

“Annexure B”



**BUFFALO CITY METROPOLITAN
MUNICIPALITY**

**2012/2013 MEDIUM TERM REVENUE AND
EXPENDITURE FRAMEWORK (MTREF)
BUDGET**

TABLE OF CONTENTS

PART 1: ANNUAL BUDGET

- 1.1 EXECUTIVE MAYOR'S REPORT**
- 1.2 COUNCIL RESOLUTIONS**
- 1.3 BUFFALO CITY METROPOLITAN MUNICIPALITY'S LOCAL ECONOMY**
- 1.4 BUFFALO CITY METROPOLITAN MUNICIPALITY'S DEVELOPMENT AGENDA**
- 1.5 EXECUTIVE SUMMARY**
- 1.6 OPERATING REVENUE FRAMEWORK**
- 1.7 OPERATING EXPENDITURE FRAMEWORK**
- 1.8 CAPITAL EXPENDITURE FRAMEWORK**
- 1.9 ANNUAL BUDGET TABLES**

PART 2: SUPPORTING DOCUMENTATION

- 2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS**
- 2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP**
- 2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS**
- 2.4 OVERVIEW OF BUDGET-RELATED POLICIES**
- 2.5 OVERVIEW OF BUDGET ASSUMPTIONS**
- 2.6 OVERVIEW OF BUDGET FUNDING**
- 2.7 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS**
- 2.8 COUNCILLOR AND EMPLOYEE BENEFITS**
- 2.9 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW**
- 2.10 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS**
- 2.11 CAPITAL EXPENDITURE DETAILS**
- 2.12 LEGISLATION COMPLIANCE STATUS**
- 2.13 OTHER SUPPORTING DOCUMENTS**
- 2.14 CITY MANAGER'S QUALITY CERTIFICATE**

LIST OF TABLES

TABLE 1	Consolidated Overview of the 2011/12 MTREF
TABLE 2	Percentage Growth in Revenue by Main Revenue Source
TABLE 3	Operating Transfers and Grant Receipts
TABLE 4	Comparison of Proposed Rates to Levied for the 2011/12 Financial Year
TABLE 5	Proposed Water Tariffs
TABLE 6	Comparison Between Current Water Charges and Increases (Domestic)
TABLE 7	Comparison Between Current Electricity Charges and Increases (Domestic)
TABLE 8	Comparison Between Current Sanitation Charges and Increases, Single Dwelling-Residence
TABLE 9	Comparison Between Current Waste Removal Fees and Increases
TABLE 10	Table SA14 – Household Bills
TABLE 11	Summary of Operating Expenditure by Category
TABLE 12	Summary of Operating Expenditure by Standard Classification
TABLE 13	Repairs and Maintenance
TABLE 14	Basic Social Services Package Per Household
TABLE 15	2012/13 Medium-Term Capital Budget Per Vote
TABLE 16	List of Key Projects
TABLE 17	Table A1 – Budget Summary
TABLE 18	Table A2 - Budgeted Financial Performance (Revenue and Expenditure by Standard Classification)
TABLE 19	Table A3 - Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote)
TABLE 20	Table A4 - Budgeted Financial Performance (Revenue and Expenditure)
TABLE 21	Table A5 - Budgeted Capital Expenditure by Vote, Standard Classification and Funding Source
TABLE 22	Table A6 - Budgeted Financial Position
TABLE 23	Table A7 - Budgeted Cash Flow Statement
TABLE 24	Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation
TABLE 25	Table A9 - Asset Management
TABLE 26	Table A10 - Basic Service Delivery Measurement
TABLE 27	Alignment of BCMM Strategic Objectives with National and Provincial Plans
TABLE 28	Table SA4 - Reconciliation Between the IDP Strategic Objectives and Budgeted Revenue
TABLE 29	Table SA5 - Reconciliation between the IDP Strategic Objectives and Budgeted Operating Expenditure
TABLE 30	Table SA6 - Reconciliation Between the IDP Strategic Objectives and Budgeted Capital Expenditure
TABLE 31	Table 28 Table SA8 - Performance Indicators and Benchmarks
TABLE 32	2011/12 to 2014/15 Budget Assumptions
TABLE 33	Credit Rating Outlook

TABLE 34	Proposed Tariff Increases Over the Medium Term
TABLE 35	SA15 – Detail Investment Information
TABLE 36	SA16 – Investment Particulars by Maturity
TABLE 37	Sources of Capital Revenue over the MTREF
TABLE 38	Table SA 17 - Detail of Borrowings
TABLE 39	Table SA 18 - Capital Transfers and Grant Receipts
TABLE 40	Table A7 – Budgeted Cash Flow Statement
TABLE 41	Table A8 – Cash-Backed Reserves/Accumulated Surplus Reconciliation
TABLE 42	SA10 – Funding Compliance Measurement
TABLE 43	SA 20 - Reconciliation Between of Transfers, Grant Receipts and Unspent Funds
TABLE 44	SA22 - Summary of Councillor and Staff Benefits
TABLE 45	SA23 - Salaries, Allowances and Benefits (Political Office Bearers/ Councillors/Snr Managers)
TABLE 46	SA24 – Summary of Personnel Numbers
TABLE 47	SA25 - Budgeted Monthly Revenue and Expenditure
TABLE 48	SA26 - Budgeted Monthly Revenue and Expenditure (Municipal Vote)
TABLE 49	SA27 - Budgeted Monthly Revenue and Expenditure (Standard Classification)
TABLE 50	SA28 - Budgeted Monthly Capital Expenditure (Municipal Vote)
TABLE 51	SA29 - Budgeted Monthly Capital Expenditure (Standard Classification)
TABLE 52	SA30 - Budgeted Monthly Cash Flow
TABLE 53	SA 34a - Capital Expenditure on New Assets by Asset Class
TABLE 54	SA34b - Capital Expenditure on the Renewal of Existing Assets by Asset Class
TABLE 55	SA34c - Repairs and Maintenance Expenditure by Asset Class
TABLE 56	SA35 - Future Financial Implications of the Capital Budget
TABLE 57	SA36 - Detailed Capital Budget per Municipal Vote
TABLE 58	Table SA1 - Supporting Detail to Budgeted Financial Performance
TABLE 59	Table SA2 – Matrix Financial Performance Budget (Revenue Source/Expenditure Type and Department)
TABLE 60	Table SA3 – Supporting Detail to Statement of Financial Position
TABLE 61	Table SA9 – Social, Economic and Demographic Statistics and Assumptions
TABLE 62	SA32 – List of External Mechanisms

LIST OF FIGURES

- FIGURE 1** Percentage Contribution to Buffalo City GDP
- FIGURE 2** Main operating revenue categories for the 2011/12 financial year
- FIGURE 3** Main operational expenditure categories for the 2011/12 financial year

ABBREVIATIONS AND ACRONYMS

AMR	Automated Meter Reading	kWh	kilowatt
ASGISA	Accelerated and Shared Growth Initiative	ℓ	litre
BCMM	Buffalo City Metropolitan Municipality	LED	Local Economic Development
BPC	Budget Planning Committee	LSDF	Local Spatial Development Framework
BRT	Bus Rapid Transport	MDG	Millennium Development Goals
CBD	Central Business District	MEC	Member of the Executive Committee
CFO	Chief Financial Officer	MFMA	Municipal Financial Management Act Programme
CM	City Manager	MIG	Municipal Infrastructure Grant
CPI	Consumer Price Index	MMC	Member of Mayoral Committee
CRRF	Capital Replacement Reserve Fund	MPRA	Municipal Properties Rates Act
DBSA	Development Bank of South Africa	MSA	Municipal Systems Act
DoRA	Division of Revenue Act	MTEF	Medium-term Expenditure Framework
DWA	Department of Water Affairs	MTREF	Medium-term Revenue and Expenditure Framework
EE	Employment Equity	NERSA	National Electricity Regulator South Africa
EEDSM	Energy Efficiency Demand Side Management	NGO	Non-Governmental organisations
ELIDZ	East London Industrial Development Zone	NKPIs	National Key Performance Indicators
EM	Executive Mayor	NT	National Treasury
FBS	Free basic services	OHS	Occupational Health and Safety
GAMAP	Generally Accepted Municipal Accounting Practice	OP	Operational Plan
GDP	Gross domestic product	PBO	Public Benefit Organisations
GDS	Gauteng Growth and Development Strategy	PHC	Provincial Health Care
GFS	Government Financial Statistics	PMS	Performance Management System
GRAP	General Recognised Accounting Practice	PPE	Property Plant and Equipment
HR	Human Resources	PPP	Public Private Partnership
HSRC	Human Science Research Council	PTIS	Public Transport Infrastructure System
IDP	Integrated Development Strategy	RG	Restructuring Grant
IDZ	Industrial Development Zone	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
KWT	King Williams Town	SAPS	South African Police Service
kℓ	kilolitre	SDF	Spatial Development Framework
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator	WTW	Water Treatment Works

**PART 1 –
ANNUAL BUDGET**

1.1 EXECUTIVE MAYOR'S REPORT

1.2 COUNCIL RESOLUTIONS

It is recommended that Council of Buffalo City Metropolitan Municipality, acting in terms of the Section 24 of the Municipal Finance Management Act, (No. 56 of 2003) approves and adopts the 2012/13 reviewed Integrated Development Plan (IDP) and the following resolutions:-

1. The 2012/13 Medium Term Revenue and Expenditure Framework (MTREF) Budget (Refer to Table 17)

	2011/2012 M/Y ADJ BUDGET	2012/2013 BUDGET	2013/2014 BUDGET	2014/2015 BUDGET
Total Operating Budget	3,448,368,587	3,966,637,294	4,453,713,893	4,924,341,303
Capital Budget	725,646,383	749,097,271	879,840,714	876,057,416
Total Budget	4,174,149,970	4,715,734,565	5,333,554,607	5,800,398,719

2. The 2012/13 Medium Term Revenue and Expenditure Framework budget of the municipality as set out in the following tables:
 - 2.1 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18;
 - 2.2 Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19;
 - 2.3 Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 20; and
 - 2.4 Budgeted Capital Expenditure appropriations by municipal vote and standard classification and associated funding by source as contained in Table 21.
3. The Financial Position, Cash Flows, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 3.1 Budgeted Financial Position as contained in Table 22;
 - 3.2 Budgeted Cash Flows as contained in Table 23;
 - 3.3 Cash backed reserves and accumulated surplus reconciliation as contained in Table 24;
 - 3.4 Asset management as contained in Table 25; and
 - 3.5 Basic service delivery measurement as contained in Table 26.

