</b>	<b>977,234</b>	<b>923,811</b>	<b>975,372</b>	<b>1,041,136</b>
Community and social services	19,556	114,386	215,127	215,127	209,283	217,882	226,919
Sport and recreation	262,378	88,130	54,741	54,741	141,248	144,197	151,774
Public safety	272,496	308,868	319,252	283,346	338,866	366,628	397,358
Housing	273,160	460,055	226,938	200,264	34,328	31,156	33,708
Health	119,969	147,181	146,575	223,756	200,086	215,510	231,377
<i>Economic and environmental services</i>	<b>302,719</b>	<b>673,234</b>	<b>433,777</b>	<b>700,350</b>	<b>1,042,593</b>	<b>1,108,873</b>	<b>1,072,286</b>
Planning and development	(42,451)	(23,026)	183,951	448,526	558,946	578,359	613,934
Road transport	211,198	256,315	122,505	122,505	219,946	258,473	263,100
Environmental protection	133,972	439,945	127,321	129,319	263,701	272,041	195,251
<i>Trading services</i>	<b>2,163,244</b>	<b>2,530,993</b>	<b>3,132,826</b>	<b>3,106,914</b>	<b>3,651,371</b>	<b>4,273,556</b>	<b>5,019,712</b>
Electricity	1,277,045	1,470,162	2,003,009	1,980,055	2,490,120	3,004,134	3,655,475
Water	377,979	520,055	415,068	422,015	495,132	544,085	589,082
Waste water management	255,792	306,019	505,918	498,011	433,987	479,462	508,614
Waste management	252,429	234,757	208,831	206,833	232,131	245,875	266,540

Description	2008/9	2009/10	Current Year 2010/11		2011/12 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2011/12
<i>Other</i>	7,764	190,946	10,841	10,841	51,008	47,058	134,888
Total Expenditure - Standard	4,225,073	5,659,559	5,561,245	5,985,115	6,603,131	7,417,471	8,351,626
Surplus/(Deficit) for the year	1,057,564	466,287	1,052,356	199,763	1,060,913	944,091	1,450,878

**Table 21 (Table A3 –Consolidated Budget Financial Performance by Vote)**

Description	2008/9	2009/10	Current Year 2010/11		2011/12 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2011/12
<b>Revenue by Vote</b>							
Vote1 - Budget and Treasury	1,396,709	1,320,414	1,611,323	1,481,960	1,689,385	1,876,442	2,064,683
Vote2 - Public Health	285,943	306,900	315,697	315,705	371,173	397,239	425,517
Vote3 - Housing Land	197,679	400,956	153,864	153,807	145,661	178,732	190,015
Vote4 - Economic Development and Recreational Services	73,412	126,555	198,583	197,382	188,216	183,429	169,217
Vote5 - Corporate Administration	13,264	4,116	5,939	5,939	11,933	8,504	8,772
Vote6 - Rate and General Engineers	250,629	724,663	576,304	500,439	504,358	619,093	893,258
Vote7 - Water Service	525,467	638,152	557,588	553,338	1,115,614	809,183	934,881
Vote8 - Sanitation	355,944	375,518	504,621	430,654	560,807	660,242	759,543
Vote9 - Electricity and Energy	1,583,009	1,933,102	2,396,709	2,382,287	2,958,915	3,553,596	4,281,179
Vote10 - Executive and Council	498,110	6,086	4,038	4,038	1,636	426	426
Vote11 - Safety and Security	55,466	51,427	80,423	50,194	45,540	48,273	51,169
Vote12 - 2010 World Cup Office	17,274	191,220	153,612	53,612	-	-	-
Vote13 - Strategic Programmes Directorate	29,733	46,738	54,899	55,522	70,805	26,404	23,843
Example 14 - Vote14	-	-	-	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>5,282,638</b>	<b>6,125,846</b>	<b>6,613,601</b>	<b>6,184,878</b>	<b>7,664,044</b>	<b>8,361,562</b>	<b>9,802,503</b>
<b>Expenditure by Vote to be appropriated</b>							
Vote1 - Budget and Treasury	601,184	698,203	601,281	570,691	495,629	535,112	578,377
Vote2 - Public Health	506,369	884,605	568,483	645,664	712,821	758,274	811,506
Vote3 - Housing Land	273,160	429,292	270,600	243,926	137,741	142,343	154,201
Vote4 - Economic Development and Recreational Services	227,691	230,624	265,357	398,361	496,555	508,849	517,224
Vote5 - Corporate Administration	48,286	291,365	215,488	354,710	237,239	251,244	268,042
Vote6 - Rate and General Engineers	211,198	273,779	257,381	391,165	479,328	542,636	572,508
Vote7 - Water Service	377,979	522,289	415,068	422,015	493,633	544,085	589,082
Vote8 - Sanitation	255,792	256,116	357,066	349,159	385,192	427,417	453,790



Description	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	R thousand	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13
<b>Expenditure By Type</b>								
Employee related costs	1,286,491	1,641,283	1,721,296	1,702,633	1,702,633	1,876,226	2,021,491	2,199,937
Remuneration of councillors	41,255	44,886	49,553	49,553	49,553	51,084	55,426	60,414
Debt impairment	175,618	419,470	49,131	129,489	129,489	232,088	272,520	319,933
Depreciation & asset impairment	407,147	564,059	287,242	736,122	736,122	689,192	775,871	763,004
Finance charges	82,503	146,030	180,596	179,696	179,696	221,226	202,695	191,412
Bulk purchases	941,832	1,237,381	1,535,654	1,532,704	1,532,704	1,931,746	2,405,494	2,995,017
Other materials	382,003	408,118	489,048	425,820	425,820	467,372	509,561	548,847
Contracted services	94,976	147,765	120,446	238,539	238,539	269,675	290,509	313,696
Transfers and grants	184,882	283,059	481,169	480,242	480,242	419,861	470,943	520,814
Other expenditure	620,828	764,576	647,110	510,317	510,317	444,661	412,962	438,551
Loss on disposal of PPE	7,538	2,933						
<b>Total Expenditure</b>	<b>4,225,073</b>	<b>5,659,559</b>	<b>5,561,246</b>	<b>5,985,115</b>	<b>5,985,115</b>	<b>6,603,131</b>	<b>7,417,471</b>	<b>8,351,626</b>
<b>Surplus/(Deficit)</b>	<b>87,493</b>	<b>(527,437)</b>	<b>151,842</b>	<b>(329,024)</b>	<b>(329,024)</b>	<b>(188,554)</b>	<b>(99,009)</b>	<b>98,878</b>
Transfers recognised - capital	970,072	993,724	900,513	528,787	528,787	1,249,467	1,043,100	1,352,000
Contributions recognised - capital	-	-	-	-	-	-	-	-
Contributed assets								
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>1,057,564</b>	<b>466,287</b>	<b>1,052,355</b>	<b>199,763</b>	<b>199,763</b>	<b>1,060,913</b>	<b>944,091</b>	<b>1,450,878</b>
Taxation								
<b>Surplus/(Deficit) after taxation</b>	<b>1,057,564</b>	<b>466,287</b>	<b>1,052,355</b>	<b>199,763</b>	<b>199,763</b>	<b>1,060,913</b>	<b>944,091</b>	<b>1,450,878</b>
Attributable to minorities								
<b>Surplus/(Deficit) attributable to municipality</b>	<b>1,057,564</b>	<b>466,287</b>	<b>1,052,355</b>	<b>199,763</b>	<b>199,763</b>	<b>1,060,913</b>	<b>944,091</b>	<b>1,450,878</b>
Share of surplus/ (deficit) of associate								
<b>Surplus/(Deficit) for the year</b>	<b>1,057,564</b>	<b>466,287</b>	<b>1,052,355</b>	<b>199,763</b>	<b>199,763</b>	<b>1,060,913</b>	<b>944,091</b>	<b>1,450,878</b>

**Table 23 (Table A5 –Consolidated Budget Capital Expenditure – Standard Classification)**

Description	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	R thousand	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13
<b>Capital expenditure - Vote</b>								
<b>Multi-year expenditure, to be appropriated</b>								
Vote1 - Budget and Treasury	27,306	51,396	113,050	99,050	99,050	54,965	57,761	9,500
Vote2 - Public Health	94,182	81,242	55,039	77,215	77,215	25,094	30,800	26,543
Vote3 - Housing Land	57,683	79,531	2,500	11,355	11,355	120,000	157,360	167,360
Vote4 - Economic Development and Recreational Services	210,462	271,159	220,350	179,386	179,386	83,360	89,742	68,253



Description	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	R thousand	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13
<b>Capital Expenditure - Standard</b>								
<i>Governance and administration</i>	112,367	282,017	340,617	152,580	152,580	97,465	78,261	37,600
Executive and council	15,650	6,199	192,767	11,500	11,500	12,000	10,000	10,000
Budget and treasury office	27,306	112,710	113,050	99,050	99,050	54,965	57,761	9,500
Corporate services	69,411	163,109	34,800	42,030	42,030	30,500	10,500	18,100
<i>Community and public safety</i>	360,930	440,575	213,999	186,906	186,906	137,094	179,560	180,360
Community and social services	164,809	35,465		51,926	51,926	3,000	6,000	1,000
Sport and recreation		376,238	124,000	94,459	94,459	9,000	4,000	7,500
Public safety	44,256	2,670	32,460	15,050	15,050	1,500	1,000	3,000
Housing	57,683		2,500	11,355	11,355	120,000	157,360	167,360
Health	94,182	26,203	55,039	14,116	14,116	3,594	11,200	1,500
<i>Economic and environmental services</i>	968,430	958,458	1,009,606	860,248	860,248	483,935	613,842	849,853
Planning and development	61,260	101,748	96,350	117,960	117,960	109,635	93,652	59,753
Road transport	907,170	856,710	913,256	704,497	704,497	363,300	514,090	783,000
Environmental protection				37,791	37,791	11,000	6,100	7,100
<i>Trading services</i>	558,321	648,593	699,901	479,900	479,900	692,873	490,248	599,173
Electricity	257,520	333,489	264,386	202,847	202,847	86,000	118,000	123,000
Water	188,807	197,870	160,450	104,900	104,900	480,000	168,728	224,550
Waste water management	111,993	117,234	275,065	146,845	146,845	116,373	190,020	233,680
Waste management				25,308	25,308	10,500	13,500	17,943
<i>Other</i>	843,000					-		
<b>Total Capital Expenditure - Standard</b>	<b>2,843,048</b>	<b>2,329,644</b>	<b>2,264,123</b>	<b>1,679,634</b>	<b>1,679,634</b>	<b>1,411,367</b>	<b>1,361,911</b>	<b>1,666,986</b>
<b>Funded by:</b>								
National Government	1,585,935	956,989	1,119,477	478,205	478,205	1,222,467	915,600	1,236,000
Provincial Government	57,097		2,250	10,582	10,582	-	-	-
District Municipality						-	-	-
Other transfers and grants			40,000	40,000	40,000	27,000	127,500	116,000
<b>Transfers recognised - capital</b>	<b>1,643,032</b>	<b>956,989</b>	<b>1,161,727</b>	<b>528,787</b>	<b>528,787</b>	<b>1,249,467</b>	<b>1,043,100</b>	<b>1,352,000</b>
<b>Public contributions &amp; donations</b>	<b>23,348</b>	<b>94,451</b>	<b>38,186</b>	<b>38,186</b>	<b>38,186</b>	<b>38,000</b>	<b>33,000</b>	<b>37,000</b>
<b>Borrowing</b>	<b>563,075</b>	<b>745,200</b>	<b>470,000</b>	<b>470,000</b>	<b>470,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>	<b>613,592</b>	<b>533,003</b>	<b>594,210</b>	<b>642,862</b>	<b>642,862</b>	<b>173,900</b>	<b>285,811</b>	<b>277,986</b>
<b>Total Capital Funding</b>	<b>2,843,048</b>	<b>2,329,644</b>	<b>2,264,123</b>	<b>1,679,834</b>	<b>1,679,834</b>	<b>1,461,367</b>	<b>1,361,911</b>	<b>1,666,986</b>

**Table 24 (Table A6 –Consolidated Budget Financial Position)**

Description	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12
<b>R thousand</b>								
<b>ASSETS</b>								
<b>Current assets</b>								
Cash	141,424	166,404	53,485	40,106	40,106	200,130	200,145	200,145
Call investment deposits	784,877	506,343	881,482	40,000	40,000	272,476	562,325	1,041,004
Consumer debtors	867,462	584,415	811,110	924,378	924,378	761,585	807,280	855,717
Other debtors	230,467	620,150	152,254	149,254	149,254	200,000	198,000	195,000
Current portion of long-term receivables	647	34	1,943	1,943	1,943	20	20	20
Inventory	131,228	134,987	85,492	143,226	143,226	100,000	106,000	112,360
<b>Total current assets</b>	<b>2,156,106</b>	<b>2,012,333</b>	<b>1,985,766</b>	<b>1,298,907</b>	<b>1,298,907</b>	<b>1,534,211</b>	<b>1,873,770</b>	<b>2,404,245</b>
<b>Non current assets</b>								
Long-term receivables	93,972	63,102	64,796	64,796	64,796	63,499	64,324	65,308
Investments	727		24,747			20	20	20
Investment property	1,865,722	70,763						
Investment in Associate	794	69						
Property, plant and equipment	7,260,666	10,822,514	10,232,189	12,001,524	11,709,119	12,452,270	12,921,211	13,752,974
Agricultural								
Biological								
Intangible	324,962	411,602	135,925	135,926	428,332	401,130	386,665	321,832
Other non-current assets								
<b>Total non current assets</b>	<b>9,546,843</b>	<b>11,368,050</b>	<b>10,457,657</b>	<b>12,202,246</b>	<b>12,202,246</b>	<b>12,916,920</b>	<b>13,372,220</b>	<b>14,140,134</b>
<b>TOTAL ASSETS</b>	<b>11,702,949</b>	<b>13,380,383</b>	<b>12,443,423</b>	<b>13,501,153</b>	<b>13,501,153</b>	<b>14,451,130</b>	<b>15,245,990</b>	<b>16,544,380</b>
<b>LIABILITIES</b>								
<b>Current liabilities</b>								
Bank overdraft								
Borrowing	52,291	92,824	305,693	115,268	115,268	98,682	106,307	114,115
Consumer deposits	77,115	79,850	100,278	100,278	100,278	82,585	85,150	87,704
Trade and other payables	1,907,302	1,827,308	1,170,862	885,456	885,456	1,276,495	1,347,932	1,422,819
Provisions	43,608	48,728	146,471	46,471	46,471	53,600	58,960	64,856
<b>Total current liabilities</b>	<b>2,080,315</b>	<b>2,048,709</b>	<b>1,723,304</b>	<b>1,147,473</b>	<b>1,147,473</b>	<b>1,511,362</b>	<b>1,598,348</b>	<b>1,689,494</b>
<b>Non current liabilities</b>								
Borrowing	388,173	1,461,016	1,507,256	1,788,980	1,788,980	1,729,021	1,622,715	1,508,600
Provisions	836,795	1,006,706	858,192	1,123,192	1,123,192	1,217,376	1,328,114	1,449,926