4. The 2012/13 MTREF Tariff Increases:

DESCRIPTION	2011/2012	2012/2013	2013/2014	2014/2015
Rates	10.80%	12.30%	11.70%	11.30%
Refuse	11.80%	13.30%	12.70%	12.30%
Sewerage	9.80%	11.30%	10.70%	10.30%
Electricity	20.38%	13.50%	13.50%	13.50%
Water	13.65%	15.15%	14.55%	14.15%
Fire Levy	9.80%	10.30%	9.70%	9.30%
Miscellaneous Tariffs	9.80%	10.30%	9.70%	9.30%

5. The Buffalo City Metropolitan Municipality Council, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts effect from 1 July 2012:

- 5.1 the tariffs for property rates – as set out in Annexure F
- 5.2 the tariffs for electricity – as set out in Annexure F
- 5.3 the tariffs for the supply of water – as set out in Annexure F
- 5.4 the tariffs for sanitation services – as set out in Annexure F
- 5.5 the tariffs for solid waste services – as set out in Annexure F
- 5.6 miscellaneous tariffs as set out in Annexure F
- 5.7 the tariffs for East London Industrial Development Zone (ELIDZ) - as set out in Annexure F.

6. The Buffalo City Metropolitan Municipality Council, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2012 the tariffs for other services as set out in Annexure F.

7. To give proper effect to the municipality's annual budget, the Council of Buffalo City Metropolitan Municipality approves:

- 7.1 That an indigent subsidy be granted to registered indigents in terms of Council's Indigent Policy.
- 7.2 That an indigent consumer be given a maximum subsidy on his account of R394.53 per month, which includes a maximum of 50kwh for electricity and 6kl for water.
- 7.3 That free basic electricity be granted for a registered indigent consumer of 50KWh per month.
- 7.4 That free basic water be granted to a registered indigent of 6Kl per month.

8 That no new capital expenditure be undertaken until a commitment for funding has been received by Buffalo City Metropolitan Municipality and such project has been approved by Council.

1.3 BUFFALO CITY METROPOLITAN MUNICIPALITY'S LOCAL ECONOMY

Buffalo City is classified nationally as having “medium potential” and is therefore not seen to be a national development priority, with Coega and Nelson Mandela Metro receiving priority in terms of the allocation of national infrastructure funding. This situation exists partly because of a lack of national understanding regarding the critical importance of Buffalo City in servicing a broader regional and rural economy which contains about 4 million people. The success of the Buffalo City and regional economy cannot be separated. Refer to Figure 1.

The City acknowledges that low economic growth and a high rate of unemployment are still prevalent and present a major challenge. This further translates to relatively high levels of poverty which is widespread within the City.

Historically, levels of development in the Buffalo City area have been negatively affected both by its comparatively distant location in relation to the major centers of economic activity in South Africa (Johannesburg, Cape Town and Durban) and by the previous socio-political and economic impact of policies.

Consequently, while it is home to some 1,020,000 people, the majority of these are disadvantaged by their impoverished circumstances and low levels of skills. Disposable income, too, is scarce in Buffalo City as a whole and there is a consequent need to focus on overcoming the legacy of under-development affecting its people and the local economy.

This legacy of uneven and relatively low economic growth in Buffalo City has resulted in, and compounded the consequences of, a land use and settlement pattern that is characteristically fragmented and predominantly of a low density.

The following features are noted: -

- ✓ The Gross Value Added by the region is R30 billion (ECSECC, 2010)
- ✓ The Gross Domestic Product by the Region is R34 billion (ECSECC, 2010)

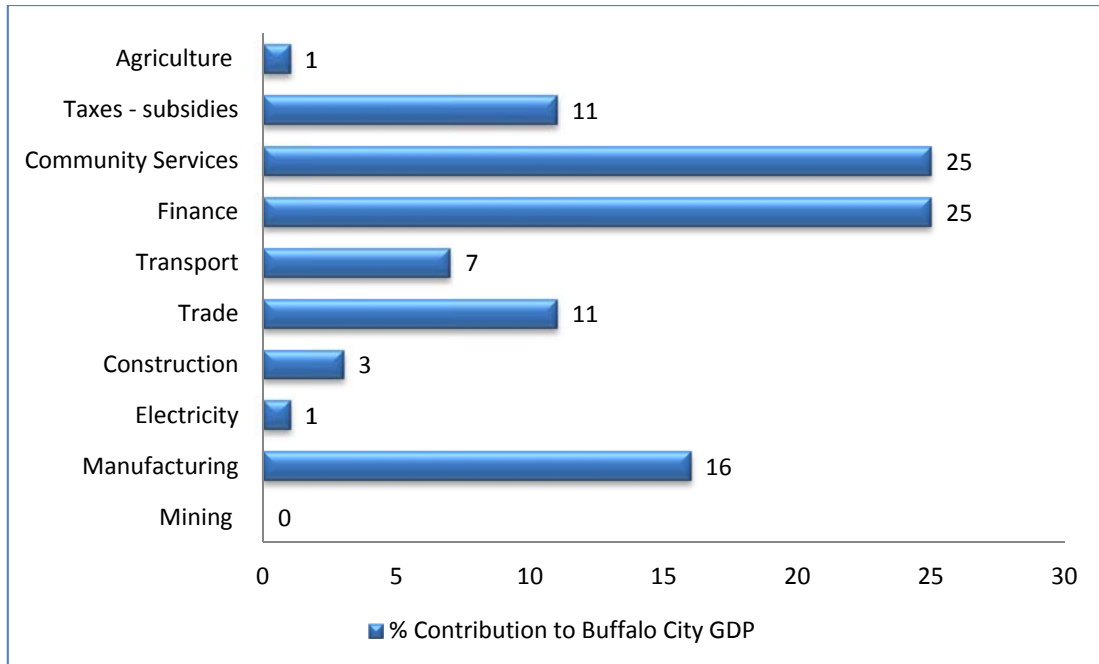


Figure 1: % Contribution to Buffalo City GDP

- ✓ There is a concentration of economic activity in centres such as the East London and King William's Town Central Business Districts, and in areas such as Vincent and Beacon Bay (Regional Shopping Centres).

1.4 **BUFFALO CITY METROPOLITAN MUNICIPALITY'S DEVELOPMENT AGENDA**

1.4.1 **Spatial Development Framework**

The spatial pattern in BCMM is largely a result of the following two main factors:

- 1.4.1.1 Topography, characterized by broken and steep terrain with many rivers and coastal environmentally sensitive areas which present challenges in terms of infrastructure provision and linkages between parts of the City.
- 1.4.1.2 Historical political factors have severely impacted the spatial form of the City resulting in spatial fragmentation due to the separate development ideology of the past

1.4.2 BCMM Future Spatial Development (Urban Perspective)

In order to achieve the desired future spatial development perspective of the City in the urban context the City intends to, through strategically focused interventions, make best use of existing infrastructure capacity and develop new infrastructure to strengthen the Urban Core, develop the urban renewal zone and regenerate townships. Coupled to this the City has developed an informal settlement upgrading programme and infrastructure housing and transportation programmes to promote densification and infill particularly along public transport corridors. The City is also developing and implementing Integrated Rapid Public Transport Networks linked to the spatial development framework with the first phase being the Bus Rapid Transit system in the primary commuter corridor between Mdantsane and East London.

1.4.3 BCMM Future Spatial Development (Rural Perspective)

In order to achieve the desired future spatial development perspective of the City in the rural context the City intends to strengthen the rural nodes by the provision of appropriate infrastructure, social facilities, public transportation and non-motorised transportation networks and facilities as well as the development of local economic initiatives. The current Land Reform and Settlement Plan has identified areas of rural potential and the following nodal development plans and local spatial development framework plans have been developed:

- 1.4.3.1 Yellowwoods/Kei Road Zone Plan
Agriculture, Land Reform, Housing
- 1.4.3.2 Mount Coke Dimbaza LSDF
Agriculture, Land Reform, Housing
- 1.4.3.3 Needs Camp Zone Plan
Agriculture, Land Reform, Housing
- 1.4.3.4 Newlands
Housing, Tenure Reform, Agriculture
- 1.4.3.5 KWT CUP Rural proposals for rural hinterland
- 1.4.3.6 Network of Rural Service Centres/Clusters identified in SDF
Municipal Services

The City is currently in the process of preparing a Rural Agricultural Development Plan (LED Unit) as well as an overarching Rural Development Plan (City Planning)

1.4.4 Medium to Long Term Development

In terms of facilitating economic development and industrialisation as well as realising its future spatial development aspirations the City has identified key strategic projects programmes and initiatives which would be catalytic in developing a compact, well connected and economically diverse and vibrant City. These projects, programmes and initiatives are listed below:

1.4.4.1 Public Transport [Bus Rapid Transport – (BRT)]

The implementation of the first phase BRT system in the Mdantsane to East London corridor would improve mobility for the economically marginalised and spatially separated population as well as being catalytic to infill development along the corridor thus promoting densification and efficiency.

1.4.4.2 Strategic Road Links

The implementation of strategic road links as defined in the BCMM Arterial Road Network Development Plan such as the proposed N2 / R72 link road (East London By-Pass) will ensure greater regional connectivity, reduced inner city congestion and better access to the West Bank and Industrial Development Zone (IDZ).

1.4.4.3 Beach Front Development

The East London Beachfront has great potential for development and tourism generation. The development of key land parcels in this area would be catalytic to other development as per the Beach Front Local Spatial Development Framework (LSDF).

1.4.4.4 Berlin Alternative Energy Hub

The City is currently facilitating the development of a large solar farm in the Berlin Area which would provide job opportunities for people in the area as well as promote development of the Berlin Industrial Area.

1.4.4.5 Mount Ruth Development

Mount Ruth is an area on the northern periphery of Mdantsane centred around a busy rail station. A nodal development plan for this area has been prepared and its implementation would be catalytic in densifying the rail corridor as well as providing linkages across the N2 freeway and rail line into Newlands and ultimately to the N6 route to the interior.

1.4.4.6 BCMM Civic Centre

The BCMM is currently spatially fragmented and a central civic centre would greatly improve operational efficiency of the institution.

1.4.4.7 Port Expansion

The expansion of the Port of East London presents massive investment opportunities for the City in terms of industrialisation. The BCMM is currently working closely with Transnet

National Ports Authority with regard to the port expansion to ensure alignment and integration of plans for maximum benefit for both parties.

1.4.4.8 Airport Expansion

BCMM has worked closely with the Airports Company of South Africa in the Development of the East London Airport Master plan to ensure integration and alignment of plans such as BRT incorporation into the Terminal. The expansion of the airport has benefits for industry as it will increase the cargo volumes in and out of the East London Industrial Development Zone (ELIDZ).

1.4.4.9 Broadband Communication.

It is recognised that broadband is an essential communication tool for business and it is therefore considered that the establishment of broadband communication in Buffalo City would be catalytic in attracting business to the City.

1.4.5 Key Challenges & Constraints

Rapid urbanization over past decade has resulted in the growth in number & size of informal settlements as well as an increase in demand for housing & economic opportunities. The capacity, development and maintenance of the infrastructure of the city has not kept pace with the rate of urbanization resulting in the delay in housing provision and the developmental needs of industrial and business sector not being met. The spatial form of the city is characterized by fragmentation & urban sprawl with large portions of land owned by the state and steep terrain with many rivers. There are high unemployment and poverty levels and low skills levels.