Description	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12
R thousand								
Total non current liabilities	1,224,968	2,467,722	2,365,448	2,912,172	2,912,172	2,946,397	2,950,829	2,958,526
<b>TOTAL LIABILITIES</b>	<b>3,305,283</b>	<b>4,516,432</b>	<b>4,088,752</b>	<b>4,059,645</b>	<b>4,059,645</b>	<b>4,457,759</b>	<b>4,549,177</b>	<b>4,648,020</b>
<b>NET ASSETS</b>	<b>8,397,666</b>	<b>8,863,952</b>	<b>8,354,671</b>	<b>9,441,508</b>	<b>9,441,509</b>	<b>9,993,371</b>	<b>10,696,813</b>	<b>11,896,360</b>
<b>COMMUNITY WEALTH/EQUITY</b>								
Accumulated Surplus/(Deficit)	3,443,005	3,269,427	4,059,030	4,268,825	4,268,826	3,600,507	3,582,294	3,787,226
Reserves	4,954,661	5,594,525	4,295,641	5,172,683	5,172,683	6,392,864	7,114,519	8,109,134
Minorities' interests								
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>8,397,666</b>	<b>8,863,952</b>	<b>8,354,671</b>	<b>9,441,508</b>	<b>9,441,509</b>	<b>9,993,371</b>	<b>10,696,813</b>	<b>11,896,360</b>

**Table 25 (Table A7 –Consolidated Budgeted Cash Flows)**

Description	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12
R thousand								
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Ratepayers and other	2,929,742	3,729,986	4,121,487	3,926,066	3,926,066	4,310,501	5,068,191	5,988,065
Government - operating	1,021,115	937,373	1,268,308	1,376,604	1,376,604	1,371,306	1,434,618	1,531,901
Government - capital	970,072	444,322	900,513	555,210	555,210	1,246,467	1,043,100	1,352,000
Interest	261,451	171,106	241,778	34,947	34,947	23,757	24,564	25,900
Dividends					-			
<b>Payments</b>								
Suppliers and employees	(3,711,437)	(4,178,496)	(4,572,239)	(4,595,414)	(4,595,414)	(5,040,841)	(5,604,807)	(6,461,988)
Finance charges	(82,503)	(146,030)	(144,477)	(187,144)	(187,144)	(208,791)	(198,379)	(187,173)
Transfers and Grants	(21,340)	(23,325)	97,075	(25,485)	(25,485)	(23,315)	(24,713)	(26,196)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>1,367,100</b>	<b>934,936</b>	<b>1,912,445</b>	<b>1,084,784</b>	<b>1,084,784</b>	<b>1,679,084</b>	<b>1,742,573</b>	<b>2,222,508</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Proceeds on disposal of PPE	140		-			-	-	-
Decrease (Increase) in non-current debtors								
Decrease (increase) other non-current receivables	23,007	31,484	1,362	1,362	1,362	1,297	(825)	(984)

Description	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
			R thousand	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
Decrease (increase) in non-current investments	10,561		(1,179)			-	-	-
<b>Payments</b>								
Capital assets	(2,337,480)	(2,333,697)	(1,746,198)	(2,016,409)	(2,016,409)	(1,416,191)	(1,355,768)	(1,639,092)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(2,303,771)</b>	<b>(2,302,213)</b>	<b>(1,746,015)</b>	<b>(2,015,047)</b>	<b>(2,015,047)</b>	<b>(1,414,894)</b>	<b>(1,356,593)</b>	<b>(1,640,076)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Short term loans	-							
Borrowing long term/refinancing	-	1,164,616	470,000	470,000	470,000	-	-	-
Increase (decrease) in consumer deposits	(11,615)		1,966	1,966	1,966	2,515	2,565	2,554
<b>Payments</b>								
Repayment of borrowing	(56,438)	(51,828)	(305,693)	(114,939)	(114,939)	(92,211)	(98,682)	(106,307)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(68,054)</b>	<b>1,112,788</b>	<b>166,273</b>	<b>357,027</b>	<b>357,027</b>	<b>(89,696)</b>	<b>(96,117)</b>	<b>(103,753)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(1,004,725)</b>	<b>(254,489)</b>	<b>332,702</b>	<b>(573,235)</b>	<b>(573,235)</b>	<b>174,494</b>	<b>289,863</b>	<b>478,680</b>
Cash/cash equivalents at the year begin:	1,931,026	926,301	602,265	653,341	653,341	298,112	472,606	762,470
Cash/cash equivalents at the year end:	926,301	671,812	934,967	80,106	80,106	472,606	762,470	1,241,149

**Table 26 (Table A8 –Consolidated Cash backed Reserves)**

Description	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
			R thousand	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
<b>Cash and investments available</b>								
Cash/cash equivalents at the year end	926,301	671,812	934,967	80,106	80,106	472,606	762,470	1,241,149
Other current investments > 90 days	1	936	(0)	0	0	(0)	0	(0)
Non current assets - Investments	727		24,747	-	-	20	20	20
<b>Cash and investments available:</b>	<b>927,028</b>	<b>672,747</b>	<b>959,714</b>	<b>80,106</b>	<b>80,106</b>	<b>472,626</b>	<b>762,490</b>	<b>1,241,169</b>
<b>Application of cash and investments</b>								
Unspent conditional transfers	646,026	214,749	282,306	-	-	-	-	-
Unspent borrowing	-							
Statutory requirements	10,561							

Description	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12
Other working capital requirements	1,081,081	607,312	268,196	(106,317)	(106,317)	411,023	446,942	479,828
Other provisions	-	-	-	-	-	-	-	-
Long term investments committed	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	486,640	446,052	593,375	167,349	167,349	47,000	47,000	47,000
<b>Total Application of cash and investments:</b>	<b>2,224,308</b>	<b>1,268,113</b>	<b>1,143,877</b>	<b>61,032</b>	<b>61,032</b>	<b>458,023</b>	<b>493,942</b>	<b>526,828</b>
<b>Surplus(shortfall)</b>	<b>(1,297,280)</b>	<b>(595,366)</b>	<b>(184,163)</b>	<b>19,074</b>	<b>19,074</b>	<b>14,603</b>	<b>268,548</b>	<b>714,341</b>

**Table 27 (Table A9 –Consolidated Asset Management)**

Description	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12
<b>CAPITAL EXPENDITURE</b>								
<b>Total New Assets</b>	<b>2,277,179</b>	<b>1,995,006</b>	<b>1,791,612</b>	<b>1,123,174</b>	<b>1,123,174</b>	<b>1,072,107</b>	<b>1,000,281</b>	<b>1,267,910</b>
<i>Infrastructure - Road transport</i>	684,505	794,839	651,088	351,166	351,166	248,800	372,090	628,000
<i>Infrastructure - Electricity</i>	221,504	313,885	240,296	181,047	181,047	60,400	59,500	60,000
<i>Infrastructure - Water</i>	107,808	151,610	97,750	59,356	59,356	435,000	123,040	164,000
<i>Infrastructure - Sanitation</i>	33,092	87,150	234,290	122,773	122,773	38,073	117,820	160,850
<i>Infrastructure - Other</i>	21,765	-	17,374	22,421	22,421	-	-	-
Infrastructure	<i>1,068,675</i>	<i>1,347,485</i>	<i>1,240,798</i>	<i>736,763</i>	<i>736,763</i>	<i>782,273</i>	<i>672,450</i>	<i>1,012,850</i>
Community	1,052,133	425,849	306,773	202,368	202,368	90,369	58,210	16,100
Heritage assets	9,850	-	1,000	2,890	2,890	-	-	1,000
Investment properties	57,683	-	-	-	-	120,000	157,360	167,360
Other assets	35,361	187,115	177,739	181,078	181,078	14,500	39,500	46,100
Agricultural Assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Intangibles	53,477	34,557	65,302	75	75	64,965	72,761	24,500
<b>Total Renewal of Existing Assets</b>	<b>236,471</b>	<b>297,710</b>	<b>472,936</b>	<b>497,747</b>	<b>497,747</b>	<b>339,260</b>	<b>361,630</b>	<b>399,076</b>
<i>Infrastructure - Road transport</i>	153,563	136,799	343,168	406,331	406,331	112,500	109,000	120,000
<i>Infrastructure - Electricity</i>	15,516	10,802	25,100	21,800	21,800	25,600	58,500	63,000
<i>Infrastructure - Water</i>	37,068	63,802	63,294	45,544	45,544	45,000	45,688	60,550
<i>Infrastructure - Sanitation</i>	30,324	51,325	41,375	24,073	24,073	78,300	72,200	72,830
<i>Infrastructure - Other</i>	-	-	-	-	-	10,500	13,500	17,943
Infrastructure	<i>236,471</i>	<i>262,729</i>	<i>472,936</i>	<i>497,747</i>	<i>497,747</i>	<i>271,900</i>	<i>298,888</i>	<i>334,323</i>

Description	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	R thousand Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Community	-	10,843	-	-	-	-	3,000	3,000
Heritage assets	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-
Other assets	-	24,138	-	-	-	67,360	59,742	61,753
Agricultural Assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>								
<i>Infrastructure - Road transport</i>	838,068	931,638	994,256	757,497	757,497	361,300	481,090	748,000
<i>Infrastructure - Electricity</i>	237,020	324,688	265,396	202,847	202,847	86,000	118,000	123,000
<i>Infrastructure - Water</i>	144,876	215,412	161,044	104,900	104,900	480,000	168,728	224,550
<i>Infrastructure - Sanitation</i>	63,416	138,475	275,665	146,846	146,846	116,373	190,020	233,680
<i>Infrastructure - Other</i>	21,765	-	17,374	22,421	22,421	10,500	13,500	17,943
Infrastructure	<i>1,305,146</i>	<i>1,610,213</i>	<i>1,713,734</i>	<i>1,234,510</i>	<i>1,234,510</i>	<i>1,054,173</i>	<i>971,338</i>	<i>1,347,173</i>
Community	1,052,133	436,692	306,773	202,368	202,368	90,369	61,210	19,100
Heritage assets	9,850	-	1,000	2,890	2,890	-	-	1,000
Investment properties	57,683	-	-	-	-	120,000	157,360	167,360
Other assets	35,361	211,253	177,739	181,078	181,078	81,860	99,242	107,853
Agricultural Assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Intangibles	53,477	34,557	65,302	75	75	64,965	72,761	24,500
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>2,513,650</b>	<b>2,292,716</b>	<b>2,264,548</b>	<b>1,620,921</b>	<b>1,620,921</b>	<b>1,411,367</b>	<b>1,361,911</b>	<b>1,666,986</b>

Description	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	R thousand Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>								
<i>Infrastructure - Road transport</i>	2,792,685	4,193,173	4,031,267	4,031,267	4,604,394	4,833,478	5,169,545	5,813,535
<i>Infrastructure - Electricity</i>	1,151,199	1,306,508	1,463,032	1,463,032	1,406,391	1,435,590	1,415,136	1,406,631
<i>Infrastructure - Water</i>	902,709	1,153,966	1,104,973	1,104,973	1,181,101	1,580,403	1,626,714	1,712,574
<i>Infrastructure - Sanitation</i>	596,584	683,428	920,395	920,395	765,498	837,347	975,774	1,127,514
<i>Infrastructure - Other</i>	41,139	83,424	60,473	60,473	90,523	165,258	278,175	381,254
Infrastructure	<i>5,484,316</i>	<i>7,420,499</i>	<i>7,580,140</i>	<i>7,580,140</i>	<i>8,047,907</i>	<i>8,852,076</i>	<i>9,465,344</i>	<i>10,441,508</i>
Community	1,339,657	2,726,258	2,165,208	2,165,208	2,720,261	2,591,040	2,458,393	2,324,302
Heritage assets	59,146	111,083	70,000	70,000	106,156	99,982	93,822	89,418
Investment properties	1,865,722	70,763	-	-	-	-	-	-
Other assets	376,897	564,674	505,984	505,984	838,870	909,172	903,651	897,746
Agricultural Assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Intangibles	324,962	411,602	135,925	135,926	428,332	401,130	386,665	321,832
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>9,450,699</b>	<b>11,304,879</b>	<b>10,457,257</b>	<b>10,457,258</b>	<b>12,141,525</b>	<b>12,853,401</b>	<b>13,307,876</b>	<b>14,074,806</b>
<b>EXPENDITURE OTHER ITEMS</b>								
<b>Depreciation &amp; asset impairment</b>	407,147	564,059	287,242	736,122	736,122	689,192	775,871	763,004
<b>Repairs and Maintenance by Asset Class</b>	382,003	408,118	489,048	425,820	425,820	467,372	509,561	548,847
<i>Infrastructure - Road transport</i>	65,336	66,113	86,907	86,907	86,907	89,773	95,159	100,870
<i>Infrastructure - Electricity</i>	33,965	34,912	35,597	25,409	25,409	38,059	39,913	42,367
<i>Infrastructure - Water</i>	102,375	117,915	128,063	111,949	111,949	122,635	140,257	152,718
<i>Infrastructure - Sanitation</i>	100,392	103,325	127,608	102,881	102,881	116,606	127,687	139,757
<i>Infrastructure - Other</i>	2,095	2,127	2,557	2,347	2,347	4,729	5,040	5,372
Infrastructure	<i>304,163</i>	<i>324,392</i>	<i>380,732</i>	<i>329,492</i>	<i>329,492</i>	<i>371,802</i>	<i>408,057</i>	<i>441,083</i>
Community	31,701	29,167	47,981	41,530	41,530	29,804	31,651	33,603
Heritage assets	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-
Other assets	46,139	54,559	60,335	54,797	54,797	65,766	69,853	74,162
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>789,150</b>	<b>972,177</b>	<b>776,290</b>	<b>1,161,942</b>	<b>1,161,942</b>	<b>1,156,563</b>	<b>1,285,431</b>	<b>1,311,851</b>
<i>% of capital exp on renewal of assets</i>	<i>10.4%</i>	<i>14.9%</i>	<i>26.4%</i>	<i>44.3%</i>	<i>44.3%</i>	<i>31.6%</i>	<i>36.2%</i>	<i>31.5%</i>
<i>Renewal of Existing Assets as % of deprecn"</i>	<i>58.1%</i>	<i>52.8%</i>	<i>164.6%</i>	<i>67.6%</i>	<i>67.6%</i>	<i>49.2%</i>	<i>46.6%</i>	<i>52.3%</i>
<i>R&amp;M as a % of PPE</i>	<i>5.3%</i>	<i>3.8%</i>	<i>4.8%</i>	<i>3.5%</i>	<i>3.6%</i>	<i>3.8%</i>	<i>3.9%</i>	<i>4.0%</i>
<i>Renewal and R&amp;M as a % of PPE</i>	<i>7.0%</i>	<i>6.0%</i>	<i>9.0%</i>	<i>9.0%</i>	<i>8.0%</i>	<i>6.0%</i>	<i>7.0%</i>	<i>7.0%</i>

Table 28 (Table A10 –Consolidated Basic Service Delivery Measurement)