1.4.6 Strategies to overcome our challenges

In order to address these challenges it is necessary to improve and develop infrastructure to meet the demand for housing and development to enable economic growth

The urbanization process needs to be managed in order to provide planned and serviced land to accommodate newcomers to the city at higher densities to avoid urban sprawl. This will be achieved by consolidating and integrating spatial development and by developing land in proximity to public transport facilities and existing services. Further to this the City pro-actively manages land use and sets appropriate levels of service to achieve sustainability in urban, peri-urban and rural areas.

The City is actively involved in facilitating development for economic growth and industrialization and there are a number of initiatives currently underway which are highlighted in the sections to follow.

1.5 EXECUTIVE SUMMARY

The budget has been crafted at a time of economic uncertainty that is prevailing globally, yet BCMM's programme of change that it will bring to its people in the form of building new infrastructure, steadily rolling back on unemployment, poverty and addressing inequality. The programmes emanating from this budget will see BCMM envisaging a stable and sustainable economy and creating opportunities.

The application of sound financial management principles for the compilation of the City's financial plan is essential and critical to ensure that the City remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The City's service delivery priorities were reviewed taking into account the 2012/13 reviewed IDP. Due to funding constraints projects were prioritised in order to ensure that the city is investing in high priority projects as informed by the reviewed IDP.

The City has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the City is currently undertaking a billing data cleanup exercise as well as a debt book analysis project in order to determine the recoverability and non-recoverability of its debt book.

National Treasury's MFMA Circular No. 58 and 59 was used to guide the compilation of the 2012/13 MTREF Budget.

1.5.1 BCMM FIVE YEAR STRATEGIC FOCUS AREAS

Strategic Focus Areas

Taking into account the prevailing economic environment and global factors that impact on development, the City has made significant inroads to address key development challenges within the municipality. There is however, more work to be done towards addressing the identified focal areas.

Over the next five year term the City will concentrate on the nine strategic focus areas outlined below.

1.5.1.1 *Institutional Restructuring and Stabilisation*

Buffalo City Metropolitan Municipality is currently undergoing a process to restructure and stabilize the administration. This entails filling of posts on the approved macro structure i.e. the City Manager and Section 56 Managers.

The medium to long term objective of the Metro is to promote organisational efficiency through the capacitation of staff and establishment of systems to enable staff to effectively perform their duties and align with the new Metro functions.

1.5.1.2 Improving Intergovernmental Relations

Intergovernmental relations between BCM and other spheres of government still leave much to be desired, as they are still characterised by uncoordinated:

- Alignment of planning and implementation;
- Inter-sphere co-operation and co-ordination;
- Information sharing on development programmes and projects;
- Participation in platforms meant for engaging and co-operating; and
- Approach to engaging and consulting with communities.

1.5.1.3 Building Citizen Confidence

Poor performance in terms of service delivery, administrative and political instability, and negative media coverage have largely contributed towards a low level of citizen confidence in the City.

Reversing the trend and building citizen confidence will require a concerted effort on the part of the Metro. It will also require the inculcation of a renewed work ethic from all who wear the name and brand of the municipality as well as the application of good governance and management principles, dedication and professionalism.

1.5.1.4 Bridging the Digital Divide

The Digital Divide refers to any inequalities between social groups in terms of their access to, use of, or knowledge of information and communication technologies. The divide within the municipal area refers to inequalities between individuals, households, businesses, and geographic areas at different socioeconomic and other demographic levels. Being a largely rural Metro the divide manifests itself in terms of the dichotomy between urban and rural areas with regard to access to telecommunication and IT systems.

A key objective of the Metro is to ensure that telecommunication and IT systems become internationally compatible, thus facilitating access to broadband and/or other state-of-the-art technologies for citizens of the City and region.

1.5.1.5 Improving performance, compliance, processes and systems

Some of the weaknesses which negatively impact on the performance of the Metro relate to disintegrated systems internal control deficiencies, lack of staff with requisite capacity, a spatially fragmented workforce as well as lack of clearly defined processes and systems.

- Develop mechanisms for the accurate complete reporting of financial information as required by National Treasury (NT) and Accounting Standards.
- Develop mechanisms to ensure that SCM operations are conducted strictly in accordance with legislated requirements.
- Provide for the migration of existing records and the capturing of current records within a single repository in accordance with standards prescribed by the Archives Act and other relevant Acts and to ensure that such records can be retrieved for future use.

1.5.1.6 Build Sustainable Communities

The focus over the past years has been on delivering basic needs and housing. In spite of the remaining backlogs major strides have been in this regard, however, there still remains a huge challenge in terms of ensuring that we do not just deliver houses but create integrated and sustainable settlements within a 'built' environment.

The challenge is not only about providing basic services and housing, but is also about 'building sustainable human settlements' where residents have access to social and community facilities, economic opportunities, a healthy and sustainable environment and where opportunities can be accessed through convenient public transport and a safe road network.

Integral to the creation of 'sustainable human settlements' is, integrated planning and implementation. The Metro is currently in the process of developing an '*Integrated Sustainable Human Settlement Plan*', which will guide future investment and development.

Creation of integrated and sustainable human settlements will directly contribute towards building of strong and integrated communities that manifest resilience against social, economic and natural adversities.

1.5.1.7 Job Creation

The City acknowledges that low economic growth and a high rate of unemployment are still prevalent and present a major challenge. This further translates to relatively high levels of poverty which is widespread within the City. High levels of poverty are apparent in the statistics from the 2001 Census where approximately 70% of households in the City indicated an income of less than R1500 per month, with 28% of all households indicating no income at all. Unemployment rate with the Metro is estimated at 24%.

One of the threats to the future development of Buffalo City Metro is lack of appropriate education and skills levels. A significant portion of the Metro's potential labour force have not attended school or completed their primary phase. Further, according to the last Census conducted in 2001 only 21% of the City's 20 years and above population, had grade 12, 16% had post-school education and only 17% of 15 - 24 year olds were enrolled in post-school study. The recent 2007 community survey revealed a slight improvement, albeit

To arrest the situation over the next five years the City will make concerted efforts, through its various programmes, in particular local economic development programmes, to attract investors into the City and thus contribute towards the national imperative of job creation.

Buffalo City also contains a number of strengths to build upon for growth and development. A coastal location, unspoilt nature, a well-performing automotive industry

and the status of being the capital of the Eastern Cape Province are a few of these comparative advantages to exploit in order to combat poverty and create jobs.

1.5.1.8 Improving Governance

Corruption and poor service delivery undermines the credibility of the state. Poor state credibility leads to a democratic deficit undermining democracy and investment confidence. A weak local government leads to low investor confidence for both state and private sector decisions. Poor governance leads to poor economic performance.

A well-governed city means that a clear and transparent agenda for the long term strategic work is formulated in co-operation with all stakeholders and communicated to all parties affected by the development process. A well-governed city is dependent on a reciprocal approach by other government spheres and agencies. Increased community feedback and engagement and improved customer reciprocity are other mitigating measures to apply in a democratic and well-governed city.

It also means that quality basic services are provided through a financially sound and clear investment framework, which is aligned with the interventions by other public sector providers of basic services. Going forward, Buffalo City Metro will strive to become a well governed City.

1.5.1.9 Financial Viability

In order for the Metro to fulfil its mandate as stipulated in the Constitution of the country, there is a need to maintain financial viability and expand its revenue base in relation to expenditure. This requires robust strategies to turn around the current predicament of grant dependency and ensure that the City is in a financially sound position over the next five years and beyond to fund its own capital programmes. Currently the City is in a financially viable and sustainable situation with a healthy liquidity level and a strong cost coverage of its operational expenditure.

To achieve financial viability the City will put into place mechanisms for the recording and management of the financial resources of the Municipality and investigation and development of new revenue streams to provide for further financial sustainability of the Metro. The mechanisms are listed below:

- **Revenue Management** - To ensure all households are accurately billed and revenue collected.
- **Collection Outstanding Debt** - Ensure sufficient administrative capacity, political commitment and accuracy and affordability of the accounts for poor household.
- **Pricing of Services** – To ensure that the services rendered are recovered in terms of the pricing structure.
- **Repairs and Maintenance** – Assets should be maintained in a healthy state in order to generate revenue over a longer term.

- **Spending on non-Priorities** – Ensure that funding is allocated to prioritized items.

1.5.2 Past And Current Performance Achievements And Challenges

1.5.2.1 Service Delivery

BCMM received four Blue Drop Awards for the following Water Treatment Works:

- Umzoniana WTW – Gold Status (3 years in a row)
- King William’s Town WTW – Gold Status (3 years in a row)
- Laing WTW (jointly with Amatola Water as the external WSP)
- Nahoon WTW (jointly with Amatola Water as the external WSP)

BCMM received a accolades for best performance in the Eastern Cape Province. Below are extracts and quotations from the Blue Drop Report 2012:

“One hundred and fifty three (153) Water Service Authorities were assessed this year throughout South Africa. BCMM (and Amatola Water) ranked 30th achieving a total score of 92.55 which was the highest out of the sixteen (16) assessments undertaken in the Eastern Cape Province.” The highest total score country wide was 98,95.

“The overall score was the result of the assessment of four water treatment works; Umzoniana, King William’s Town, Laing and Nahoon and three borehole installations (Kidds Beach, Winterstrand and Ncera).”

1.5.3 Service Delivery Standards, Levels Of Service, Outcomes, Bcmm Target And Financial Implication

The Buffalo City Metropolitan Municipality has made strides in the provision of services and eradicate backlogs in the past to the effect of achieving the following status as far as basic services are concerned. The following reflects the status of the backlogs in relation to the entire household population:

Sanitation : 40%
Water : 94%
Electricity : informal settlements only

Eradicating backlogs as well as improving the provision and standard of services is the government’s most important goal. The municipality has been tackling service backlogs over a number of years despite the challenges of resource limitation. The ultimate goal is to provide a decent home with all the services. This approach has an urban focus due to the pressure applied by the mushrooming of informal settlements in the urban space, whilst the vision is to cover the entire municipal area. The above is based on the status as at 2011/12 financial year and it covers the following minimum levels of service:

Sanitation : Ventilated Improved Pit
Water : Standpipe with 200m walking distance
Electricity : Metered house connection

The following is a summary of BCMM's current backlog with target dates:

SERVICE	BACKLOG (HOUSEHOLDS)	BACKLOGS (BULK)	DEFERRED MAINTENANCE RECAPITALISED	NATIONAL TARGET (YEAR)	REVISED TARGET (YEAR)
WATER	4000hh @ R7000/hh = R28 000 000	R1,3 billion over 20 years	R447 million	2008 (National target)	2014 (MDG target)
SANITATION	60000hh @ R11000/hh = R660 000 000	R2,1 billion over 20 years	R550 million	2010 (National target)	2022 (Municipal target)
ELECTRICITY	None (informal dwellers linked to housing delivery) estimated at R1 billion) ESKOM = 2500 hh	R450 million	R690 million	2030 (Municipal target)	2032 (Municipal target)
ROADS & STORM WATER	Rural internal streets to be defined by current study. Upgrades of gravel roads: R1,2 Billion	Provincial, National and District roads	R136 million(re- paved) R88 million (re- gravel)	Roads targets are linked to housing demand/targets	Roads targets are linked to housing demand/targets
HOUSING	121 000	R2,6 billion over 20 years	R2,9 billion over 20 years	2008	2025

1.5.4 2012/13 MTREF BUDGET SUMMARY AND ANALYSIS

In view of the aforementioned, the following table is a consolidated overview of the 2012/13 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2012/13 MTREF

	2011/2012 M/Y ADJ BUDGET	2012/2013 BUDGET	2013/2014 BUDGET	2014/2015 BUDGET
Total Operating Budget	3,448,368,587	3,966,637,294	4,453,713,893	4,924,341,303
Capital Budget	725,646,383	749,097,271	879,840,714	876,057,416
Total Budget	4,174,149,970	4,715,734,565	5,333,554,607	5,800,398,719

Total operating revenue has grown by 15.9 percent or R548,3 million for the 2012/13 financial year when compared to the 2011/12 Adjustments Budget. For the two outer years, operational revenue will increase by 12.3 and 10.6 percent respectively. This equates to a total revenue growth of R1,48 billion over the MTREF when compared to the 2011/12 financial year.

Total operating expenditure for the 2012/13 financial year has been appropriated at R3,99 billion and translates into a budgeted deficit of R25,6 million before taking into account offset depreciation of R202.2 million. When compared to the 2011/12 Adjustments Budget, operational expenditure has grown by 7.2 percent in the 2012/13 budget and by 10.5 and 8.4 percent for each of the respective outer years of the MTREF. The operating surplus for the two outer years steadily increases to R41.1 million and R141.7 million respectively before taking into account offset depreciation of R222.2 million (2013/14) R237,7 million (2014/15).

The current capital budget is 3.2 percent more when compared to the 2011/12 Adjustments Budget. The capital programme is R749,1 million in the 2012/13 financial year and R879,8 and R876.1 million in the 2013/14 and 2014/15 financial years, respectively.

1.6 OPERATING REVENUE FRAMEWORK

To continue improving the quality of services provided to its citizens BCMM needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that the City is faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues. The tariff increase is to level where it becomes somewhat cost reflective of the services provided. However, water and sanitation services will only generate a surplus/break-even in the 2014/15 financial year.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the City and continued economic development;
- Efficient revenue management, which aims to ensure a 95 percent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the City.

Table 2 (A4) Percentage growth in revenue by main revenue source

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
Revenue By Source									
Property rates	362 669	426 500	452 694	520 511	519 836	519 836	583 999	652 376	726 039
Property rates - penalties & collection charges	824	547	612	1 236	1 236	1 236	1 376	1 534	1 710
Service charges - electricity revenue	609 731	802 485	924 518	1 142 652	1 142 652	1 142 652	1 279 796	1 452 568	1 648 665
Service charges - water revenue	181 117	201 622	200 158	233 283	225 867	225 867	260 086	297 929	340 086
Service charges - sanitation revenue	128 522	145 648	166 162	180 203	182 820	182 820	203 478	225 251	248 451
Service charges - refuse revenue	124 506	139 256	157 219	173 905	176 193	176 193	199 627	224 979	252 652
Service charges - other	16 742	(802)	16 943	22 539	22 539	22 539	24 968	27 626	30 487
Rental of facilities and equipment	12 750	12 910	14 107	12 759	12 759	12 759	14 086	15 579	17 199
Interest earned - external investments	85 519	42 105	32 527	30 192	30 192	30 192	53 986	55 386	56 828
Interest earned - outstanding debtors	35 093	44 818	21 202	22 036	22 036	22 036	24 328	26 907	29 705
Dividends received	165	86	-	60	60	60	-	-	-
Fines	7 058	8 257	7 321	10 657	10 657	10 657	11 765	13 012	14 366
Licences and permits	12 250	14 117	15 053	15 391	15 391	15 391	16 992	18 793	20 747
Agency services	-	-	-	-	-	-	-	-	-
Transfers recognised - operational	444 415	573 985	679 071	966 570	763 690	763 690	804 866	906 740	965 041
Other revenue	98 454	118 240	118 595	321 296	322 441	322 441	487 284	535 034	572 364
Gains on disposal of PPE	4 168	2 523	437	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	2 123 984	2 532 297	2 806 620	3 653 289	3 448 369	3 448 369	3 966 637	4 453 714	4 924 341

In 2011/12 the City's own generated revenue is 67.3% of the total revenue. Revenue from rates and services charges amounts to 15.7%, electricity revenue 33.1%, water revenue 6.6%, sanitation 5.3% and refuse revenue 5.1%.

In the 2012/13 MTREF period revenue generated from own sources is declining to 65.7% (2012/13), 66.1% (2013/14) and 67.3% (2014/15). The major contributing services are electricity which grows from 32.2% in 2012/13 to 32.6% in 2013/14 and rates revenue which is in the region of 15.3%.

Operating grants and transfers comprise 20.3% of the total revenue and they increase to 20.4% in the 2013/14 financial year and thereafter decrease to 19.6% in 2014/15 financial year.

The following graph gives a breakdown of the main revenue categories for the 2012/13 financial year.

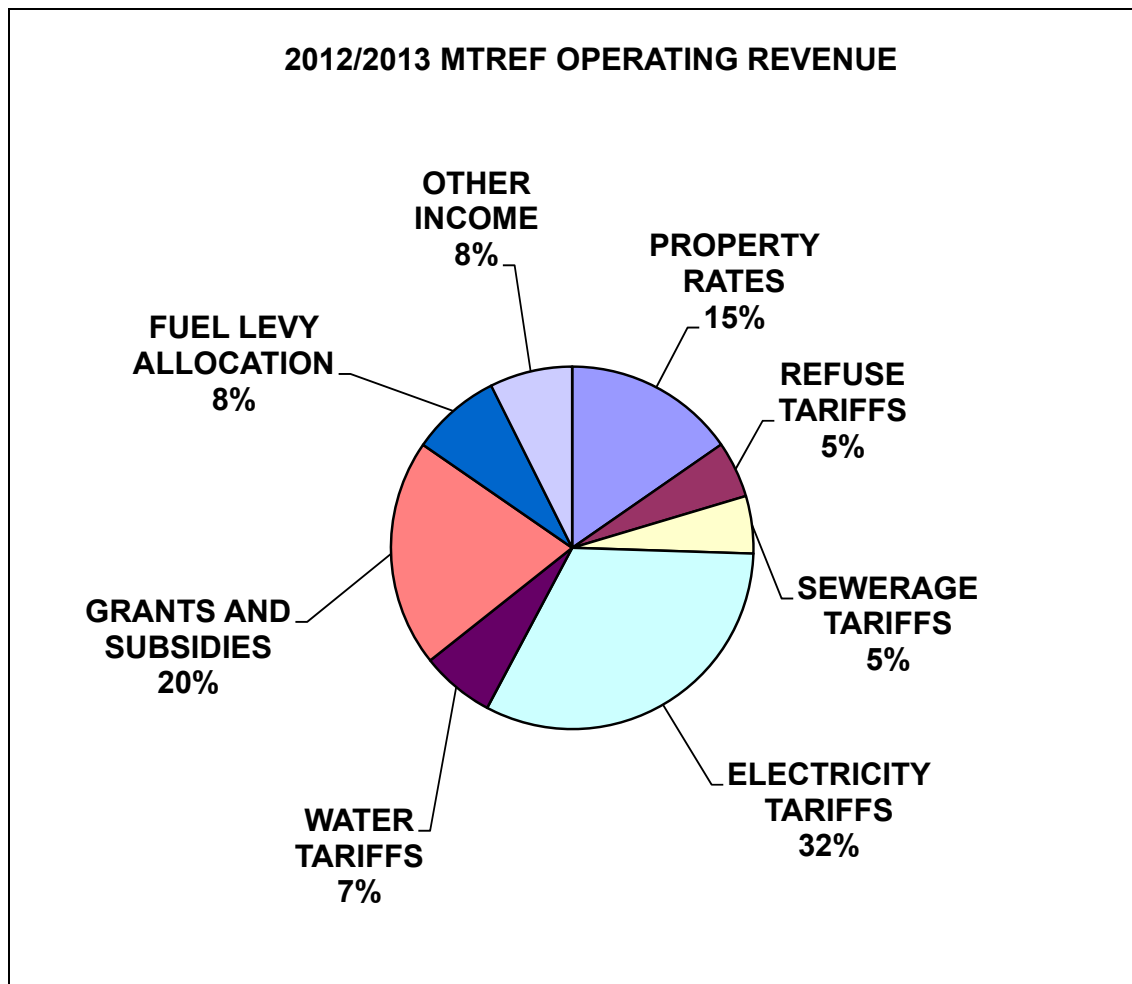


Figure 2: Main Operating Revenue categories for the 2012/13 financial year

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 3 Operating Transfers and Grant Receipts

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
RECEIPTS:									
<u>Operating Transfers and Grants</u>									
National Government:	323 096	424 797	520 725	602 571	581 967	581 967	667 160	713 987	762 037
Urban Settlement Development Grant	-	-	-	-	-	-	8 328	10 445	5 850
Neighbourhood Development Partnership Grant	-	-	-	-	-	-	-	-	-
Financial Management Grant	358	898	1 191	1 450	1 459	1 459	1 500	1 500	1 500
Expanded Public works Programme Incentive Grant	-	-	-	2 268	2 268	2 268	1 484	-	-
Department of Water Affairs	3 850	4 922	5 524	15 225	20 952	20 952	1 283	-	-
INEP	174	-	2 139	-	-	-	-	-	-
Equitable Share	312 987	416 706	508 895	583 628	557 288	557 288	651 565	698 242	750 687
Municipal Infrastructure Grant	1 807	1 866	2 212	-	-	-	-	-	-
Municipal Infrastructure Grant	3 279	124	-	-	-	-	-	-	-
Municipal Systems Improvement Grant	640	280	765	-	-	-	-	-	-
Infrastructure Skills Development Grant	-	-	-	-	-	-	3 000	3 800	4 000

1.6.1 Property Rates

Property rates are a major source of revenue income for a municipality and contribute to cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the differential rate ratio for public service infrastructure, public benefit organisation and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was effected in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations 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). In addition to this rebate, a further R25 000 reduction on the market value of a property will be granted in terms of the City's own Property Rates Policy;
- 35 percent rebate will be granted on all residential properties (including state owned residential properties);
- 100 percent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 percent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
 - The rateable property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.
- The Municipality may award a 100 percent grant-in-aid on the assessment rates of rateable properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2012/13 financial year based on a 12,30 percent increase from 1 July 2012 is contained below:

Table 4: Comparison of proposed rates to levied for the 2012/13 financial year

Category	Current Tariff (1 July 2011)	Proposed tariff (from 1 July 2012)
	c	c
Residential properties (incl. farms & small holdings used for residential purposes)	0,006545	0,007350
Agricultural (used for Bona-fide farming)	0,001636	0,001838
Public Service Infrastructure	0,001636	0,001838
Business, Commercial & Industrial properties (incl. farms used for Game- / Eco Tourism)	0,016362	0,018375
Educational Institutions	0,004581	0,005145
Municipal Owned properties (Rateable, used for residential purposes)	0,006545	0,007350
Municipal Owned (Rateable, used for non-residential purposes)	0,016362	0,018375
Municipal Owned (Non-rateable)	0,000000	0,000000
Mining / Quarry	0,016362	0,018375
Government properties (incl. Correctional Services Facilities, Office buildings & Hospitals)	0,016362	0,018375
Vacant land	0,019635	0,022050
Religious sites or Places of Worship	0,000000	0,000000
Special properties (e.g. Museums, Libraries)	0,000000	0,000000
Public Benefit Organisations	0,001636	0,001838
Rural Communal properties	0,000000	0,000000

1.6.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are fully cost reflective by 2014. However, BCMM, in preparation of the 2012/13 MTREF budget will only be cost reflective in the 2014/15 financial year. This is due to a gradual adjustment of the tariffs over the MTREF period together with alternative interventions to curb water losses.