Description	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>Household service targets (000)</b>								
<b>Water:</b>								
Piped water inside dwelling	211	265	286	286	286	309	334	361
Piped water inside yard (but not in dwelling)	6	7	8	8	8	8	9	10
Using public tap (at least min.service level)	29	65	70	70	70	76	82	88
Other water supply (at least min.service level)				-	-			
<i>Minimum Service Level and Above sub-total</i>	246	337	364	364	364	393	425	458
Using public tap (< min.service level)					-			
<b>Household service targets (000)</b>								
<b>Water:</b>								
Other water supply (< min.service level)					-			
No water supply	34				-			
<i>Below Minimum Service Level sub-total</i>	34	-	-	-	-	-	-	-
<b>Total number of households</b>	<b>280</b>	<b>337</b>	<b>364</b>	<b>364</b>	<b>364</b>	<b>393</b>	<b>425</b>	<b>458</b>
<b>Sanitation/sewerage:</b>								
Flush toilet (connected to sewerage)	217	256	276	276	276	299	322	348
Flush toilet (with septic tank)	0	3	3	3	3	3	3	3
Chemical toilet	-			-	-			
Pit toilet (ventilated)	-				-			
Other toilet provisions (> min.service level)					-			
<i>Minimum Service Level and Above sub-total</i>	217	259	280	280	280	302	325	351
Bucket toilet	39	22	24	24	24	22	20	19
Other toilet provisions (< min.service level)	-				-			
No toilet provisions					-			
<i>Below Minimum Service Level sub-total</i>	39	22	24	24	24	22	20	19
<b>Total number of households</b>	<b>256</b>	<b>281</b>	<b>303</b>	<b>303</b>	<b>303</b>	<b>323</b>	<b>345</b>	<b>369</b>
<b>Energy:</b>								
Electricity (at least min.service level)	38	36	35	35	35	35	20	20
Electricity - prepaid (min.service level)	227	232	236	236	236	236	246	246
<i>Minimum Service Level and Above sub-total</i>	265	268	271	271	271	271	266	266
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>265</b>	<b>268</b>	<b>271</b>	<b>271</b>	<b>271</b>	<b>271</b>	<b>266</b>	<b>266</b>
<b>Refuse:</b>								
Removed at least once a week	170	172	177	177	177	275	283	292
<i>Minimum Service Level and Above sub-total</i>	170	172	177	177	177	275	283	292
Removed less frequently than once a week	7	9	9	9	9	-	-	-
Using communal refuse dump	-			-	-			
Using own refuse dump	-			-	-			
Other rubbish disposal	-			-	-			
No rubbish disposal	1	3	3	3	3	1	1	1
<i>Below Minimum Service Level sub-total</i>	8	12	12	12	12	1	1	1
<b>Total number of households</b>	<b>178</b>	<b>184</b>	<b>189</b>	<b>189</b>	<b>189</b>	<b>276</b>	<b>285</b>	<b>293</b>
<b>Households receiving Free Basic Service</b>								
Water (6 kilolitres per household per month)	108	115		107	107	85	85	85
Sanitation (free minimum level service)	108	115		-	-	85	85	85

Description	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Electricity/other energy (50kwh per household per month)	99	105	110	110	110	85	85	85
Refuse (removed at least once a week)	80	83	85	85	85	79	79	79
<b>Cost of Free Basic Services provided (R'000)</b>					-			
Water (6 kilolitres per household per month)	42,114	45,483	96,593	96,593	96,593	20,258	22,486	24,959
Sanitation (free sanitation service)	57,141	61,998	75,580	75,580	75,580	56,071	63,921	72,870
Electricity/other energy (50kwh per household per month)	52,691	66,313	91,345	91,345	91,345	49,110	61,289	76,489
Refuse (removed once a week)	39,830	43,016	78,842	78,842	78,842	52,618	59,985	68,382
<b>Total cost of FBS provided (minimum social package)</b>	<b>191,776</b>	<b>216,810</b>	<b>342,360</b>	<b>342,360</b>	<b>342,360</b>	<b>178,057</b>	<b>207,681</b>	<b>242,700</b>
<b>Highest level of free service provided</b>								
Property rates (R value threshold)		42,700	-	-	-			
Water (kilolitres per household per month)		8	8	8	8	8	8	8
Sanitation (kilolitres per household per month)		11	11	11	11	11	11	11
Sanitation (Rand per household per month)		62	73	73	73	86	98	112
Electricity (kwh per household per month)		75	75	75	75	75	75	75
Refuse (average litres per week)		0	0	0	0			
<b>Revenue cost of free services provided (R'000)</b>								
Property rates (R15 000 threshold rebate)	39,537	42,700	17,948	17,948	17,948	18,419	20,998	23,937
Property rates (other exemptions, reductions and rebates)			89,317	89,317	89,317	49,717	56,677	64,612
Water	42,114	45,483	96,593	96,593	96,593	67,728	77,887	89,570
Sanitation	57,141	61,998	75,580	75,580	75,580	56,071	63,921	72,870
Electricity/other energy	52,691	66,313	91,345	91,345	91,345	49,110	61,289	76,489
Refuse	39,830	48,677	78,842	78,842	78,842	52,618	59,985	68,382
Municipal Housing - rental rebates					-			
Housing - top structure subsidies					-			
Other					-			
<b>Total revenue cost of free services provided (total social package)</b>	<b>231,313</b>	<b>265,171</b>	<b>449,625</b>	<b>449,625</b>	<b>449,625</b>	<b>293,663</b>	<b>340,757</b>	<b>395,860</b>

## **PART 2 – SUPPORTING DOCUMENTATION**

### **2.1 OVERVIEW OF ANNUAL BUDGET PROCESS**

The Budget process started in August 2010 after the approval of a timetable and strategy to guide the preparation of the 2011/12 to 2013/14 Operating and Capital Budgets.

The timetable provides broad timeframes for the IDP and Budget preparation process. It allows 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 2011. The main aims of the timetable were to ensure that a revised IDP and a balanced Budget were tabled in March 2011. The Budget was tabled by the Executive Mayor at a Council meeting held on 31 March 2011, following which it was to be 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 tabled the IDP and Budget for consideration and approval at a Council meeting held on 31 May 2011.

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, efficient and effective utilisation of budget allocations and the need to adequately maintain the Municipality's infrastructure and facilities were highlighted as key challenges, in addition to the ongoing financial sustainability 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 IDP and Budget Steering Committee consists of the Executive Mayor, the Chairperson of the Budget and Treasury Standing Committee, the Municipal Manager and senior officials. The primary aims of the Committee are to ensure that:

- The budget compilation process complies with legislation;
- There is proper alignment between the service delivery priorities as set out in the Municipality's IDP and the budget, taking into account the need to maintain the financial sustainability of the Municipality;
- The Municipality's revenue and tariff determination strategies generate sufficient cash resources to deliver services; and
- The various spending priorities of the different municipal directorates are properly evaluated and prioritized in the allocation of resources.

#### **2.1.1 IDP & Budget Timetable 2011/12 to 2013/14**

The preparation of the 2011/12 to 2013/14 IDP and Budget was guided by the following schedule of key deadlines as approved by Council on 21 July 2010.



<b>Activity</b>	<b>Date</b>
IDP/Budget Schedule approved by Council	21 July 2010
Budget Strategy and Assumptions approved by Council	29 October 2010
Tabling of draft IDP and Budget in Council	31 March 2011
Public Participation	April/May 2011
Final adoption of IDP and Budget by Council	31 May 2011
Approval of SDBIP by Executive Mayor	28 June 2011

## **2.2 ALIGNMENT OF ANNUAL BUDGET WITH INTEGRATED DEVELOPMENT PLAN**

The Integrated Development Plan (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 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 Service Delivery and Budget Implementation Plan (SDBIP).

The 2011/12 to 2013/14 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 was 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 was 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 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>2011/12 Budget</b>						
Capital Expenditure	113,472	934,488	241,127	28,368	42,552	1,360,007
Operating Expenditure	655,981	3,030,673	685,665	1,256,620	976,535	6,605,474
<b>Total</b>	<b>769,453</b>	<b>3,965,161</b>	<b>926,792</b>	<b>1,284,988</b>	<b>1,019,087</b>	<b>7,965,481</b>
<b>2012/13 Budget</b>						
Capital Expenditure	102,968	916,040	218,806	25,742	38,613	1,302,169
Operating Expenditure	676,188	3,619,354	714,463	1,405,248	1,051,323	7,466,576
<b>Total</b>	<b>779,156</b>	<b>4,535,394</b>	<b>933,269</b>	<b>1,430,990</b>	<b>1,089,936</b>	<b>8,768,745</b>
<b>2013/14 Budget</b>						
Capital Expenditure	127,090	1,130,645	270,066	31,773	47,659	1,607,233
Operating Expenditure	761,173	4,052,746	803,144	1,581,476	1,215,559	8,414,098
<b>Total</b>	<b>888,263</b>	<b>5,183,391</b>	<b>1,073,210</b>	<b>1,613,249</b>	<b>1,263,218</b>	<b>10,021,331</b>

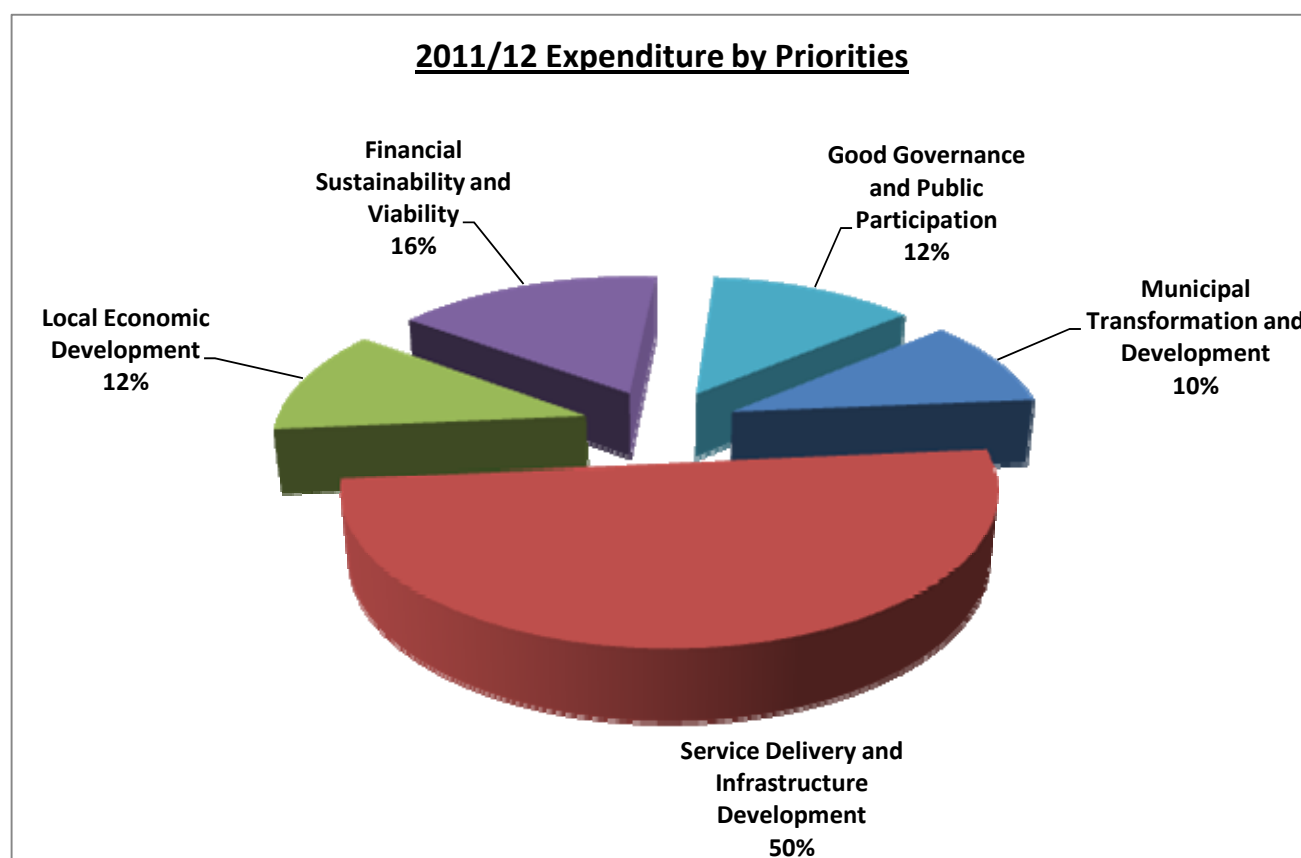
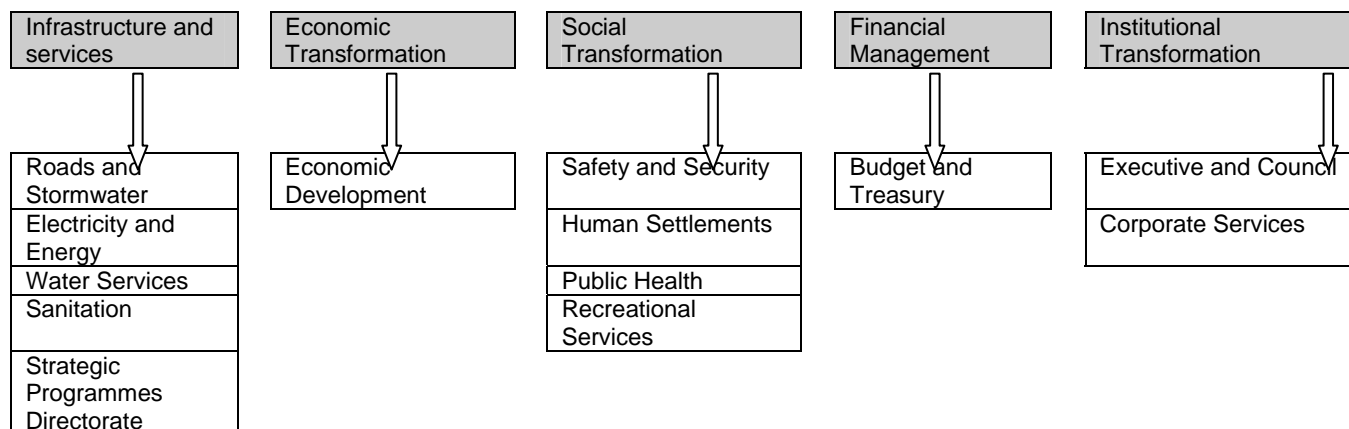


Figure 3 – 2011/12 Expenditure by IDP Priorities

## 2.2.1 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.

## 2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

This section contains the key performance indicators.

Description of financial indicator	Basis of calculation	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b><u>Borrowing Management</u></b>										
Borrowing to Asset Ratio	Total Long-Term Borrowing/Total Assets	4.3%	3.3%	10.9%	12.2%	13.3%	13.3%	12.0%	10.8%	9.3%
Credit Rating		Aa3.za	Aa3.za	Aa3.za	Aa3.za	Aa3.za	Aa3.za			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.3%	3.2%	3.5%	8.6%	4.9%	4.9%	4.7%	4.0%	3.5%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	50.8%	0.0%	95.3%	47.8%	44.4%	44.4%	0.0%	0.0%	0.0%
<b><u>Safety of Capital</u></b>										
Debt to Equity	Loans, Creditors, Overdraft & Tax Provision/ Funds & Reserves	44.6%	39.6%	51.6%	48.4%	42.5%	42.5%	44.5%	42.8%	39.6%
Gearing	Long Term Borrowing/ Funds & Reserves	10.2%	7.8%	26.1%	35.1%	34.6%	34.6%	27.0%	22.8%	18.6%
<b><u>Liquidity</u></b>										

Description of financial indicator	Basis of calculation	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Current Ratio	Current assets/current liabilities	1.5	1.0	0.9	1.2	1.1	1.1	1.0	1.1	1.3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.5	1.0	0.9	1.2	1.1	1.1	1.0	1.1	1.3
Liquidity Ratio	Monetary Assets/Current Liabilities	1.0	0.4	0.3	0.5	0.1	0.1	0.3	0.4	0.6
<b>Revenue Management</b>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		105.2%	93.8%	76.9%	76.9%	76.9%	94.2%	87.5%	87.7%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	28.7%	27.5%	24.4%	17.6%	19.8%	19.8%	15.8%	14.5%	13.2%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old									
<b>Creditors Management</b>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	70.0%	84.0%	82%	87.4%	87.4%	87.4%	77%	77%	77%
<b>Funding of Provisions</b>										
Provisions not funded - %	Unfunded Provs./Total Provisions									
<b>Other Indicators</b>										
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	6.0%	6.7%		7.5%	7.5%	7.5%	7%	7%	7%
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source	37.0%	30.0%	29.30%	25.0%	25.0%	25.0%	24.30%	24.30%	24.30%
Employee costs	Employee costs/(Total Revenue - capital revenue)	35.1%	29.5%	31.6%	30.1%	30.0%	30.0%	29.3%	27.8%	26.3%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	36.2%	30.5%	32.5%	31.0%	31.0%	31.0%	30.2%	28.7%	27.1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	9.2%	11.2%	13.7%	8.2%	16.2%	16.2%	14.3%	13.5%	11.4%
<b>IDP regulation financial viability indicators</b>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	9.2	15.2	6.8	29.6	29.6	29.6	41.1	44.7	52.4

Description of financial indicator	Basis of calculation	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	38.3%	38.7%	36.7%	24.2%	27.1%	27.1%	20.3%	18.1%	16.1%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	9.3	3.7	1.9	2.6	0.2	0.2	1.1	1.4	1.9

## 2.3.1 Performance indicators and benchmarks

### 2.3.1.1 Borrowing Management

Capital expenditure may be funded from capital grants, internal sources and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependant on its creditworthiness and financial position. The following financial performance indicators formed part of the compilation of the 2011/12 MTREF:

- The *borrowing to asset ratio* measures long-term borrowing as a percentage of the total asset base of the municipality. The ratio is decreasing over the MTREF from 12,0% to 9,3% in 2013/14, as no further borrowing is planned over the MTREF period.
- *Capital charges to operating expenditure* is a measure of the cost of borrowing, compared to the total operating expenditure. The cost of borrowing is decreasing from 4,7% in 2011/12 to 3,5% in 2013/14. The decrease is attributable to no further borrowing being planned over the MTREF period.

### 2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* indicates the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves. The ratio is decreasing over the MTREF from 44,5% in 2011/12 to 39,6% in 2013/14.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. Between 2007/08 and 2010/11 the gearing ratio peaked at 34,6%. This was mainly as a result of increased borrowing levels. Over the 2011/12 MTREF, the ratio decreases from 27,0% in 2011/12 to 18,6% in 2013/14.

### 2.3.1.3 Liquidity

- *The current ratio* is a measure of the current assets divided by the current liabilities. The Municipality has set a benchmark limit of 1. For the 2011/12 MTREF the current ratio increases from 1,0 in 2011/12 to 1,3 in 2013/14.
- *The liquidity ratio* is a measure of the municipality's ability to utilise cash and cash equivalents to meets its current liabilities. A liquidity ratio of 1 should be maintained. Over the MTREF, the ratio increases from 0,3 in 2011/12 to 0,6 in 2013/14. This represents a pertinent risk for the Municipality, as any under collection of revenue will result in serious financial challenges for the Municipality. As part of the medium term financial planning objectives, this ratio must be maintained at a minimum of 1.

#### **2.3.1.4 Revenue Management**

- As part of the Financial Recovery Plan, an aggressive revenue management framework is being implemented to increase cash inflows from current billings, as well as from debtors that are in arrears in excess of 90 days.

#### **2.3.1.5 Other Indicators**

- Employee related costs as a percentage of operating revenue continues to decrease over the MTREF. This is mainly due to the high increase in bulk purchases which directly increases revenue levels, as well as increased allocations relating to operating grants and transfers.

### **2.3.2 Drinking Water Quality and Waste Water Management**

The Municipality performs the dual roles of a Water Service Authority and a Water Service Provider, in managing the provision of drinking water and the treatment of wastewater.

The Municipality achieved a scoring of 95.08% in relation to its Blue Drop status for the supply of water. This represents a significant improvement, compared to the scoring of 85% achieved in the previous assessment. The improvement is attributable to concerted efforts by the Municipality to improve the management of Drinking Water Quality over the past 12 months, especially a significant improvement in overall chemical quality. The cleanliness and sound condition of assets was also a major contributing factor. In order to enhance its Blue Drop status in the next assessment cycle, the Municipality will have to focus specifically on its water safety plan.

An average Green Drop Score of 70% was achieved for the seven Waste Water Treatment Systems managed by the Municipality.

The assessment revealed the following: -

- Inadequate response management of wastewater failures.
- Qualifications of process controllers and maintenance teams need enhancement.
- Design capacity and capacity planning of treatment works to be addressed

Despite the areas requiring attention to improve the Green Drop rating of the Municipality, it achieved the highest average score for the Eastern Cape Province.

It is furthermore, the Municipality's intention to address the areas requiring attention in the forthcoming financial year.

### **2.3.3 Basic social services package for indigent households**

The Constitution stipulates that a municipality must structure and manage its administration, budgeting and planning so as to give priority to the basic needs of the community and to promote their social and economic development. The basic social package is an affirmation of the Municipality's commitment to push back the frontiers of poverty by providing social welfare to those residents who cannot afford to pay, as a result of adverse social and economic conditions.

The initiatives carried out by the Municipality in this regard are detailed below.

Service	Social Package	Approximate Cost R'000	Est. No. of Housholds
Assessment Rates	All residential property owners are exempted from paying rates on the first R15 000 of their property values.	18 419	289 200
	Full credit for property rates for indigent consumers	49 717	65 887
Water	The first 8kl of water per month provided free to indigent consumers	67 728	85 156
Electricity	The first 75kwh of electricity provided free to indigent consumers	49 110	56 156
Refuse removal	Full credit for the monthly charge.	52 618	78 705
Sewerage	Full credit for monthly charge of sewerage to indigent consumers (For waterborne sewerage removal the maximum credit is based on 11kl per month)	56 071	85 156
MURP Allocation	Developmental Nodal Areas	21 221	
Indigent control admin costs	Costs to administer and monitor indigent customers	15 392	
Water maintenance	Maintenance provided in Wards where the majority are indigent consumers	20 049	
Sewerage Maintenance	Maintenance provided in Wards where the majority are indigent consumers	6 000	
Refuse co-ops	Co-ops to clean indigent and informal residential areas	14 073	
<b>Total Operating Costs</b>		<b>370 398</b>	

In addition to the aforementioned operating costs, the Equitable Share allocation is fully utilised towards capital projects linked to the Wards where the majority of the indigent consumers reside.

The Municipality thus fully utilises the Equitable Share allocation towards assisting the poor. It is however clear that the Equitable Share allocation is not sufficient to assist in addressing all the needs of the communities and the pressure on this vital funding source is ever increasing due to the high increases in specifically the electricity tariffs.

## **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.

### **2.4.1 Financial Management Policies**

The policies were adopted by the Council in May 2010. The policies govern the financial management functions of the Municipality, such as budgeting, virements, financial statements, etc.

### **2.4.2 Review of credit control and debt collection policies**

The Collection Policy as approved by Council in July 2004 is currently under review. While the adopted policy is credible, a review of certain components is considered necessary to achieve a higher collection rate. This policy review was approved by Council in March 2011.

The 2011/12 MTREF has been prepared on the basis of achieving an average revenue collection rate of 93,75% on current billings, excluding ATTP subsidies. In addition, the collection of debt in excess of 90 days has been prioritised as a specific strategy, in order to improve the Municipality's cash position.

### **2.4.3 Budget Adjustment Policy (part of Financial Management Policies)**

The adjustments budget process is regulated by the MFMA and is aimed at entrenching increased levels of discipline, responsibility and accountability in the financial management practices of the Municipality. In order to ensure that the Municipality continues to deliver on its core service delivery mandate, the mid-year review and adjustments budget processes are utilised to ensure that underperforming functional areas are identified and funds redirected to performing functional areas.

### **2.4.4 Supply Chain Management Policy**

The Supply Chain Management Policy was adopted by Council in March 2009.

### **2.4.5 Cash Management and Investments Policy**

The Cash Management and Investments Policy was amended by Council in December 2005. The aim of the policy is to ensure that surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves.

### **2.4.6 Tariff Policies**

The different tariff policies provide a broad framework for the determination of tariffs. The different policies were approved on various dates, whilst a consolidated tariff by-law is in the process of being finalised.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Asset Management Policy;
- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Basic Social Services Package (Assistance to the Poor Policy);
- Financial Management Policies, which includes virement policy.

## **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. The Municipality's employee related costs are also influenced by collective agreements concluded in the South African Local Government Bargaining Council. 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 municipal services on a financially sustainable basis.
- An assessment of the relative human resources 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.
- No loan funding is available to support the Capital Budget, in view of financial affordability considerations.
- No growth in revenue sources has been provided for in view of current consumption trends in municipal services.
- No growth in property rates income has been provided for, in view of the depressed property market.

The Municipality faced the following significant challenges in preparing the 2011/12 – 2013/14 Budget:

- Reprioritisation of capital projects and operating expenditure within the financial affordability limits of the Budget, taking the cash position into account;
- The increased costs associated with bulk water and electricity, placing upward pressure on tariffs increases to consumers. Continued high tariff increases may soon render municipal services, financially unaffordable;
- Salary increases for municipal staff exceeding consumer inflation, and the need to fill funded vacant, critical and essential positions in accordance with the Salary and Wage Collective Agreement;
- Maintaining revenue collection rates at the targeted levels;
- Depleted Capital Replacement Reserve, impacting on the Municipality's ability to fund capital expenditure from internal sources;
- Allocations of the required operating budget provision for newly created infrastructure and facilities.

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

	Assumptions	2011/12 Budget	2012/13 Budget	2013/14 Budget
<b>Income</b>	%	%	%	%
Tariff increases for water	12	11.5	13	13
Tariff increases for sanitation & refuse	11	11.5	13	13
Property rates increase	11	11.5	13	13
Electricity (average increase in income)	22	24.8	20.9	20.9
Revenue collection rates (excluding ATTP subsidies)	93.75	93.75	93.75	93.75
<b>Total expenditure</b> increase allowed (excluding repairs and maintenance)	6	-5.3	6.9	4.9
Salary increase	8	9.5	8.4	8.8
Increase in repairs and maintenance	9	7.7	11.2	7.7
Increase in bulk purchase of power costs	28.9	26.6	24.9	24.9

No growth in revenue sources has been provided for, in view of current consumption trends relating to municipal services. Furthermore, no growth in property rates has been provided for, in view of the depressed property market.

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 Medium-term outlook: operating revenue

The following table provides a breakdown of operating revenue over the medium-term:

**Table 29 (Breakdown of the operating revenue over the medium-term)**

Description	2011/12 Medium Term Revenue & Expenditure Framework					
	Budget Year 2011/12	%	Budget Year 2012/13	%	Budget Year 2013/14	%
R thousands						
Property rates	961,565	15.13%	1,086,754	15.01%	1,228,243	14.73%
Service charges	3,648,779	57.41%	4,341,654	59.96%	5,170,506	62.03%
Investment revenue	21,257	0.33%	22,264	0.31%	23,600	0.28%
Transfers recognised - operational	1,384,487	21.78%	1,434,618	19.81%	1,531,901	18.38%
Other own revenue	339,321	5.34%	355,275	4.91%	381,810	4.58%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>6,355,409</b>	<b>100.00%</b>	<b>7,240,565</b>	<b>100.00%</b>	<b>8,336,060</b>	<b>100.00%</b>
<b>Total Expenditure</b>	<b>6,605,474</b>		<b>7,466,576</b>		<b>8,414,098</b>	
<b>Surplus/(Deficit)</b>	<b>-250,065</b>		<b>-226,010</b>		<b>-78,039</b>	

The following graph is a breakdown of the operational revenue per main category for the 2011/12 financial year.

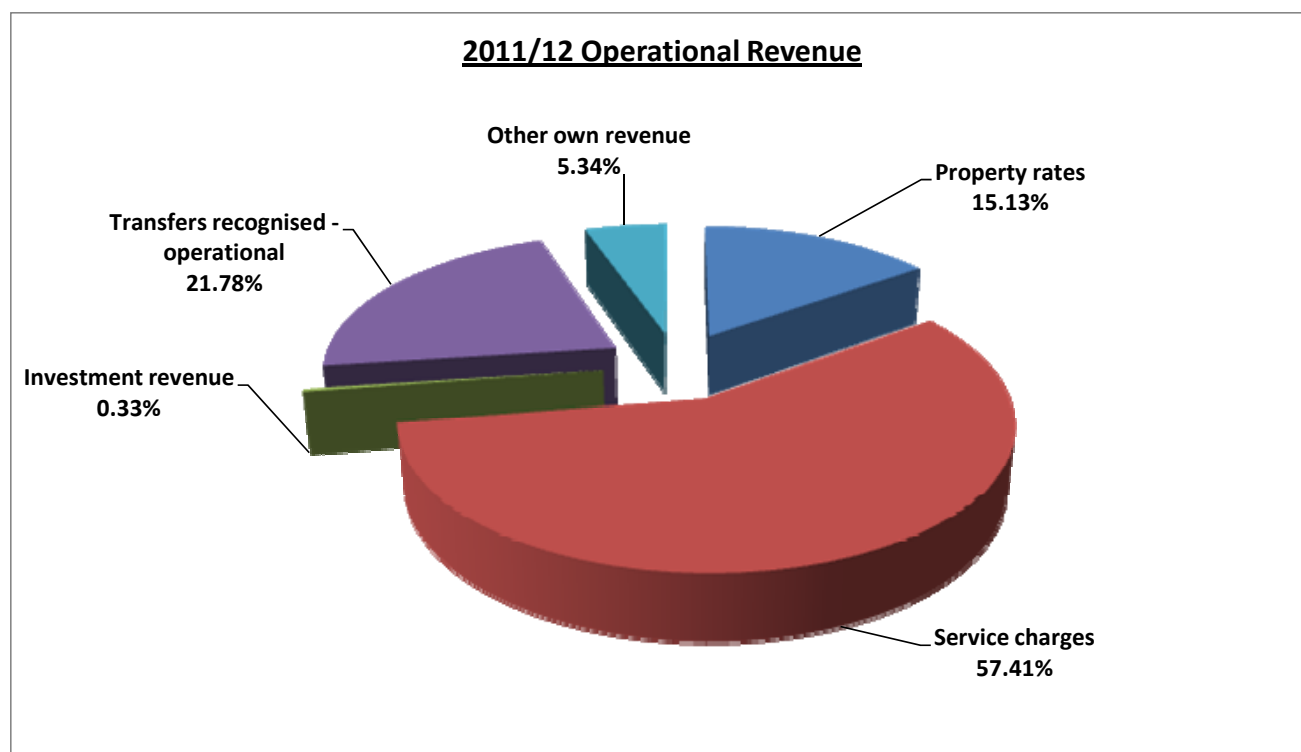


Figure 4 Breakdown of operating revenue over the 2011/12 MTREF

Tariff determination plays a vital role in ensuring the appropriate levels of revenue, so as to achieve a credible and funded budget. Operating revenue is mainly derived from service charges, such as water, electricity, sanitation and refuse collection and disposal, property rates and operating grants.