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. Amatola Water has increased its bulk tariffs with 9.30 percent from 1 July 2012.

A tariff increase of 15.15 percent from 1 July 2012 for water is proposed. This is based on input cost assumptions of 9.30 percent increase in the cost of bulk water (Amatola Water), and the service progressing to becoming self sufficient with at least a break-even position. In addition 6 kℓ water per 30-day period will again be granted free of charge to all indigent residents.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 5: Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS 2011/12	PROPOSED TARIFFS 2012/13
	Rand per kℓ	Rand per kℓ
RESIDENTIAL		
(i) 0 to 6 kℓ per 30-day period (Indigent)	0,0000	0,0000
(ii) 0 to 6 kℓ per 30-day period (Non-Indigent)	7,4226	8,5471
(iii) 7 to 10 kℓ per 30-day period	7,5681	8,7147
(iv) 11 to 20 kℓ per 30-day period	10,5111	12,1036
(v) 21 to 30 kℓ per 30-day period	13,6256	15,6898
(vi) More than 30 kℓ per 30-day period:	17,0993	19,6899
NON-RESIDENTIAL		
(i) From the 1 st kℓ per 30-day period	10,4070	11,9837

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

Table 6: Comparison between current water charges and increases (Domestic)

Monthly Consumption kℓ	Current amount Payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
10	74,81	86,14	11,33	15,15%
20	179,92	207,18	27,26	15,15%
30	316,18	364,08	47,90	15,15%
50	658,16	757,87	99,71	15,15%
75	1 085,64	1 250,11	164,47	15,15%
100	1 513,13	1 742,37	229,24	15,15%

The tariff structure of the 2012/13 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R19.6899 per kilolitre for consumption in excess of 30kℓ per 30 day period.

1.6.3 Sale of Electricity and Impact of Tariff Increases

On 09 March 2012 NERSA approved an average price increase of 13.5 percent in Eskom's bulk electricity tariff application. The increase to municipalities will be effective from 1 July 2012.

At the same meeting NERSA issued a guideline increase of only 11.03% in the municipal tariffs to its consumers. It should be noted that given the magnitude of the tariff increases in the recent past, it is expected that the depressed growth in electricity consumption, which is having a negative impact on the municipality's revenue from electricity, will continue for the foreseeable future. However, it is proposed that BCMM increases its electricity tariff by 13,5 percent which is equivalent to the increase in the purchase price. The 2,47 percent will be ring-fenced to a specific electricity capital programme was approved by Council on 28 March 2012.

Registered indigents will again be granted 50 kWh per 30-day period free of charge.

The following table shows the impact of the proposed increases in tariffs on the electricity charges for domestic customers:

Table 7: Comparison between current electricity charges and increases (Domestic)

Monthly Consumption kWh	Current amount Payable R	Proposed amount payable R	Difference (Increase) R	Percentage Change
100	118,44	134,43	15,99	13,50%
250	296,10	336,07	39,97	13,50%
500	592,20	672,15	79,95	13,50%
750	888,30	1008,22	119,92	13,50%
1 000	1 184,40	1 344,29	159,89	13,50%
2 000	2 368,80	2 688,59	319,79	13,50%

For purposes of the MTREF Budget, the electricity tariff structure has been left unchanged. The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the City. Most of the suburbs and inner city reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the City's electricity network has therefore become a strategic priority, especially the substations and transmission lines.

The approved budget for the Electricity Division can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply).

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. As part of the 2012/13 medium-term capital programme, funding has been allocated to electricity infrastructure but these funding levels will require further investigation as part of the next budget cycle in an attempt to source more funding to ensure this risk is mitigated.

1.6.4 Sanitation and Impact of Tariff Increases

A tariff increase of 11.30 percent for sanitation from 1 July 2012 is proposed. Currently sanitation charges are calculated according to the relative size of the erf on which the property is located. It is envisaged that future sanitation charges will be based on a percentage of water consumption, but first the large volumes of water losses will have to

be brought under control. The service is projected to be cost reflective only in the 2014/15 financial year.

The following table shows the impact of the proposed increases in annual tariffs on the sanitation charges for a single dwelling residence:

Table 8: Comparison between current sanitation charges and increases, single dwelling- residence

Category	Current amount Payable R	Proposed amount payable R	Difference (Increase) R	Percentage Change
Erf : 0 – 300m²	560,00	623,00	63,00	11,30%
Erf : 301 – 400m²	890,00	991,00	101,00	11,30%
Flat : Complex	1 411,00	1 570,00	159,00	11,30%
Flat : Ordinary	1 558,00	1 734,00	176,00	11,30%
Flat : Semi	1 558,00	1 734,00	176,00	11,30%
Cluster/Town Houses	1 928,00	2 146,00	218,00	11,30%
Erf : 401 – 800m²	2 317,00	2 579,00	262,00	11,30%
Erf : 801 – 1200m²	2 501,00	2 784,00	283,00	11,30%
Erf : > 1200m²	2 725,00	3 033,00	308,00	11,30%

1.6.5 Waste Removal and Impact of Tariff Increases

It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The City will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration.

A 13.30 percent increase in the waste removal tariff is proposed from 1 July 2012. Higher increases will not be viable in 2012/13 owing to the overall impact of higher than inflation increases of other services. Any increase higher than 13.30 percent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2012:

Table 9: Comparison between current waste removal fees and increases

Category	Current amount Payable R	Proposed amount payable R	Difference (Increase) R	Percentage Change
Domestic: Weekly 2 x 85ℓ load	124,00	140,00	16,00	13,30%
85ℓ Bins – Twice weekly	280,00	317,00	37,00	13,30%
240ℓ Bins – Twice weekly	788,00	893,00	105,00	13,30%
420ℓ Bins – Twice weekly	1 377,00	1 560,00	183,00	13,30%
1.1m³ Sprico – Once weekly	472,00	535,00	63,00	13,30%
1.1m³ Sprico – Twice weekly	941,00	1 066,00	125,00	13,30%
1.1m³ Sprico – Three x a week	1 415,00	1 603,00	188,00	13,30%
1.1m³ Sprico – Four x a week	1 883,00	2 133,00	250,00	13,30%
1.1m³ Sprico – Five x a week	2 353,00	2 666,00	313,00	13,30%

1.6.6 Overall impact of tariff increases on households

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

Note that in all instances the overall impact of the tariff increases on household's bills has been kept at an average of 12.3 percent.

Table 10 - SA14 – Household bills

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13 % incr.	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Rand/cent										
Monthly Account for Household - 'Middle Income Range'										
Rates and services charges:										
Property rates	346.00	384.06	422.47	468.09	468.09	468.09	12.3%	525.67	587.17	653.52
Electricity: Basic levy	-	-	-	-	-	-	-	-	-	-
Electricity: Consumption	538.78	707.41	863.04	1 038.93	1 038.93	1 038.93	13.5%	1 179.19	1 338.38	1 519.06
Water: Basic levy	-	-	-	-	-	-	-	-	-	-
Water: Consumption	198.06	219.85	244.04	277.35	277.35	277.35	15.2%	319.36	365.83	417.60
Sanitation	135.16	150.00	166.52	182.82	182.82	182.82	11.3%	203.48	225.25	248.45
Refuse removal	78.95	87.72	97.37	108.77	108.77	108.77	13.3%	123.24	138.89	155.97
Other	17.54	20.18	22.81	25.44	25.44	25.44	10.3%	28.06	30.78	33.64
sub-total	1 314.50	1 569.22	1 816.25	2 101.40	2 101.40	2 101.40	13.2%	2 379.00	2 686.30	3 028.25
VAT on Services	135.59	165.92	195.13	228.66	228.66	228.66	13.5%	259.47	293.88	332.46
Total large household bill:	1 450.08	1 735.15	2 011.37	2 330.06	2 330.06	2 330.06	13.2%	2 638.46	2 980.18	3 360.71
% increase/-decrease		19.7%	15.9%	15.8%	(0.0%)	0.0%		13.2%	13.0%	12.8%
Monthly Account for Household - 'Affordable Range'										
Rates and services charges:										
Property rates	54.69	60.70	66.77	73.98	73.98	73.98	12.3%	83.08	92.80	103.29
Electricity: Basic levy	-	-	-	-	-	-	-	-	-	-
Electricity: Consumption	268.31	352.29	429.79	517.39	517.39	517.39	13.5%	587.23	666.51	756.49
Water: Basic levy	-	-	-	-	-	-	-	-	-	-
Water: Consumption	155.39	172.48	191.45	217.59	217.59	217.59	15.2%	250.55	287.00	327.62
Sanitation	30.26	33.63	59.28	65.06	65.06	65.06	11.3%	72.41	80.16	88.41
Refuse removal	78.95	87.72	97.37	108.77	108.77	108.77	13.3%	123.24	138.89	155.97
Other	17.54	20.18	22.81	25.44	25.44	25.44	10.3%	28.06	30.78	33.64
sub-total	605.14	726.99	867.48	1 008.22	1 008.22	1 008.22	13.5%	1 144.57	1 296.14	1 465.42
VAT on Services	77.06	93.28	112.10	130.79	130.79	130.79	-	148.61	168.47	190.70
Total small household bill:	682.21	820.28	979.58	1 139.01	1 139.01	1 139.01	13.5%	1 293.18	1 464.61	1 656.12
% increase/-decrease		20.2%	19.4%	16.3%	(0.0%)	0.0%		13.5%	13.3%	13.1%

Table 10 - SA14 – Household bills (continued)

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13 % incr.	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Rand/cent										
<u>Monthly Account for Household - 'Indigent' Household receiving free basic services</u>										
Rates and services charges:										
Property rates	54.69	60.70	66.77	73.98	73.98	73.98	12.3%	83.08	92.80	103.29
Electricity: Basic levy	-	-	-	-	-	-	-	-	-	-
Electricity: Consumption	23.66	27.21	31.30	37.67	37.67	37.67	13.5%	42.76	48.53	55.08
Water: Basic levy	-	-	-	-	-	-	-	-	-	-
Water: Consumption	27.90	30.97	34.37	39.07	39.07	39.07	15.2%	44.98	51.53	58.82
Sanitation	30.26	33.63	59.28	65.06	65.06	65.06	11.3%	72.41	80.16	88.41
Refuse removal	78.95	87.72	97.37	108.77	108.77	108.77	13.3%	123.24	138.89	155.97
Other	17.54	20.18	22.81	25.44	25.44	25.44	10.3%	28.06	30.78	33.64
sub-total	233.01	260.41	311.90	349.99	349.99	349.99	12.7%	394.53	442.69	495.22
VAT on Services	24.96	27.96	34.32	38.64	38.64	38.64	12.8%	43.60	48.98	54.87
Total small household bill:	257.97	288.37	346.22	388.63	388.63	388.63	12.7%	438.13	491.67	550.09
% increase/-decrease		11.8%	20.1%	12.2%	(0.0%)	0.0%		12.7%	12.2%	11.9%

1.7 OPERATING EXPENDITURE FRAMEWORK

The City's expenditure framework for the 2012/13 budget and MTREF is informed by Section 18 and 19 of the MFMA;

The following table is a high level summary of the 2012/13 budget and MTREF (classified per main type of operating expenditure):

Table 11: Summary of operating expenditure by Category

	2011/2012	2012/2013	2013/2014	2014/2015
	M/Y ADJ			
Expenditure Per Category	BUDGET	BUDGET YR1	BUDGET YR2	BUDGET YR3
Salaries, Wages & Allowances	979 841 472	1 053 329 100	1 134 388 683	1 218 563 021
Remuneration of Councillors	42 074 354	45 218 700	48 598 872	52 232 557
Debt Impairment	165 450 000	215 000 000	225 000 000	237 000 000
General Expenses	617 171 787	705 704 870	759 670 184	819 475 466
Operating Projects	181 924 718	167 308 996	240 667 164	241 027 305
Bulk Electricity Purchases	797 856 810	906 780 707	1 029 196 102	1 168 137 576
Bulk Water Purchases	130 261 727	142 376 068	154 762 785	167 608 097
Repairs & Maintenance	242 035 541	290 862 907	334 807 477	387 318 585
Finance Charges	93 951 193	89 112 465	84 904 367	80 298 460
Depreciation	473 248 011	376 527 919	400 641 647	411 028 998
Total Direct Operating Expenditure	3 723 815 613	3 992 221 731	4 412 637 282	4 782 690 065

Table 12 - Summary of operating expenditure by standard classification item

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
Expenditure By Type									
Employee related costs	656 568	766 288	837 301	983 308	979 841	979 841	1 053 329	1 134 389	1 218 563
Remuneration of councillors	19 359	19 691	23 278	28 871	42 074	42 074	45 219	48 599	52 233
Debt impairment	138 109	24 317	210 998	165 450	165 450	165 450	215 000	225 000	237 000
Depreciation & asset impairment	221 037	516 523	431 395	473 248	473 248	473 248	376 528	400 642	411 029
Finance charges	84 868	119 639	86 767	93 951	93 951	93 951	89 112	84 904	80 298
Bulk purchases	466 747	593 724	771 253	940 528	928 119	928 119	1 049 157	1 183 959	1 335 746
Other materials	-	-	-	-	-	-	-	-	-
Contracted services	4 493	8 345	5 908	8 317	8 317	8 317	9 182	10 156	11 212
Transfers and grants	16 250	22 900	20 872	27 616	27 616	27 616	30 464	33 672	37 160
Other expenditure	667 553	770 225	818 468	1 205 702	1 005 199	1 005 199	1 124 230	1 291 318	1 399 449
Loss on disposal of PPE	784	1 447	6 046	-	-	-	-	-	-
Total Expenditure	2 275 770	2 843 099	3 212 286	3 926 991	3 723 816	3 723 816	3 992 222	4 412 637	4 782 690
Surplus/(Deficit)	(151 786)	(310 803)	(405 666)	(273 702)	(275 447)	(275 447)	(25 584)	41 077	141 651
Transfers recognised - capital	170 192	239 729	232 734	654 418	567 749	567 749	629 018	747 118	751 837
Contributions recognised - capital	-	-	-	-	2 790	2 790	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	18 406	(71 073)	(172 932)	380 716	295 092	295 092	603 434	788 194	893 489
Taxation	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	18 406	(71 073)	(172 932)	380 716	295 092	295 092	603 434	788 194	893 489
Attributable to minorities	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	18 406	(71 073)	(172 932)	380 716	295 092	295 092	603 434	788 194	893 489
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	18 406	(71 073)	(172 932)	380 716	295 092	295 092	603 434	788 194	893 489

The budgeted allocation for employee related costs for the 2012/13 financial year totals R1,053 million, which equals 26,4% of the total operating expenditure. Based on average CPIX (approximately 5 percent) plus 2 percent, salary increases have been factored into this budget at a percentage increase of 7 percent for the 2012/13 financial year.

The provision of debt impairment has been determined based on an annual collection rate. For the 2012/13 financial year this amounts to R215 million and escalates to R225 million by 2013/14. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R376.5 million for the 2012/13 financial and equates to 9.4 percent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 2.23 percent (R89,1 million) of operating expenditure excluding annual redemption for 2012/13.

Bulk purchases are directly informed by the purchase of electricity from Eskom (13.5%) and water from Amatola Water (9.3%). The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions.

Other expenditure comprises of various line items relating to the daily operations of the municipality. No increase has been made to the general expenses, except for Fuel, which is 7.5% and Operational Leases which are informed by the Agreements

The following figure gives a breakdown of the main expenditure categories for the 2012/13 financial year:

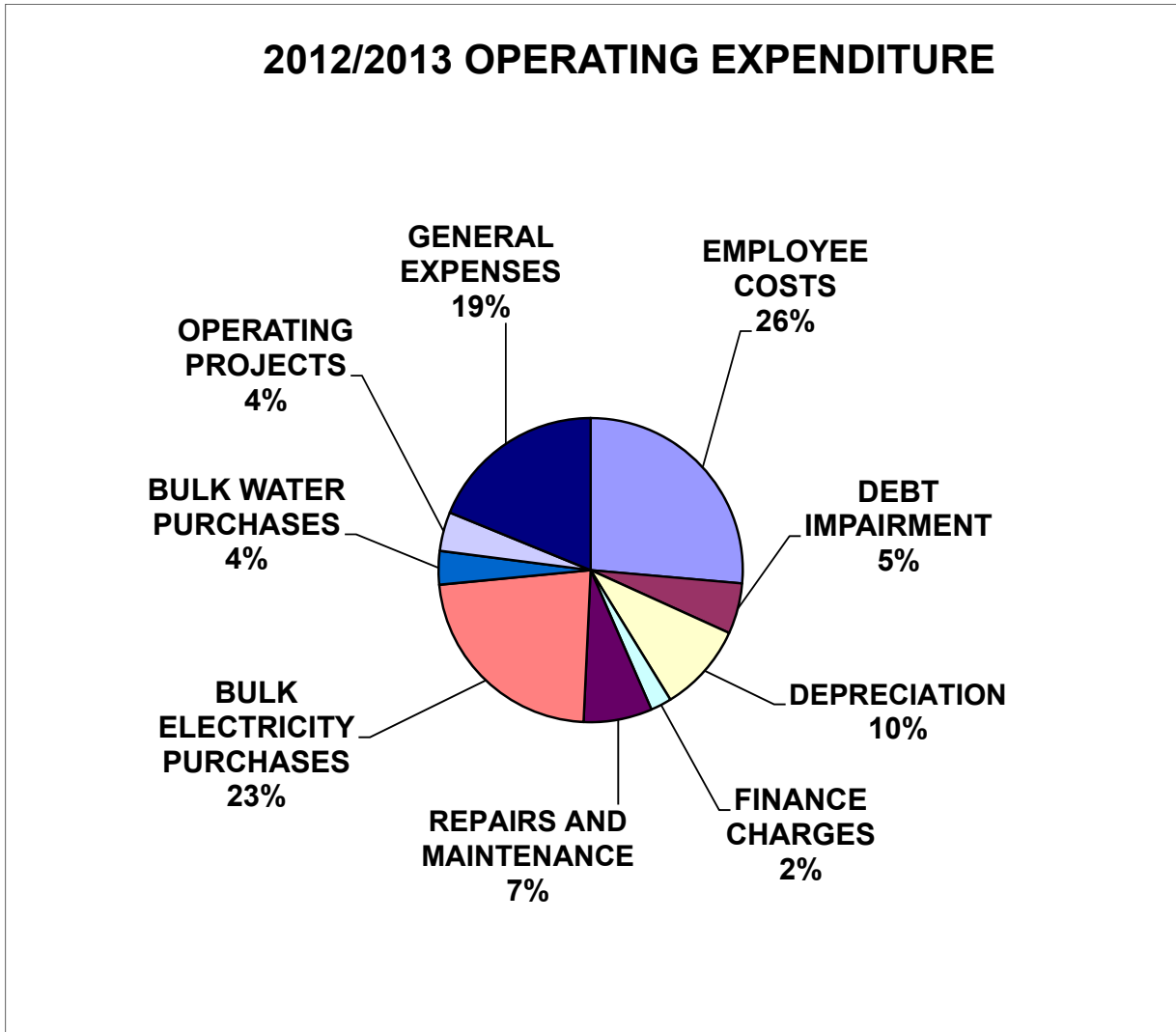


Figure 2: Main operational expenditure categories for the 2012/13 financial year

1.7.1 Repairs and Maintenance

Repairs and maintenance budget is currently 7% of the total Operating Expenditure Budget. The City is striving towards a 10% repairs and maintenance of its total operating budget owing to the aging of the City's infrastructure and historic deferred maintenance. Due to the delaminating status of our roads, the road maintenance budget has been increased by 30 per cent year on year for the MTREF period. The budget for repairs and maintenance has grown by R145,2m from 2012/13 to 2014/15.