The revenue management strategy includes the following key components:

- Growth in the revenue base;
- Targeting a 93,75% annual collection rate for property rates and service charges, after discounting ATTP subsidies;
- National Treasury guidelines;
- Electricity bulk tariff increases as approved by NERSA;
- Water bulk tariff increases as approved by DWA;
- Ensuring fully cost reflective tariffs;
- The level of property rates and tariff increases must ensure financially sustainable service delivery;
- The Property Rates Policy, and
- The level of property rates and tariff increases to provide for the maintenance and replacement of infrastructure, including the expansion of services.

The above principles guide the annual increases in property rates and tariffs, charged to the consumers.

Property rates amount to R961,6 million in the 2011/12 financial year and increases to R1,2 billion in 2013/14, representing 14,7% of the total operating revenue. It remains relatively constant over the medium-term.

Services charges relating to electricity, water, sanitation and refuse collection and disposal constitute the largest component of the revenue base, amounting to R3,6 billion in the 2011/12 financial year and increasing to R5,2 billion in 2013/14. For the 2011/12 financial year, services charges amount to 57,4% of the total revenue base and increases to 62% in 2013/14. This escalation is mainly attributable to the significant increases in the bulk electricity tariffs.

Operational grants and subsidies amount to R1,4 billion, R1,4 billion and R1,5 billion for each of the respective financial years of the MTREF, or 21,8%, 19,8% and 18,4% of total operating revenue.

The tables below provide investment information and investment particulars by maturity.

**Table 30 (SA15 – Detail Investment Information)**

Investment type	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand									
<u>Parent municipality</u>									
Deposits - Bank	1,859,626	785,604	506,363	886,229	20,000	20,000	242,639	468,060	848,225
<b>Total</b>	<b>1,859,626</b>	<b>785,604</b>	<b>506,363</b>	<b>886,229</b>	<b>20,000</b>	<b>20,000</b>	<b>242,639</b>	<b>468,060</b>	<b>848,225</b>

As a result of the Municipality's cashflow forecasting, cashflow management and monitoring functions, investments are anticipated to increase from R20 million in 2010/11 to R242,6 million in 2011/12.

**Table 31 (SA16 – Investment particulars by maturity)**

Investments by Maturity	Period of Investment	Type of Investment	Expiry date of investment	Monetary value	Interest to be realised
Name of institution & investment ID	Yrs/Months			Rand millions	
<b>Parent municipality</b>					
Investec	1-3 months	Call Account / Money Market		74,000	6,654
Stanlib	1-3 months	Call Account / Money Market		70,276	6,035
Nedbank	1-3 months	Call Account / Money Market		66,040	5,856
Standard Bank	1 Year	Short Term Deposit		32,323	2,712
<b>TOTAL INVESTMENTS AND INTEREST</b>				<b>242,639</b>	<b>21,257</b>

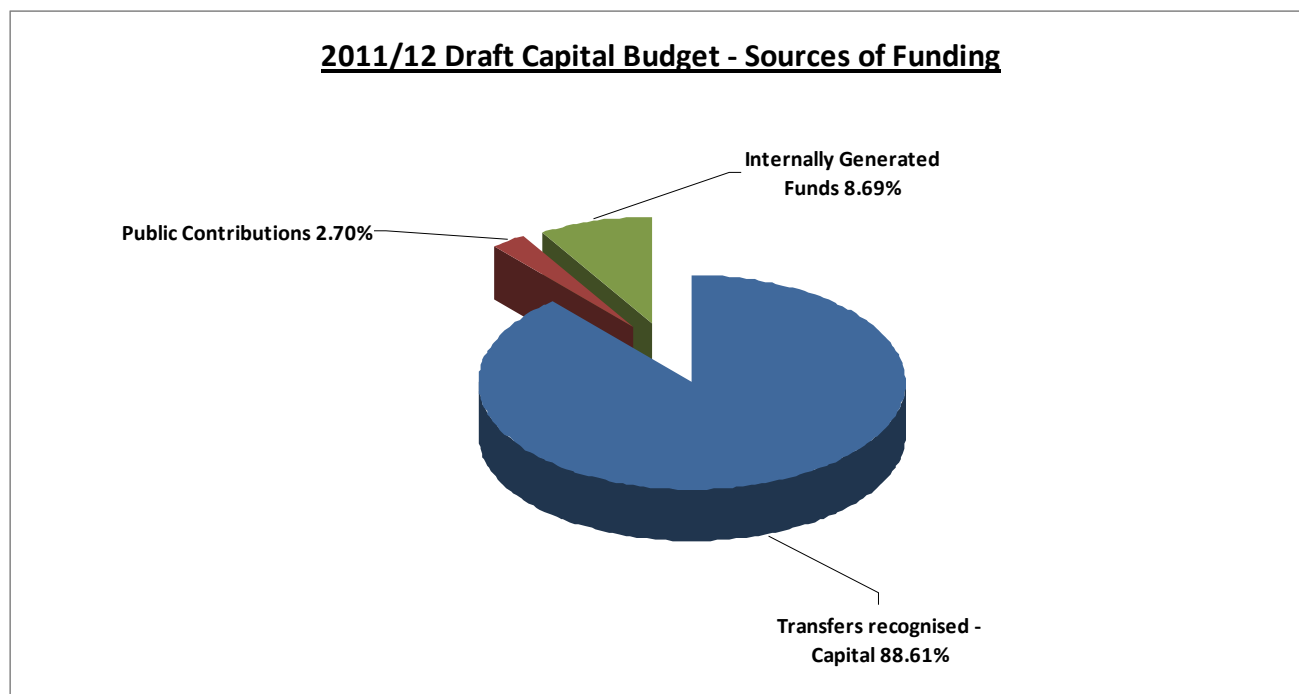
**2.6.2 Medium-term outlook: capital revenue**

The following table provides a breakdown of the funding components of the 2011/12 medium-term capital programme:

**Table 32 (Sources of capital revenue over the MTREF)**

Description	Current Year 2010/11		2011/12 Medium Term Revenue & Expenditure Framework					
	Adjustments Budget	%	Budget Year 2011/12	%	Budget Year +1 2012/13	%	Budget Year +2 2013/14	%
<b>R thousand</b>								
<b>Funded by:</b>								
National Government	478,205		1,246,467		1,043,100		1,352,000	
Provincial Government	10,582		-		-		-	
Other transfers and grants	40,000		3,000		-		-	
<b>Transfers recognised - capital</b>	<b>528,787</b>	<b>32.51%</b>	<b>1,249,467</b>	<b>88.61%</b>	<b>1,043,100</b>	<b>80.10%</b>	<b>1,352,000</b>	<b>84.12%</b>
Public contributions & donations	38,186	2.35%	38,000	2.70%	33,000	2.53%	37,000	2.30%
Borrowing	470,000	28.89%	-	-	-	-	-	-
Internally generated funds	589,661	36.25%	122,540	8.69%	226,069	17.36%	218,233	13.58%
<b>Total Capital Funding</b>	<b>1,626,634</b>	<b>100.00%</b>	<b>1,410,007</b>	<b>100.00%</b>	<b>1,302,169</b>	<b>100.00%</b>	<b>1,607,233</b>	<b>100.00%</b>

The above table is graphically represented as follows for the 2011/12 financial year.



**Figure 5 Sources of capital revenue for the 2011/12 financial year**

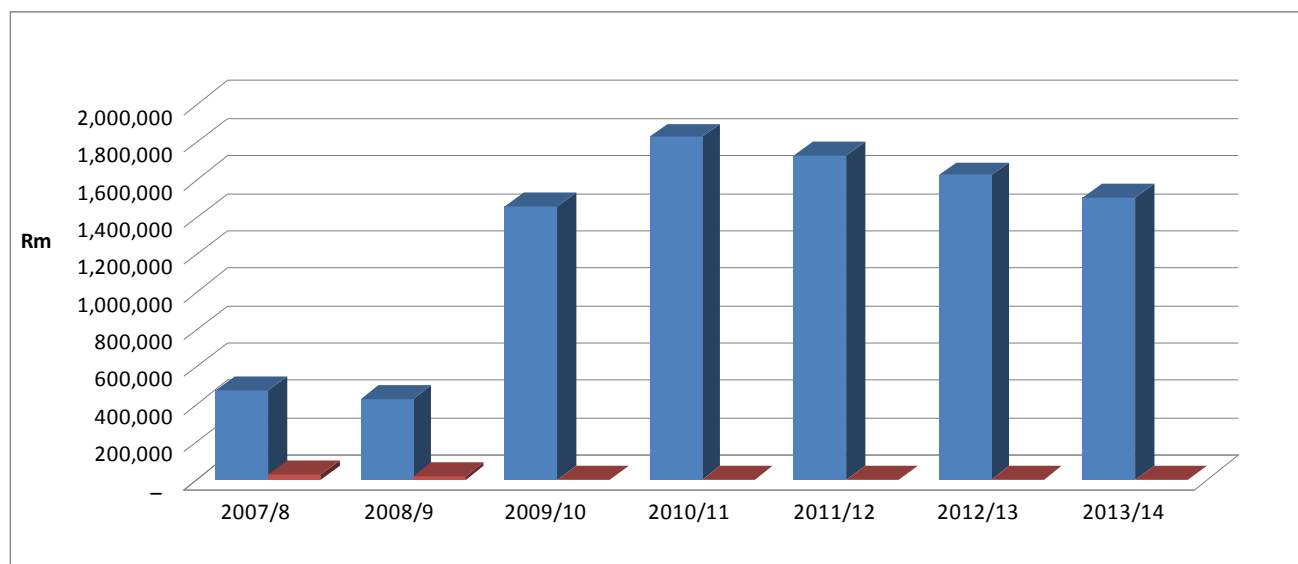
Capital grants constitute 88.61% of the total funding sources, amounting to R1,2 billion for the 2011/12 financial year and increasing to R1,35 billion or 84,1% in 2013/14. It is to be noted that no borrowing is planned for the 2011/12 MTREF, in view of financial affordability considerations.

The following table provides a detailed analysis of the Municipality's borrowings.

**Table 33 (Table SA 17 - Detail of borrowings)**

Borrowing - Categorised by type	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>Parent municipality</b>									
Long-Term Loans (annuity/reducing balance)	426,706	370,657	1,458,602	1,507,256	1,788,980	1,788,980	1,729,021	1,622,715	1,508,600
Local registered stock	24,000	16,000	1,185	-	-	-	-	-	-
<b>Total Borrowing</b>	<b>450,706</b>	<b>386,657</b>	<b>1,459,787</b>	<b>1,507,256</b>	<b>1,788,980</b>	<b>1,788,980</b>	<b>1,729,021</b>	<b>1,622,715</b>	<b>1,508,600</b>

The following graph illustrates the growth in outstanding borrowing for the 2007/08 to 2013/14 period:



**Figure 6 Growth in outstanding borrowing (long-term liabilities)**

The following table indicates the capital transfers and grant receipts:

**Table 34 (Table SA 18 - Capital transfers and grant receipts)**

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13
<b>R thousand</b>									
<b>Capital Transfers and Grants</b>									
<b>National Government:</b>	1,318,148	1,585,935	-	1,119,477	481,077	481,077	1,222,467	915,600	1,236,000
Municipal Infrastructure (MIG)	95,493	178,639		179,676	179,676	179,676	487,467	585,600	645,000
Public Transport	66,229	178,944		479,387	150,387	150,387	200,000	250,000	535,000
Sport and Recreation	787,200	494,283		120,000	20,000	20,000			
Other capital transfers/grants [insert desc]	369,227	734,070		340,414	131,014	131,014	450,000		
National Informal Housing Electrification Grant							25,000	20,000	20,000
Neighbourhood Development Partnership grant							60,000	60,000	36,000
<b>Provincial Government:</b>	49,626	57,097	-	2,250	10,582	10,582	-	-	-
Roads and Housing Services	49,626	57,097		2,250	10,582	10,582			
<b>Other grant providers:</b>	-	-	-	40,000	40,000	40,000	24,000	127,500	116,000
<i>Coega Grant</i>				40,000	40,000	40,000	15,000	90,000	100,000
<i>BayWest Development Grant - SANRAL</i>							9,000	37,500	16,000
<i>European Union Grant</i>							-		
<b>Total Capital Transfers and Grants</b>	<b>1,367,774</b>	<b>1,643,032</b>	<b>-</b>	<b>1,161,727</b>	<b>531,659</b>	<b>531,659</b>	<b>1,246,467</b>	<b>1,043,100</b>	<b>1,352,000</b>

### 2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining whether the budget is funded over the medium-term. The table 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).

**Table 35 (Table A7 - Budget cash flow statement)**

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
<b>R thousand</b>									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Ratepayers and other	2,791,030	2,852,209	2,704,202	4,120,357	3,926,164	3,926,164	4,261,084	5,000,466	5,886,246
Government - operating	720,927	1,021,115	1,454,743	1,268,308	1,376,604	1,376,604	1,371,306	1,434,618	1,531,901
Government - capital	1,039,724	970,072	993,724	900,513	555,210	555,210	1,246,467	1,043,100	1,352,000
Interest	273,393	258,168	167,543	241,778	34,947	34,947	21,257	22,264	23,600
Dividends							-		
<b>Payments</b>									
Suppliers and employees	(2,938,712)	(3,674,177)	(4,235,930)	(4,451,813)	(4,507,931)	(4,507,931)	(4,987,425)	(5,581,804)	(6,437,839)
Finance charges	(47,205)	(82,500)	(145,978)	(144,477)	(187,144)	(187,144)	(208,791)	(198,379)	(187,173)
Transfers and Grants					(91,345)	(91,345)	(86,407)	(102,262)	(104,904)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>1,839,157</b>	<b>1,344,887</b>	<b>938,304</b>	<b>1,934,666</b>	<b>1,106,505</b>	<b>1,106,505</b>	<b>1,617,491</b>	<b>1,618,002</b>	<b>2,063,830</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE	482	6		-			-	-	-
Decrease (increase) in non-current debtors									
Decrease (increase) other non-current receivables	(45,309)	23,007	31,484	1,362	1,362	1,362	1,297	(825)	(984)
Decrease (increase) in non-current investments	(2,403)	10,561		(1,179)			-	-	-
<b>Payments</b>									
Capital assets	(1,819,851)	(2,337,225)	(2,333,450)	(1,746,498)	(2,016,109)	(2,016,109)	(1,364,466)	(1,295,639)	(1,578,929)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(1,867,081)</b>	<b>(2,303,651)</b>	<b>(2,301,966)</b>	<b>(1,746,315)</b>	<b>(2,014,747)</b>	<b>(2,014,747)</b>	<b>(1,363,169)</b>	<b>(1,296,464)</b>	<b>(1,579,913)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short term loans	-	-							
Borrowing long term/refinancing	262,829	-	1,165,000	470,000	470,000	470,000	-	-	-
Increase (decrease) in consumer deposits	7,795	(11,615)		1,966	1,966	1,966	2,515	2,565	2,554

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
R thousand									
Payments									
Repayment of borrowing	(33,764)	(56,438)	(51,828)	(305,693)	(114,939)	(114,939)	(92,211)	(98,682)	(106,307)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>236,860</b>	<b>(68,054)</b>	<b>1,113,172</b>	<b>166,273</b>	<b>357,027</b>	<b>357,027</b>	<b>(89,696)</b>	<b>(96,117)</b>	<b>(103,753)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>208,936</b>	<b>(1,026,818)</b>	<b>(250,490)</b>	<b>354,623</b>	<b>(551,214)</b>	<b>(551,214)</b>	<b>164,626</b>	<b>225,421</b>	<b>380,165</b>
Cash/cash equivalents at the year begin:	1,698,141	1,907,077	880,260	560,223	611,200	611,200	277,992	442,619	668,040
Cash/cash equivalents at the year end:	1,907,077	880,260	629,770	914,847	59,986	59,986	442,619	668,040	1,048,205

The table reflects that the cash and cash equivalents were largely depleted between the 2007/08 and 2010/11 financial years, decreasing from a positive cash balance of R1,9 billion to a balance of R59,9 million in the approved 2010/11 Adjustments budget. The 2010/11 Adjustments budget was adopted by Council on October 2010, to ensure that the budget is fully cashbacked. This adjustment resulted in significant reductions on both the operating and capital budgets; in view of under-collection of revenue and due to the 2009/10 Budget not being fully cashbacked. For the 2011/12 MTREF, the cash and cash equivalents over the medium-term is anticipated to increase from R442,6 million to R1,0 billion in 2013/14. The projected cash balance of R59,9 million as per the 2010/11 Adjustments Budget, is anticipated to increase to R277,9 million as at the end of June 2011 (see reconciliation explaining the anticipated increase in the projected cash balance on page 36 of this report).

**Table 36 (Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation)**

Description	2007/8	2008/9	2009/10	Current Year 2010/11		2011/12 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget
<b>Cash and investments available</b>								
Cash/cash equivalents at the year end	1,907,077	880,260	629,770	914,847	59,986	442,619	668,040	1,048,205
Other current investments > 90 days	0	0	935	0	0	0	0	0
Non current assets - Investments	20,063	727	20	24,747	-	20	20	20
<b>Cash and investments available:</b>	<b>1,927,140</b>	<b>880,987</b>	<b>630,725</b>	<b>939,594</b>	<b>59,986</b>	<b>442,639</b>	<b>668,060</b>	<b>1,048,225</b>
<b>Application of cash and investments</b>								
Unspent conditional transfers	594,326	645,367	201,851	282,306	-	-	-	-
Unspent borrowing	-	-						
Statutory requirements	11,382	11,382						
Other working capital requirements	860,611	915,476	798,456	252,915	(121,722)	393,731	431,921	466,076
Other provisions	-	-		(282,306)	-			
Long term investments committed	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	940,070	486,640	446,052	593,375	167,349	47,000	47,000	47,000
<b>Total Application of cash and investments:</b>	<b>2,406,389</b>	<b>2,058,865</b>	<b>1,446,359</b>	<b>846,290</b>	<b>45,627</b>	<b>440,731</b>	<b>478,921</b>	<b>513,076</b>
<b>Surplus(shortfall)</b>	<b>(479,249)</b>	<b>(1,177,878)</b>	<b>(815,634)</b>	<b>93,304</b>	<b>14,359</b>	<b>1,908</b>	<b>189,139</b>	<b>535,149</b>



The underlying purpose of Table A8 is to reflect the predicted cash and investments that are available at the end of a particular budget year and how these 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.

The available cash and investments amount to R442,6 million in the 2011/12 financial year and increases to R1,0 billion in 2013/14. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) – no unspent grants are anticipated over the 2011/12 MTREF.
- There is no unspent borrowing from previous financial years.
- The main purpose of the other working capital requirements is to ensure that sufficient funds are available to meet commitments as and when they fall due. A key challenge is often the mismatch between the timing of receipts from debtors and payments due to employees and creditors. High levels of non-payment by debtors will result in a greater requirement for working capital, ultimately causing cash flow challenges.

For the purposes of the cash backed reserves and accumulated surplus reconciliation, a provision equivalent to one month's operational expenditure has been provided for. The desired cash levels are, however, two months' operational expenditure in order to ensure the continued liquidity of the Municipality. Any underperformance in relation to debtor collections could place upward pressure on the Municipality's ability to meet its commitments.

- Reserves must be cash backed in order to support the budget. The reserves requiring cash backing, includes the Self Insurance Fund and COID.

It is concluded that the Municipality reflects surpluses on the cash backed and accumulated surpluses reconciliation. The surpluses amount to R1,9 million, R189,1 million and R535,1 million over the MTREF.

It is to be noted that for all practical purposes that the 2009/10 and 2010/11 MTREF was unfunded, when considering the funding requirements of section 18 and 19 of the MFMA. The 2011/12 MTREF has been informed by the MFMA requirements and is thus funded. However, from a pure cash flow perspective (cash out flows versus cash inflows), the budget is funded and is therefore credible. The challenge for the Municipality is to ensure that the underlying planning and cash flow assumptions are carefully managed, especially the performance against the debtors' collection rate.

### **2.6.5 Funding Compliance Measurement**

National Treasury requires the Municipality to assess its financial sustainability against the different measures outlined below.

Description	2007/8	2008/9	2009/10	Current Year 2010/11		2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>Funding measures</b>								
Cash/cash equivalents at the year end - R'000	1,907,077	880,260	629,770	914,847	59,986	442,619	668,040	1,048,205
Cash + investments at the yr end less applications - R'000	(479,249)	(1,177,878)	(815,634)	93,304	14,359	1,908	189,139	535,149
Cash year end/monthly employee/supplier payments	9.3	3.7	1.9	2.6	0.2	1.1	1.4	1.9
Surplus/(Deficit) excluding depreciation offsets: R'000	1,285,561	952,359	813,998	970,501	146,087	999,401	817,090	1,273,961
Service charge rev % change - macro CPIX target exclusive	N.A.	12.7%	9.5%	12.3%	(6.0%)	13.2%	11.7%	11.9%
Cash receipts % of Ratepayer & Other revenue	99.9%	88.4%	74.5%	91.9%	90.6%	87.5%	87.0%	87.3%
Debt impairment expense as a % of total billable revenue	2.5%	6.2%	12.8%	1.3%	3.3%	6.2%	6.2%	6.2%
Capital payments % of capital expenditure	96.0%	83.6%	102.6%	80.0%	123.9%	100.3%	99.5%	98.2%
Borrowing receipts % of capital expenditure (excl. transfers)	49.7%	0.0%	88.5%	46.0%	42.8%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	100%	100%	100%	100%	100%	0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	N.A.	19.9%	9.5%	(21.9%)	12.0%	(10.6%)	4.9%	4.9%
Long term receivables % change - incr(decr)	N.A.	(19.3%)	(32.9%)	2.7%	0.0%	(2.0%)	1.3%	1.5%
R&M % of Property Plant & Equipment	5.4%	5.3%	3.8%	4.8%	3.5%	4.1%	4.3%	0.0%
Asset renewal % of capital budget	10.0%	6.8%	10.6%	18.0%	27.3%	21.2%	26.1%	0.0%

Below is a discussion of the different measures.

#### **2.6.5.1 Cash/cash equivalent position**

The forecasted cash and cash equivalents for the 2011/12 MTREF amounts to R442,6 million, R668 million and R1,0 billion for the respective financial years.

#### **2.6.5.2 Cash plus investments less application of funds**

For the 2011/12 to 2013/14 budgets, the available cash and investments exceed the application of funds by an amount of R1,9 million, R189,1 million and R535,1 million, respectively.

#### **2.6.5.3 Monthly average payments covered by cash or cash equivalents**

The ratio has been declining significantly for the period 2007/08 to 2010/11, moving from 9,3 to 0,2 with the adopted 2010/11 MTREF. As part of the 2011/12 MTREF, the cash position causes the ratio to move upwards from 1,1 to 1,9.

#### **2.6.5.4 Surplus/deficit excluding depreciation offsets**

For the 2011/12 MTREF the indicative outcome is a surplus of R999 million, R817 million and R1,3 billion. The surplus is made up as follows:

	2011/12	2012/13	2013/14
	R	R	R
Operating Budget (Deficit)	(250 066)	(226 010)	(78 039)
Capital Grants (Transfers)	1 249 467	1 043 100	1 352 000
<b>Total</b>	<b>R999 401</b>	<b>R817 090</b>	<b>R1 273 961</b>

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective, and therefore the first two measures in the table are critical.

#### **2.6.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target**

This is calculated by deducting the maximum macro-economic inflation target (which is currently 3 - 6 %), so as to determine the real increase in revenue. The percentage growth totals 13,2%, 11,7% and 11,9% for the respective financial years of the 2011/12 MTREF. The inflation target figures are exceeded, considering that the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 11,5%, with the increase in electricity being 24,8% on average.

#### **2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue**

The outcome is 87,5%, 87,0% and 87,3% for each of the respective financial years.

#### **2.6.5.7 Debt impairment expense as a percentage of billable revenue**

The provision has been set at 6,25% over the MTREF, in line with the revenue collection trends.

#### **2.6.5.8 Capital payments percentage of capital expenditure**

The purpose of this measure is to determine whether the timing of payments has been taken into account in forecasting the cash position.

#### **2.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)**

No borrowing has been planned for the 2011/12 MTREF.

#### **2.6.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available**

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. All transfers are included in the budget.

#### **2.6.5.11 Repairs and maintenance expenditure level**

The expenditure constitutes 4,1% of Property, Plant and Equipment, whilst National Treasury has suggested a 8% level.

#### **2.6.5.12 Asset renewal/rehabilitation expenditure level**

The expenditure constitutes 21.2% of the capital budget, whilst National Treasury has suggested a 40% level. Upon excluding the drought funding allocation, the relative level amounts to 30%.

## 2.7 EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

### GRANTS RECEIVED

Description	2007/8	2008/9	2009/10	Current Year 2010/11		2011/12 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget
R thousand								
RECEIPTS								
<u>Operating Transfers and Grants</u>								
National Government:	588,681	500,230	-	1,045,276	1,161,815	1,270,578	1,328,116	1,419,279
Equitable share	274,820	382,444		602,883	602,883	656,653	730,416	778,401
Levy replacement	94,023	107,051		391,668	391,668	419,132	435,019	462,626
Restructuring	99,637			-	-	-	-	-
Finance Management	674	750		1,810	1,000	1,250	1,250	1,250
Municipal Systems Improvement				36,000	25,000	20,000		
Department of Water Affairs				4,200	4,200			
Other transfers/grants [insert description]	119,526	9,985		8,715	137,064	173,543	161,431	177,002
Provincial Government:	151,764	192,904	-	212,611	212,611	100,728	106,502	112,622
Health subsidy	62,701	71,353		91,760	91,760	96,228	102,002	108,122
Sports and Recreation	15,640	17,802		3,500	3,500	4,500	4,500	4,500
Housing	46,939	98,511		117,350	117,350	-	-	-
					-			
Operating Transfers and Grants	26,484	5,238			-			
District Municipality:	-	-	-	-	-	-	-	-
[insert description]								
Other grant providers:	134,747	46,296	-	10,421	11,044	-	-	-
International Donors	37,385	12,273		3,000	3,623			
Other grant providers:	97,361	34,023		7,421	7,421			
Total Operating Transfers and Grants	875,192	739,430	-	1,268,308	1,385,470	1,371,306	1,434,618	1,531,901
<u>Capital Transfers and Grants</u>								
National Government:	1,318,148	1,585,935	-	1,119,477	481,077	1,222,467	915,600	1,236,000
Municipal Infrastructure (MIG)	95,493	178,639		179,676	179,676	487,467	585,600	645,000
Public Transport	66,229	178,944		479,387	150,387	200,000	250,000	535,000
Sport and Recreation	787,200	494,283		120,000	20,000			
Other capital transfers/grants [insert desc]	369,227	734,070		340,414	131,014	450,000		

Description	2007/8	2008/9	2009/10	Current Year 2010/11		2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
National Informal Housing Electrification Grant						25,000	20,000	20,000
Neighbourhood Development Partnership grant						60,000	60,000	36,000
<b>Provincial Government:</b>	49,626	57,097	-	2,250	10,582	-	-	-
Roads and Housing Services	49,626	57,097		2,250	10,582			
<b>District Municipality:</b>	-	-	-	-	-	-	-	-
<i>[insert description]</i>								
<b>Other grant providers:</b>	-	-	-	40,000	40,000	34,000	127,500	116,000
<i>Coega Grant</i>				40,000	40,000	15,000	90,000	100,000
<i>BayWest Development Grant - SANRAL</i>						9,000	37,500	16,000
<i>European Union Grant</i>						0		
<b>Total Capital Transfers and Grants</b>	<b>1,367,774</b>	<b>1,643,032</b>	<b>-</b>	<b>1,161,727</b>	<b>531,659</b>	<b>1,246,467</b>	<b>1,043,100</b>	<b>1,352,000</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>2,242,966</b>	<b>2,382,462</b>	<b>-</b>	<b>2,430,035</b>	<b>1,917,130</b>	<b>2,617,773</b>	<b>2,477,718</b>	<b>2,883,901</b>

## GRANTS EXPENDITURE

Description	2007/8	2008/9	2009/10	Current Year 2010/11		2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>EXPENDITURE:</b>								
-								
<b>Operating expenditure of Transfers and Grants</b>								
<b>National Government:</b>	588,681	500,230	-	1,045,276	1,161,815	1,328,260	1,328,116	1,419,279
Equitable share	274,820	382,444		602,883	602,883	656,653	730,416	778,401
Levy replacement	94,023	107,051		391,668	391,668	419,132	435,019	462,626
Restructuring	99,637			-	-			
Finance Management	674	750		1,810	1,000	1,250	1,250	1,250
Municipal Systems Improvement				36,000	25,000	20,000		
Department of Water Affairs				4,200	4,200			
Other transfers/grants (insert description)	119,526	9,985		8,715	137,064	231,225	161,431	177,002
<b>Provincial Government:</b>	152,630	194,015	-	212,611	212,611	106,227	106,502	112,622
Health subsidy	62,701	71,353		91,760	91,760	96,228	102,002	108,122
Sports and Recreation	15,640	17,802		3,500	3,500	4,500	4,500	4,500
Housing	46,939	98,511		117,350	117,350	5,499	-	-
						-		
<b>Operating Transfers and Grants</b>	<b>27,350</b>	<b>6,349</b>						