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

Table 13 - Repairs and maintenance

Provision for Repairs and Maintenance	2011/2012 Budget	2012/2013 Budget	2013/2014 Budget	2014/2015 Budget
<u>Roads</u>	47 035 037	50 327 489	65 425 736	85 053 457
% Increase on Previous Year	7.00%	30.00%	30.00%	30.00%
	3 292 453	15 098 247	19 627 721	25 516 037
<u>Total</u>	50 327 489	65 425 736	85 053 457	110 569 494
<u>Refuse Service Tariff Income</u>	173 905 216	197 864 852	222 597 959	250 422 704
% of Tariff Income	6.00%	6.00%	6.00%	6.00%
	10 434 313	11 871 891	13 355 878	15 025 362
<u>Sewerage Service Tariff Income</u>	180 202 568	201 650 268	222 823 546	246 220 019
% of Tariff Income	11.00%	10.00%	10.00%	10.00%
<u>Total</u>	19 822 282	20 165 027	22 282 355	24 622 002
<u>Electricity Service Tariff Income</u>	1 142 649	1 251 942	1 390 282	1 543 630 840
% of Tariff Income	606	965	663	10.00%
	9.00%	10.00%	10.00%	10.00%
<u>Total</u>	102 838 465	125 194 297	139 028 266	154 363 084
<u>Water Service Tariff Income</u>	233 282 971	257 827 480	294 825 723	337 133 214
% of Tariff Income	9.00%	10.00%	10.00%	10.00%
<u>Total</u>	20 995 467	25 782 748	29 482 572	33 713 321
Services Repairs & Maintenance	204 418 017	248 439 699	289 202 528	338 293 264
Other Repairs & Maintenance	37 617 532	42 423 208	45 604 949	49 025 320
<u>Total Repairs & Maintenance</u>	242 035 549	290 862 907	334 807 477	387 318 584

1.7.2 Free Basic Services: Basic Social Services Package

Table 14: Basic Social Services Package per household

	Total Per Household 2011/2012	Total Per Household 2012/2013	Total Per Household 2013/2014	Total Per Household 2014/2015
Rates	73.98	83.08	92.80	103.29
Refuse	108.86	123.24	138.89	155.97
Sewerage	65.13	72.41	80.16	88.42
Fire Levy	25.05	28.06	30.78	33.64
TOTAL MONTHLY SUBSIDY	273.02	306.79	342.63	381.32
Electricity - 50kwh p.m	37.67	42.76	48.53	55.08
Electricity - 50kwh p.m (Esk)	39.07	44.98	51.53	58.82
Water - 6kl p.m.				
TOTAL POOR RELIEF	349.76	394.53	442.69	495.22

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the City's Indigent Policy. The target is to register 70 000 or more indigent households during the 2012/13 financial year, a process reviewed annually.

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

1.8 CAPITAL EXPENDITURE FRAMEWORK

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

Table 15 2012/13 Medium-term capital budget per vote

Vote Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
Capital Expenditure - Standard									
<i>Governance and administration</i>	17 711	59 680	27 638	13 370	23 315	23 315	44 700	29 250	28 750
Executive and council	4 206	45 427	228	–	2 111	2 111	4 500	2 000	–
Budget and treasury office	6 532	9 750	27 410	5 497	13 567	13 567	7 600	4 000	3 000
Corporate services	6 973	4 503	–	7 873	7 638	7 638	32 600	23 250	25 750
<i>Community and public safety</i>	15 584	48 632	38 252	146 469	121 634	121 634	88 117	136 673	190 534
Community and social services	1 175	12 723	16 957	10 686	11 625	11 625	15 000	33 000	85 000
Sport and recreation	6 739	4 690	1 129	2 627	13 585	13 585	–	–	–
Public safety	6 201	4 374	10 757	22 163	27 955	27 955	10 128	8 473	13 470
Housing	261	25 902	7 113	107 159	65 436	65 436	62 989	95 200	92 064
Health	1 208	943	2 297	3 834	3 034	3 034	–	–	–
<i>Economic and environmental services</i>	121 388	136 657	113 544	293 000	253 074	253 074	317 921	352 287	355 419
Planning and development	25 096	25 673	28 666	221 667	145 605	145 605	192 921	209 762	107 000
Road transport	90 940	108 615	82 686	67 376	103 490	103 490	120 000	130 484	228 419
Environmental protection	5 353	2 369	2 192	3 957	3 979	3 979	5 000	12 041	20 000
<i>Trading services</i>	211 414	168 366	203 554	304 030	310 965	310 965	289 259	343 130	282 354
Electricity	85 114	63 244	57 802	36 401	41 273	41 273	77 851	100 000	90 000
Water	58 161	51 655	68 055	21 000	24 009	24 009	30 800	42 276	38 500
Waste water management	63 176	3 729	76 972	204 000	206 790	206 790	177 608	200 854	153 854
Waste management	4 963	49 738	725	42 628	38 893	38 893	3 000	–	–
<i>Other</i>	478	16 544	16 122	7 800	16 658	16 658	9 100	18 500	19 000
Total Capital Expenditure - Standard	366 575	429 879	399 110	764 669	725 646	725 646	749 097	879 841	876 057
Funded by:									
National Government	159 683	173 412	205 794	614 234	527 383	527 383	609 848	711 622	735 519
Provincial Government	2 644	55 193	19 113	40 184	40 366	40 366	19 170	35 496	16 318
District Municipality	–	–	–	–	–	–	–	–	–
Other transfers and grants	–	8 156	–	–	–	–	–	–	–
Transfers recognised - capital	162 327	236 761	224 907	654 418	567 749	567 749	629 018	747 118	751 837
Public contributions & donations	6 412	1 374	800	–	2 790	2 790	–	–	–
Borrowing	41 614	97 230	53 728	–	17 577	17 577	–	–	–
Internally generated funds	156 223	94 513	119 675	110 251	137 530	137 530	120 079	132 723	124 220
Total Capital Funding	366 575	429 879	399 110	764 669	725 646	725 646	749 097	879 841	876 057

The capital budget for the 2012/13 MTREF period is R2,5 billion. The major contributing factor for this growth is the Urban Settlement Development Grant (USDG) and Human Settlement Development Grant allocations for the development of infrastructure and housing. Transport Planning received an allocation of R508m, Electricity infrastructure R267.8m, Roads and Storm water R478.8m and Waste Water R532.3m.

TABLE 16 – List of Key Projects

2012-2015 MTREF CAPITAL BUDGET - PROJECTS PER SERVICE	
PROJECT NAME	TOTAL CAPITAL BUDGET FOR 3 YEARS R'000
HOUSING	250,254
<ul style="list-style-type: none"> • Mdantsane Zone 18 CC Phase 2 - P1 & P3 	27,343
<ul style="list-style-type: none"> • Reeston Phase 3: Stage 2, Reeston Phase3 Stage 3; Ilitha Eradication of Wooden Houses to Formal Houses, Tyutyu Phase 2, Airport Phase 2A, Zone CC 18: Phase 2, Potsdam Ikhwezi block 1 and 2, Potsdam North Kanana. 	124,824
<ul style="list-style-type: none"> • Fynbos 1; Fynbos 2; Ndancama, Chris Hani 3; Winnie Mandela; Gwentshe; Ilinge; Deluxolo Village; Sisulu Village; Francis Mei; Mahlangu Village, Second Creek, DVRI Pilot Project; Masibambane; Masibulele; Gwentshe; Velwano; Dacawa; Mathemba Vuso; Manyano & Thembelihle 	110,685
<ul style="list-style-type: none"> • Other 	12,598
ROADS & STORMWATER	478,903
<ul style="list-style-type: none"> • Mdantsane Roads 	265,903
<ul style="list-style-type: none"> • West Bank Restitution 	53,000
<ul style="list-style-type: none"> • BCMM Roads Upgrade 	110,000
<ul style="list-style-type: none"> • Rehabilitation of Rural Roads Upgrade 	45,000
<ul style="list-style-type: none"> • Other 	5,000

2012-2015 MTREF CAPITAL BUDGET - PROJECTS PER SERVICE

PROJECT NAME	TOTAL CAPITAL BUDGET FOR 3 YEARS R'000
SEWERAGE <ul style="list-style-type: none">• Waste Water Treatment Capacity (Zwelitsha)• Reeston Phase 3 Bulk Services Sewer• Diversion of Amalinda and Wilsonia effluent to Reeston• Inland Rural Sanitation - (Coastal Midland & Inland)• Eastern Beach Sewer• Other	444,316 116,000 69,000 80,000 103,208 45,000 31,108
WATER <ul style="list-style-type: none">• KWT and Bhisho Infrastructure(Water)• Augmentation of Water Treatment Capacity - Umzonyana/Raising Upper weir• Upgrade water networks in terms of densification and augmentation• Other•	199,376 64,000 56,000 38,000 41,376
TRANSPORT AND PLANNING <ul style="list-style-type: none">• Bus Rapid Transit• Taxi Ranks• Gonubie Main Road• Other	307,665 157,464 80,000 60,000 10,201

2012-2015 MTREF CAPITAL BUDGET - PROJECTS PER SERVICE

PROJECT NAME	TOTAL CAPITAL BUDGET FOR 3 YEARS R'000
COMMUNITY SERVICES	173,041
• Development and Upgrading of Cemeteries (Inland, Midland & Coastal)	37,040
• Development and Upgrading of Community Halls	54,000
• Sport & Recreation Facilities	69,000
• Other	13,000
ELECTRICITY	276,851
• Bulk Electricity Infrastructure Upgrade	105,000
• Electrification – Reeston, Potsdam unit P, Infills Mdantsane, Dimbaza, Zwelitsha, Pakamisa, Bhisho and Duncan Village	80,000
• Electrification of Shacks in Informal Areas	45,000
• Other	46,581
IT SYSTEM	91,200
VALUATIONS	47,000
BCMM FLEET & OTHER	46,600
PUBLIC SAFETY	32,071
LOCAL ECONOMIC DEVELOPMENT	70,254
LAND ACQUISITION	84,764

1.9 ANNUAL BUDGET TABLES

The following twelve pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2012/13 budget and MTREF as approved by the Council.