Description	2007/8	2008/9	2009/10	Current Year 2010/11		2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand								
District Municipality:	-	-	-	-	-	-	-	-
<i>[insert description]</i>								
Other grant providers:	177,070	69,751	-	10,421	11,044	-	-	-
<i>International Donors</i>	37,385	12,273		3,000	3,623			
<i>Other Grant Providers</i>	139,685	57,478		7,421	7,421			
<b>Total operating expenditure of Transfers and Grants:</b>	<b>918,382</b>	<b>763,996</b>	<b>-</b>	<b>1,268,308</b>	<b>1,385,470</b>	<b>1,434,487</b>	<b>1,434,618</b>	<b>1,531,901</b>
<b>Capital expenditure of Transfers and Grants</b>								
National Government:	1,318,148	1,585,935	-	1,119,477	481,077	1,172,467	915,600	1,236,000
Municipal Infrastructure (MIG)	95,493	178,639		179,676	179,676	487,467	585,600	645,000
Public Transport	66,229	178,944		479,387	150,387	200,000	250,000	535,000
Sport and Recreation	787,200	494,283		120,000	20,000			
Other capital transfers/grants <i>[insert desc]</i>	369,227	734,070		340,414	131,014	400,000		
National Informal Housing Electrification Grant						25,000	20,000	20,000
Neighbourhood Development Partnership grant						60,000	60,000	36,000
Provincial Government:	49,626	57,097	-	2,250	10,582	-	-	-
Roads and Housing Services	49,626	57,097		2,250	10,582			
District Municipality:	-	-	-	-	-	-	-	-
<i>[insert description]</i>								
Other grant providers:	-	-	-	40,000	40,000	24,000	127,500	116,000
<i>Coega Grant</i>				40,000	40,000	15,000	90,000	100,000
<i>BayWest Development Grant - SANRAL</i>						9,000	37,500	16,000
<i>European Union Grant</i>						0		
<b>Total capital expenditure of Transfers and Grants</b>	<b>1,367,774</b>	<b>1,643,032</b>	<b>-</b>	<b>1,161,727</b>	<b>531,659</b>	<b>1,196,467</b>	<b>1,043,100</b>	<b>1,352,000</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>2,286,156</b>	<b>2,407,028</b>	<b>-</b>	<b>2,430,035</b>	<b>1,917,130</b>	<b>2,630,954</b>	<b>2,477,718</b>	<b>2,883,901</b>

## GRANTS RECONCILIATION

Description	2007/8	2008/9	2009/10	Current Year 2010/11		2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<b>R thousand</b>								
<b>Operating transfers and grants:</b>								
<b>Operating Transfers and Grants</b>								
Balance unspent at beginning of the year	132,740	106,171	-	-	-	57,682	-	-
Current year receipts	588,681	500,230		1,045,276	1,161,815	1,270,578	1,328,116	1,419,279
<b>Conditions met - transferred to revenue</b>	<b>615,250</b>	<b>606,401</b>	<b>-</b>	<b>1,045,276</b>	<b>1,161,815</b>	<b>1,328,260</b>	<b>1,328,116</b>	<b>1,419,279</b>
Conditions still to be met - transferred to liabilities	106,171	-						
<b>Provincial Government:</b>								
Balance unspent at beginning of the year	38,496	37,630	36,520	-	-	5,499	-	-
Current year receipts	151,764	192,904		212,611	212,611	100,728	106,502	112,622
<b>Conditions met - transferred to revenue</b>	<b>152,630</b>	<b>194,015</b>	<b>36,520</b>	<b>212,611</b>	<b>212,611</b>	<b>106,227</b>	<b>106,502</b>	<b>112,622</b>
Conditions still to be met - transferred to liabilities	37,630	36,520						
<b>District Municipality:</b>								
Balance unspent at beginning of the year								
Current year receipts								
<b>Conditions met - transferred to revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities								
<b>Other grant providers:</b>								
Balance unspent at beginning of the year	85,979	43,656	20,200	-	-	-	-	-
Current year receipts	134,747	46,296		10,421	10,421			
<b>Conditions met - transferred to revenue</b>	<b>177,070</b>	<b>69,751</b>	<b>20,200</b>	<b>10,421</b>	<b>10,421</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities	43,656	20,200						
<b>Total operating transfers and grants revenue</b>	<b>944,950</b>	<b>870,167</b>	<b>56,720</b>	<b>1,268,308</b>	<b>1,384,847</b>	<b>1,434,487</b>	<b>1,434,618</b>	<b>1,531,901</b>
<b>Total operating transfers and grants - CTBM</b>	<b>187,457</b>	<b>56,720</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital transfers and grants:</b>								
<b>Operating Transfers and Grants</b>								
Balance unspent at beginning of the year	430,204	353,065		-	-	0)	-	-
Current year receipts	1,241,009	1,546,097		1,236,066	555,210	1,222,467	915,600	1,236,000
<b>Conditions met - transferred to revenue</b>	<b>1,318,148</b>	<b>1,585,935</b>	<b>-</b>	<b>1,236,066</b>	<b>555,210</b>	<b>1,222,467</b>	<b>915,600</b>	<b>1,236,000</b>
Conditions still to be met - transferred to liabilities	353,065	313,226						
<b>Provincial Government:</b>								
Balance unspent at beginning of the year				-	-	-	-	-

Description	2007/8	2008/9	2009/10	Current Year 2010/11		2011/12 Medium Term Revenue & Expenditure Framework		
				Original Budget	Adjusted Budget	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Current year receipts	49,626	57,097		2,250	10,582			
Conditions met - transferred to revenue	49,626	57,097	-	2,250	10,582	-	-	-
Conditions still to be met - transferred to liabilities								
<b>District Municipality:</b>								
Balance unspent at beginning of the year								
Current year receipts								
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities								
<b>Other grant providers:</b>								
Balance unspent at beginning of the year				-	-	3,000	-	-
Current year receipts				40,000	40,000	24,000	127,500	116,000
Conditions met - transferred to revenue	-	-	-	40,000	40,000	27,000	127,500	116,000
Conditions still to be met - transferred to liabilities								
<b>Total capital transfers and grants revenue</b>	<b>1,367,774</b>	<b>1,643,032</b>	<b>-</b>	<b>1,278,316</b>	<b>605,792</b>	<b>1,249,467</b>	<b>1,043,100</b>	<b>1,352,000</b>
<b>Total capital transfers and grants - CTBM</b>	<b>353,065</b>	<b>313,226</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>	<b>2,312,724</b>	<b>2,513,199</b>	<b>56,720</b>	<b>2,546,624</b>	<b>1,990,639</b>	<b>2,683,954</b>	<b>2,477,718</b>	<b>2,883,901</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>	<b>540,522</b>	<b>369,946</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</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.

### **ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY**

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
				Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<u>Transfers to Entities/Other External Mechanisms</u>									
<i>Entity - MBDA</i>	30,646	13,620	76,885	97,075	68,860	68,860	63,092	77,549	78,707
Centenary Hall Promotions-ex entity	60	129							
Feather Market Promotions- ex-entity	1,099	1,188							
<b>TOTAL TRANSFERS TO ENTITIES/EMs'</b>	<b>31,805</b>	<b>14,937</b>	<b>76,885</b>	<b>97,075</b>	<b>68,860</b>	<b>68,860</b>	<b>63,092</b>	<b>77,549</b>	<b>78,707</b>



Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
				Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
<u>Grants to Organisations/ Groups of Individuals</u>									
<i>Grants in Aid</i>	6,109	6,657	6,314	8,369	7,169	7,169	7,159	7,589	8,044
<i>Honararia</i>									
<i>Metropolitan Transport Fund</i>	934	-		-					
<i>NMB Art Museum</i>	4,067	-							
<i>S21 Company - NMBT</i>	11,099	11,776	12,624	13,634	10,907	10,907	11,562	12,256	12,991
<i>Surf Lifesaving Club Services</i>	62	66	35	75	75	75			
<i>S21 Company - UDDI</i>	2,681	2,842	4,012	4,333	4,333	4,333	4,593	4,869	5,161
Indigent	183,822	229,487	264,701	454,757	454,757	454,757	331,555	372,038	419,548
<b>TOTAL GRANTS TO ORGANISATIONS/GROUPS OF INDIVIDUALS:</b>	<b>208,774</b>	<b>250,827</b>	<b>287,686</b>	<b>481,169</b>	<b>477,242</b>	<b>477,242</b>	<b>354,869</b>	<b>396,751</b>	<b>445,744</b>
<b>TOTAL TRANSFERS AND GRANTS</b>	<b>240,579</b>	<b>265,764</b>	<b>364,571</b>	<b>578,244</b>	<b>546,102</b>	<b>546,102</b>	<b>417,961</b>	<b>474,300</b>	<b>524,451</b>

## 2.9 COUNCILLORS AND BOARD MEMBERS ALLOWANCES AND EMPLOYEE BENEFITS

### COUNCILLORS & BOARD MEMBER ALLOWANCES AND EMPLOYEE BENEFITS

Summary of Employee and Councillor remuneration	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
				Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
	A	B	C	D	E	F	G	H	I
<u>Councillors (Political Office Bearers plus Other)</u>									
Salary	36,665	39,995	43,509	48,034	48,034	48,034	49,518	53,727	58,563
Cell phone allowance	1,160	1,261	1,376	1,519	1,519	1,519	1,565	1,698	1,851
<b>Sub Total - Councillors</b>	<b>37,825</b>	<b>41,255</b>	<b>44,886</b>	<b>49,553</b>	<b>49,553</b>	<b>49,553</b>	<b>51,084</b>	<b>55,426</b>	<b>60,414</b>
% increase		9.1%	8.8%	10.4%	-	-	3.1%	8.5%	9.0%
<u>Senior Managers of the Municipality</u>									
Salary	8,765	10,909	11,404	15,575	18,233	18,233	17,171	18,555	20,051
Performance Bonus	1,317	1,546	1,599	1,476	1,857	1,857	1,872	1,928	2,084
<b>Sub Total - Senior Managers of Municipality</b>	<b>10,082</b>	<b>12,456</b>	<b>13,003</b>	<b>17,051</b>	<b>20,090</b>	<b>20,090</b>	<b>19,043</b>	<b>20,483</b>	<b>22,135</b>
% increase		23.5%	4.4%	31.1%	17.8%	-	(5.2%)	7.6%	8.1%
<u>Other Municipal Staff</u>									
Basic Salaries and Wages	583,152	655,865	1,004,044	920,740	1,114,381	1,114,381	1,293,113	1,403,843	1,531,179
Pension Contributions	103,786	114,048	138,744	147,550	147,584	147,584	175,243	189,843	206,361

Summary of Employee and Councillor remuneration	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13
Medical Aid Contributions	57,132	63,346	78,130	80,541	83,872	83,872	98,739	110,576	123,835
Motor vehicle allowance	37,964	41,134	43,768	43,225	43,125	43,125	46,503	46,546	46,592
Housing allowance	11,906	13,971	9,875	12,137	11,927	11,927	8,700	8,718	8,738
Overtime	55,434	65,958	87,600	53,093	57,985	57,985	56,020	60,157	64,616
Other benefits or allowances	404,951	314,093	260,841	442,165	219,169	219,169	162,209	175,270	190,002
<b>Sub Total - Other Municipal Staff</b>	<b>1,254,325</b>	<b>1,268,415</b>	<b>1,623,002</b>	<b>1,699,451</b>	<b>1,678,043</b>	<b>1,678,043</b>	<b>1,840,526</b>	<b>1,994,953</b>	<b>2,171,324</b>
% increase		1.1%	28.0%	4.7%	(1.3%)	-	9.7%	8.4%	8.8%
<b>Total Parent Municipality</b>	<b>1,302,232</b>	<b>1,322,126</b>	<b>1,680,890</b>	<b>1,766,055</b>	<b>1,747,685</b>	<b>1,747,685</b>	<b>1,910,653</b>	<b>2,070,861</b>	<b>2,253,872</b>
		1.5%	27.1%	5.1%	(1.0%)	-	9.3%	8.4%	8.8%

## DISCLOSURE OF SALARIES, ALLOWANCES & BENEFITS

Disclosure of Salaries, Allowances & Benefits 1.	Salary	Contrib.	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum		1.			2.	3.
<b><u>Councillors</u></b>						
Speaker	833,114		19,388			852,502
Chief Whip	781,046		19,388			800,434
Executive Mayor	1,041,395		38,841			1,080,236
Deputy Executive Mayor	833,114		19,388			852,502
Executive Committee	7,029,417		174,493			7,203,910
Total for all other councillors	39,000,113		1,293,810			40,293,923
<b>Total Councillors</b>	<b>49,518,199</b>	<b>-</b>	<b>1,565,308</b>			<b>51,083,507</b>
<b><u>Senior Managers of the Municipality</u></b>						
Municipal Manager (MM)	1,253,132			175,440		1,428,572
Chief Financial Officer	1,185,480			165,970		1,351,450
Chief Operating Officer	1,185,480			165,970		1,351,450
Executive Directors - Governance	4,067,947			569,460		4,637,407
Executive Directors - Procurement & Infrastructure	3,811,380					3,811,380
Executive Directors - Health, Safety & Social Issues	4,522,870			635,230		5,158,100
Executive Director - Corporate & Human Resources	1,144,320			160,210		1,304,530
<b>Total Senior Managers of the Municipality</b>	<b>17,170,609</b>	<b>-</b>	<b>-</b>	<b>1,872,280</b>	<b>-</b>	<b>19,042,889</b>
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	<b>66,688,808</b>	<b>-</b>	<b>1,565,308</b>	<b>1,872,280</b>	<b>-</b>	<b>70,126,396</b>

## 2.10 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

MONTHLY CASH FLOWS	Budget Year 2011/12												Medium Term Revenue and Expenditure Framework		
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13
<u>Cash Receipts By Source</u>													1		
Property rates	60,692	69,022	84,199	80,602	69,461	82,024	68,233	65,864	80,164	66,478	71,830	53,265	851,834	964,234	1,091,369
Property rates - penalties & collection charges												-	-		
Service charges - electricity revenue	204,751	198,147	230,753	220,656	199,379	230,260	185,931	179,281	219,425	191,006	216,029	231,318	2,506,936	3,028,337	3,658,124
Service charges - water revenue	24,559	26,086	26,511	29,751	31,301	38,425	37,700	33,541	32,537	31,842	32,460	32,580	377,293	431,933	494,168
Service charges - sanitation revenue	11,358	13,922	14,592	15,486	17,057	21,538	20,679	17,951	17,351	17,140	17,786	18,613	203,473	233,723	267,994
Service charges - refuse revenue	5,990	5,990	5,990	5,990	5,990	5,990	5,990	5,990	5,990	5,990	5,990	5,939	71,829	82,121	93,845
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566	18,791	19,934	21,149
Interest earned - external investments	1,771	1,771	1,771	1,771	1,771	1,771	1,771	1,771	1,771	1,771	1,771	1,771	21,257	22,264	23,600
Interest earned - outstanding debtors													-	-	-
Dividends received													-		
Fines	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	24,998	26,498	28,088
Licences and permits	617	617	617	617	617	617	617	617	617	617	617	617	7,399	7,843	8,314
Agency services	117	117	117	117	117	117	117	117	117	117	117	117	1,402	1,486	1,575
Transfer receipts - operational	282,600	137,711	23,112	-	219,937	177,796	72,298	13,053	419,687			25,112	1,371,306	1,434,618	1,531,902
Other revenue	16,535	16,535	16,535	16,535	16,535	16,535	16,535	16,535	16,535	16,535	16,535	15,250	197,129	204,358	221,620
<b>Cash Receipts by Source</b>	<b>612,639</b>	<b>473,566</b>	<b>407,845</b>	<b>375,173</b>	<b>565,814</b>	<b>578,721</b>	<b>413,520</b>	<b>338,368</b>	<b>797,842</b>	<b>335,144</b>	<b>366,783</b>	<b>388,230</b>	<b>5,653,647</b>	<b>6,457,348</b>	<b>7,441,748</b>
<u>Other Cash Flows by Source</u>															
Transfer receipts - capital	215,499	467	71,874	150,000	264,037	12,542	31,843	305,202	35,002	5,000	5,000	150,000	1,246,467	1,043,100	1,352,000
Contributions recognised - capital & Contributed assets													-		
Proceeds on disposal of PPE													-		



MONTHLY CASH FLOWS	Budget Year 2011/12												Medium Term Revenue and Expenditure Framework		
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13
Total Cash Payments by Type	672,927	649,761	634,318	528,484	548,909	519,244	510,997	484,504	553,118	566,812	521,243	548,982	6,739,299	7,276,767	8,415,152
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	155,529	(175,410)	(154,281)	(2,993)	281,260	72,337	(65,316)	159,384	280,043	(226,350)	(149,142)	(10,434)	164,627	225,422	380,166
Cash/cash equivalents at the month/year begin:	277,992	433,521	258,111	103,829	100,836	382,096	454,433	389,117	548,501	828,544	602,195	453,053	277,992	442,619	668,040
Cash/cash equivalents at the month/year end:	433,521	258,111	103,829	100,836	382,096	454,433	389,117	548,501	828,544	602,195	453,053	442,619	442,619	668,040	1,048,207

## 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 2011/12 financial year will be approved by the Executive Mayor during June 2011, 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	2010/11	2011/12	2012/13	2013/14
1	Isimilo Investments (PTY) LTD (Beachview, Maitland 487/35 & Maitland Beach)	01-10-04	30-09-44	0	40	240,000	240,000	240,000	240,000
2	Buhlebendalo Properties (PTY) LTD (Van Staden Resorts)	05-08-04	04-08-44	0	40	240,000	240,000	240,000	240,000
3	Logistics Park Lease	01-04-08	31-05-58	0	50	1	1	1	1
4	Rental of Uitenhage Fresh Produce Market	01-09-03	31-08-13	10	10	271,527	298,679	328,548	361,403
						<b>751,528</b>	<b>778,680</b>	<b>808,548</b>	<b>841,404</b>

### Contracts Impacting on the Municipality's Expenditure

	Description of lease	Start of lease contract	End of lease contract	Escalation %	Period	2010/11	2011/12	2012/13	2013/14
1	Office space rented from Clemlen Investments - Murray & Roberts Building	01-03-09	29-02-2012	9%	3	2350748	2562316	1807718	
2	Parking space rented from Clemlen investments - Murray & Roberts Building	01-03-09	29-02-2012	9%	3	121128	132030	93147	
3	Office space rented from Apexhi Properties - 7th floor Fidelity Building	01-02-09	31-01-2014	10%	5	270859	297944	360513	222076
4	Office space rented from Apexhi Properties - 11th & 12th floor Fidelity Building	01-02-09	31-01-2014	10%	5	732450	805695	886264	974891
5	Parking space rented from Fidelity Building - 11th & 12th floor	01-02-09	31-01-2014	10%	5	62500	68750	75625	83188
6	Office space rented from Community Property Co/ Advent Asset Mgmt. - Shop 26 Motherwell Shopping centre	01-01-09	31-12-2014	9%	5	202308	220516	240362	261994
7	Office space rented from Apexhi Properties - Shop 64 - Cleary Park	01-08-05	31-07-2010	9%	5	29949			
8	Parking space rented from Apexhi Properties - Cleary Park - shop 64	01-08-05	31-07-2010	9%	5	85			
9	Office space rented from Apexhi Properties - Ground Floor Fidelity Building	01-02-09	31-01-2012	10%	3	710985	437967		
10	Office space rented from Zig Zag Properties - 2nd and 3rd Floor Corner House Building	01-08-09	M2M	9%		367357			
11	AR1122 Copier, S/N 5510529Y Leased From Sharp Electronics	01-09-06	31-08-2011	0%	5	1650	275		
12	AR5320 Copier, S/N 65079364 Leased From Sharp Electronics	01-10-06	30-09-2011	0%	5	3348	837		
13	AR1122 Copier, S/N 65107022 Leased From Sharp Electronics	01-09-06	31-08-2011	0%	5	1650	275		

	Description of lease	Start of lease contract	End of lease contract	Escalation %	Period	2010/11	2011/12	2012/13	2013/14
14	AR1122 Copier, S/N 65106702 Leased From Sharp Electronics	01-09-06	31-08-2011	0%	5	1650	275		
15	AR1451 Copier, s/n 65022521-Sharp - 1st Brister House	19-04-06	18-04-2011	0%	5	14760			
16	Monthly rental for C451 Copier, S/N K040001807 - Purchasing and Supplies	01-11-08	31-10-2011	0%	3	37480	12493		
17	Monthly rental for C353 Purchasing Dept	01-11-08	31-10-2011	0%	3	25815	8605		
18	Monthly rental of Konica Minolta C451	01-06-09	31-05-2012	0%	3	43047	39460		
19	Photostat Machine AR 5316 leased from Sharp Electronics	01-09-05	31-08-2010	0%	5	431			
20	Monthly Rental for AR5316 s/n 55041856 - Fleet management services, Deal Party - Sharp	31-08-05	30-08-2010	0%	5	438			
21	Monthly Rental for AF2035e Copier s/n J7953000233 - Nashua	01-10-05	31-09-10	15%	5	36152			
22	Monthly Rental for B350 Copier, S/N 21220476 - Water & Roads Dept - Minolta	01-03-09	29-02-2012	10%	3	10994	7330		
23	Monthly Rental for C10 COPIER, S/N 263000701 - ADDO DEPOT - Minolta	20-10-08	19-10-2011	0%	3	4180	871		
24	Monthly Rental for C353 COPIER, S/N E0470002128 - DEAL PARTY - Minolta	01-12-08	30-11-2011	0%	3	25815	10756		
25	Monthly Rental for B211 COPIER, S/N 4108096 -SOUTH DEPOT - Minolta	01-05-09	30-04-2012	0%	3	7490	6241		
26	Monthly Rental for B211 COPIER, S/N 4112840 - NORTH DEPOT - Minolta	01-03-09	29-02-2012	0%	3	7333	4889		
27	Monthly Rental for Minolco C451 - K040003479 - Water - ETB	01-02-09	31-01-2012	0%	3	29805	17386		
28	Monthly Rental for J040001404 - c550 - I & E - Brister	15-09-08	14-09-2011	0%	3	37448	9362		



	Description of lease	Start of lease contract	End of lease contract	Escalation %	Period	2010/11	2011/12	2012/13	2013/14
29	Monthly Rental for C10 s/n 263000833 - Roads and Stormwater - Struandale – Minolco	01-11-08	31-10-2011	0%	3	4180	1393		
30	Monthly Rental for Konica Minolta-E041005029	01-03-09	29-02-2012	0%	3	22102	14734		
31	Rental of Konica Minolta c253 E041002063	01-03-09	28-02-2012	0%	3	22102	14734		
32	Monthly Rental for COPIER C203, S/N E04003113 - Minolta	01-05-09	30-04-2012	0%	3	21470	17891		
33	Monthly rental of Konica Minolta C353	01-11-08	31-10-2011	0%	3	19988	6663		
34	Monthly rental of Konica Minolta B163	01-10-08	30-09-2011	0%	3	754			
35	Rental of Office space from Cleary Park office no 93	01-08-05	31-07-2010	9%	5	3680			
36	Rental of Parking Bay - Cleary Park Shopping Centre no 93	01-08-05	31-07-2010	9%	5	42			
37	Rental of Office space from Unique Mbane(SA) (Pty) LTD	01-05-09	30-04-2012	11%	3	664800	603870		
38	Rental of Konica Minolta B420	01-12-08	30-11-2011	0%	3	21572	8988		
39	Rental Konica Minolta B250	01-08-08	31-07-2011	0%	3	10406	867		
40	Konica Minolta c353	01-04-09	31-03-2012	0%	3	25815	19361		
41	Rental of Konica Minolta C353	01-04-09	31-03-2012	0%	3	25815	19361		
42	Rental of Konica Minolta B163	01-12-08	30-11-2011	0%	3	7542	3143		
43	Konica Photocopier - 7020 Leased from The Rental Company Trust	01-10-05	30-09-2010	0%	3	3458			
44	Panasonic Equipment - DP1820P - leased from Panasonic Business Systems	08-01-07	07-01-2012	0%	5	6012	3006		
45	Rental for B211 Copier S/N Addo Depot from MINOLTA SA	01-12-08	30-11-2011	0%	3	5923	2468		
46	Photocopier - Leased from Minolta SA B211 Copier	01-02-09	31-01-2012	0%	3	5923	2961		
47	Photocopier - Leased from Minolta SA B211 Copier	01-05-09	31-05-2012	0%	3	5368	4474		

	Description of lease	Start of lease contract	End of lease contract	Escalation %	Period	2010/11	2011/12	2012/13	2013/14
48	Rental of AF2016 Copier, S/N K8166621392, Leased From Nashua EC	01-11-06	31-10-2011	15%	5	12286	4282		
49	Rental of B211 Copier, S/N 4104481, Leased From Minolta SA	01-04-08	31-03-2011	0%	3	6525			
50	Premises situated at 66 Caledon Street, Uitenhage leased from JU-THY Eindomme Trust	01-10-09	30-09-2012	10%	3	296983	326681	83570	
51	Property (Buick Street ) - Leased from Eastern Province Livestock Agency	01-09-04	31-07-2014	5%	10	9876	10370	10888	11433
52	Rental of AX1450 Copier, S/N 75054739, Leased From Sharp Electronics	01-01-08	31-12-2010	0%	3	18926			
53	Rental of AR1163 Copier Sharp S/N 75069589	01-05-08	30-04-2011	0%	3	20912			
54	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	686			
55	Rental of Xerox 123 Digital Copier With Multi Coin Box, S/N 3551913901	01-08-05	31-07-2010	0%	5	686			
56	Rental of Xerox 123 Digital Copier With Multi Coin Box, S/N 3551917087	01-08-05	31-07-2010	0%	5	686			
57	Rental of Xerox M123 Digital Copier With Multi Coin Box, S/N 3551910414	01-08-05	31-07-2010	0%	5	686			
58	Rental of Xerox M123 Digital Copier With Multi Coin Box, S/N 3551911887	01-08-05	31-07-2010	0%	5	686			
59	Rental of Xerox M123 Digital Copier With Multi Coin Box, S/N 3551912360	01-08-05	31-07-2010	0%	5	686			
60	Rental of Xerox M123 Digital Copier With Multi Coin Box, S/N 3551915645	01-08-05	31-07-2010	0%	5	686			

	Description of lease	Start of lease contract	End of lease contract	Escalation %	Period	2010/11	2011/12	2012/13	2013/14
61	Rental of Xerox M123 Digital Copier With Multi Coin Box, S/N 3551908436 - Walmer Library	01-08-05	31-07-2010	0%	5	686			
62	Rental of Xerox M123 Digital Copier With Multi Coin Box, S/N 3551952826 - West End Library	01-08-05	31-07-2010	0%	5	686			
63	Rental of Xerox M123 Digital Copier With Multi Coin Box, S/N 3551913510 - Zwide Library	01-08-05	31-07-2010	0%	5	686			
64	Rental of Xerox M123 Digital Copier With Multi Coin Box, S/N 3551915823	01-08-05	31-07-2010	0%	5	686			
65	Rental of Xerox C128 Copier, S/N 3313647365 from Technologies Acceptance (Pty) Ltd	01-12-07	30-11-2010	10%	3	5143			
66	Rental of Xerox C128 Copier, S/N 3313646644, from Technologies Acceptance (Pty) Ltd	01-12-07	30-11-2010	10%	3	5143			
67	Rental of Xerox C128 Copier, S/N 3313644889, from Technologies Acceptance (Pty) Ltd	01-12-07	30-11-2010	10%	3	5143			
68	Rental of Xerox C128 Copier, S/N 3313645095, from Technologies Acceptance (Pty) Ltd	01-12-07	30-11-2010	10%	3	5143			
69	Rental of Xerox C128 Copier, S/N 3313652830, from Technologies Acceptance (Pty) Ltd	01-12-07	30-11-2010	10%	3	5143			
70	Rental of Xerox C128 Copier, S/N 3313650382, from Technologies Acceptance (Pty) Ltd	01-12-07	30-11-2010	10%	3	5143			
71	Rental of Xerox C128 Copier, S/N 3313650447 - Newton Park Library, from Technologies Acceptance (Pty) Ltd	01-12-07	30-11-2010	10%	3	5143			

	Description of lease	Start of lease contract	End of lease contract	Escalation %	Period	2010/11	2011/12	2012/13	2013/14
72	Rental of Xerox C128 Copier, S/N 3313651460 - North End Library, from Tachnologies Acceptance (Pty) Ltd	01-12-07	30-11-2010	10%	3	5143			
73	Rental of Xerox C128 Copier, S/N 3313654183 - Zwide Library, from Tachnologies Acceptance (Pty) Ltd	01-12-07	30-11-2010	10%	3	5143			
74	Rental of Xerox C128 Copier, S/N 3313651532, from Tachnologies Acceptance (Pty) Ltd	01-12-07	30-11-2010	10%	3	5143			
75	Rental of Office Space from Africorp International (Kwantu Towers 3rd + 4th Floors)	01-04-06	31-03-2009	10%	3	854091			
76	Standard Bank Ltd								
						<b>7293376</b>	<b>5709520</b>	<b>3558087</b>	<b>1553582</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 has been concluded. A revised 2011/12 IDP has been developed, which was considered for approval at a Council meeting held on 31 May 2011. 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 2009/10 Annual Report was tabled in January 2011, which was before the legislated deadline.

## Oversight Report

The Municipal Public Accounts Committee has considered the 2009/10 annual report. Its Oversight Report was adopted at a Council meeting held on 24 March 2011.

## 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 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 2011/12 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 2009/10 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.

### Internship Programme

The Municipality currently has five Interns on the Municipal Financial Management Internship programme, as approved by National Treasury. All but one of the Municipality's previous Interns, have been appointed in permanent positions within the Municipality. The Interns undergo training in various sections of the Budget and Treasury Directorate and monthly meetings are held to assess their progress and to discuss their future assignments. All Interns have completed the National Treasury MFMA Learnership programme.

### **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** \_\_\_\_\_