Table 17 -Table A1 - Budget Summary

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousands									
Financial Performance									
Property rates	363 493	427 047	453 306	521 747	521 072	521 072	585 374	653 910	727 750
Service charges	1 060 617	1 288 209	1 465 000	1 752 582	1 750 071	1 750 071	1 967 956	2 228 353	2 520 341
Investment revenue	85 519	42 105	32 527	30 192	30 192	30 192	53 986	55 386	56 828
Transfers recognised - operational	444 415	573 985	679 071	966 570	763 690	763 690	804 866	906 740	965 041
Other own revenue	169 939	200 950	176 716	382 199	383 345	383 345	554 454	609 325	654 381
Total Revenue (excluding capital transfers and contributions)	2 123 984	2 532 297	2 806 620	3 653 289	3 448 369	3 448 369	3 966 637	4 453 714	4 924 341
Employee costs	656 568	766 288	837 301	983 308	979 841	979 841	1 053 329	1 134 389	1 218 563
Remuneration of councillors	19 359	19 691	23 278	28 871	42 074	42 074	45 219	48 599	52 233
Depreciation & asset impairment	221 037	516 523	431 395	473 248	473 248	473 248	376 528	400 642	411 029
Finance charges	84 868	119 639	86 767	93 951	93 951	93 951	89 112	84 904	80 298
Materials and bulk purchases	466 747	593 724	771 253	940 528	928 119	928 119	1 049 157	1 183 959	1 335 746
Transfers and grants	16 250	22 900	20 872	27 616	27 616	27 616	30 464	33 672	37 160
Other expenditure	810 940	804 334	1 041 420	1 379 470	1 178 966	1 178 966	1 348 412	1 526 473	1 647 661
Total Expenditure	2 275 770	2 843 099	3 212 286	3 926 991	3 723 816	3 723 816	3 992 222	4 412 637	4 782 690
Surplus/(Deficit)	(151 786)	(310 803)	(405 666)	(273 702)	(275 447)	(275 447)	(25 584)	41 077	141 651
Transfers recognised - capital	170 192	239 729	232 734	654 418	567 749	567 749	629 018	747 118	751 837
Contributions recognised - capital & contributed assets	-	-	-	-	2 790	2 790	-	-	-
Surplus/(Deficit) after capital transfers & contributions	18 406	(71 073)	(172 932)	380 716	295 092	295 092	603 434	788 194	893 489
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	18 406	(71 073)	(172 932)	380 716	295 092	295 092	603 434	788 194	893 489

Table 18 -Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
Revenue - Standard									
<i>Governance and administration</i>	676 096	821 966	883 031	1 164 058	1 163 679	1 163 679	1 453 170	1 580 546	1 699 169
Executive and council	221	221	7 898	-	3 814	3 814	-	-	-
Budget and treasury office	660 828	770 563	850 388	1 157 025	1 151 320	1 151 320	1 441 627	1 567 337	1 690 378
Corporate services	15 047	51 182	24 745	7 033	8 544	8 544	11 543	13 208	8 791
<i>Community and public safety</i>	160 500	236 717	231 245	438 124	243 821	243 821	218 637	286 732	306 733
Community and social services	11 910	18 929	24 674	13 953	14 027	14 027	14 954	16 081	17 303
Sport and recreation	3 007	4 284	2 666	3 841	3 841	3 841	4 240	4 690	5 178
Public safety	42 816	52 199	59 194	66 787	66 264	66 264	75 096	82 501	90 336
Housing	56 042	107 856	109 544	290 582	96 728	96 728	109 591	168 703	179 157
Health	46 725	53 449	35 167	62 961	62 961	62 961	14 755	14 757	14 759
<i>Economic and environmental services</i>	110 347	135 832	137 024	69 293	75 460	75 460	83 027	88 938	97 520
Planning and development	47 248	30 866	25 584	15 599	21 766	21 766	23 944	23 790	25 791
Road transport	59 389	102 642	109 239	53 406	53 406	53 406	58 765	64 796	71 341
Environmental protection	3 710	2 325	2 202	288	288	288	318	351	388
<i>Trading services</i>	1 332 803	1 562 076	1 773 494	1 965 329	1 948 924	1 948 924	2 193 604	2 477 369	2 798 698
Electricity	674 324	858 341	981 969	1 194 127	1 192 788	1 192 788	1 337 501	1 517 320	1 721 279
Water	255 499	283 418	295 140	296 739	295 050	295 050	317 902	358 797	408 063
Waste water management	227 922	229 881	276 827	231 607	225 866	225 866	260 618	288 501	318 220
Waste management	175 058	190 437	219 559	242 857	235 220	235 220	277 583	312 752	351 136
<i>Other</i>	14 430	15 435	14 561	670 903	587 024	587 024	647 218	767 246	774 059
Total Revenue - Standard	2 294 176	2 772 026	3 039 354	4 307 707	4 018 908	4 018 908	4 595 656	5 200 832	5 676 179

Table 18 -Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)(Continued)

Standard Classification Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
Expenditure - Standard									
<i>Governance and administration</i>	527 116	544 695	528 754	672 690	676 668	676 668	787 630	853 799	900 274
Executive and council	51 883	62 626	84 170	83 640	101 752	101 752	115 860	124 749	128 453
Budget and treasury office	311 150	259 446	231 662	337 167	322 692	322 692	368 805	397 897	421 732
Corporate services	164 083	222 623	212 923	251 884	252 224	252 224	302 965	331 152	350 089
<i>Community and public safety</i>	306 374	344 057	391 622	661 558	479 976	479 976	479 089	566 264	615 815
Community and social services	61 289	67 098	70 856	75 731	75 673	75 673	78 546	84 027	90 655
Sport and recreation	48 117	49 383	57 413	51 148	54 987	54 987	56 447	60 830	66 841
Public safety	89 541	108 531	119 911	159 089	169 991	169 991	180 363	192 099	203 742
Housing	61 369	69 633	81 782	304 017	109 907	109 907	131 655	200 836	224 990
Health	46 059	49 413	61 660	71 573	69 418	69 418	32 078	28 472	29 587
<i>Economic and environmental services</i>	318 692	524 578	497 628	579 344	582 546	582 546	553 912	604 380	633 577
Planning and development	77 108	136 658	149 659	177 410	182 419	182 419	191 786	208 873	220 334
Road transport	181 523	323 414	276 017	328 016	324 678	324 678	283 715	311 610	323 414
Environmental protection	60 060	64 505	71 952	73 917	75 448	75 448	78 411	83 897	89 828
<i>Trading services</i>	1 113 511	1 418 798	1 781 987	2 000 822	1 972 327	1 972 327	2 157 368	2 372 754	2 616 537
Electricity	550 808	760 462	915 286	1 158 731	1 152 937	1 152 937	1 258 367	1 405 344	1 573 013
Water	237 318	260 596	389 249	345 563	340 118	340 118	359 313	383 340	410 258
Waste water management	168 676	216 680	265 936	263 059	252 887	252 887	273 358	296 942	323 806
Waste management	156 709	181 061	211 516	233 469	226 384	226 384	266 330	287 129	309 461
<i>Other</i>	10 078	10 971	12 295	12 576	12 299	12 299	14 224	15 440	16 486
Total Expenditure - Standard	2 275 770	2 843 099	3 212 286	3 926 991	3 723 816	3 723 816	3 992 222	4 412 637	4 782 690
Surplus/(Deficit) for the year	18 406	(71 073)	(172 932)	380 716	295 092	295 092	603 434	788 194	893 489

Table 19 - Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue by Vote									
Vote 1 - Directorate - Executive Support Services	10 463	46 433	15 449	-	4 422	4 422	-	-	-
Vote 2 - Directorate - Municipal Manager	-	40	7 431	-	2 669	2 669	-	-	-
Vote 3 - Directorate - Chief Operations Officer	61 867	109 050	110 233	290 582	98 445	98 445	109 591	168 703	179 157
Vote 4 - Directorate - Chief Financial Officer	660 828	770 563	850 388	1 157 025	1 151 320	1 151 320	1 441 627	1 567 337	1 690 378
Vote 5 - Directorate - Corporate Services	2 507	5 047	1 009	3 236	3 246	3 246	5 371	6 341	6 730
Vote 6 - Directorate - Engineering Services	1 184 194	1 437 512	1 625 241	1 727 529	1 718 761	1 718 761	1 923 389	2 172 609	2 450 670
Vote 7 - Directorate - Development Planning	60 136	46 099	42 550	39 117	41 671	41 671	49 908	52 507	57 494
Vote 8 - Directorate - Health & Public Safety	120 254	141 157	137 793	174 861	174 338	174 338	139 656	152 342	165 909
Vote 9 - Directorate - Community Services	193 927	216 125	249 259	260 939	253 497	253 497	297 096	333 874	374 004
Vote 10 - Directorate - Miscellaneous	-	-	-	654 418	570 539	570 539	629 018	747 118	751 837
Total Revenue by Vote	2 294 176	2 772 026	3 039 354	4 307 707	4 018 908	4 018 908	4 595 656	5 200 832	5 676 179
Expenditure by Vote to be appropriated									
Vote 1 - Directorate - Executive Support Services	86 237	110 204	87 492	104 511	127 378	127 378	132 550	142 005	146 562
Vote 2 - Directorate - Municipal Manager	19 980	29 591	45 686	37 771	40 654	40 654	51 513	54 783	57 377
Vote 3 - Directorate - Chief Operations Officer	68 160	76 094	88 852	312 579	120 308	120 308	140 598	210 202	234 810
Vote 4 - Directorate - Chief Financial Officer	311 150	259 446	231 662	337 167	322 692	322 692	368 805	397 897	421 732
Vote 5 - Directorate - Corporate Services	64 253	72 896	80 462	110 558	104 895	104 895	136 374	152 143	165 686
Vote 6 - Directorate - Engineering Services	1 140 360	1 572 683	1 862 096	2 104 626	2 079 822	2 079 822	2 187 239	2 411 233	2 638 925
Vote 7 - Directorate - Development Planning	102 869	169 999	182 666	208 613	209 155	209 155	231 605	252 572	268 149
Vote 8 - Directorate - Health & Public Safety	152 732	184 564	196 260	257 643	264 470	264 470	242 477	252 628	267 420
Vote 9 - Directorate - Community Services	330 030	367 624	437 110	453 524	454 442	454 442	501 062	539 173	582 029
Vote 10 - Directorate - Miscellaneous	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2 275 770	2 843 099	3 212 286	3 926 991	3 723 816	3 723 816	3 992 222	4 412 637	4 782 690
Surplus/(Deficit) for the year	18 406	(71 073)	(172 932)	380 716	295 092	295 092	603 434	788 194	893 489

Table 20 - Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
Revenue By Source									
Property rates	362 669	426 500	452 694	520 511	519 836	519 836	583 999	652 376	726 039
Property rates - penalties & collection charges	824	547	612	1 236	1 236	1 236	1 376	1 534	1 710
Service charges - electricity revenue	609 731	802 485	924 518	1 142 652	1 142 652	1 142 652	1 279 796	1 452 568	1 648 665
Service charges - water revenue	181 117	201 622	200 158	233 283	225 867	225 867	260 086	297 929	340 086
Service charges - sanitation revenue	128 522	145 648	166 162	180 203	182 820	182 820	203 478	225 251	248 451
Service charges - refuse revenue	124 506	139 256	157 219	173 905	176 193	176 193	199 627	224 979	252 652
Service charges - other	16 742	(802)	16 943	22 539	22 539	22 539	24 968	27 626	30 487
Rental of facilities and equipment	12 750	12 910	14 107	12 759	12 759	12 759	14 086	15 579	17 199
Interest earned - external investments	85 519	42 105	32 527	30 192	30 192	30 192	53 986	55 386	56 828
Interest earned - outstanding debtors	35 093	44 818	21 202	22 036	22 036	22 036	24 328	26 907	29 705
Dividends received	165	86	-	60	60	60	-	-	-
Fines	7 058	8 257	7 321	10 657	10 657	10 657	11 765	13 012	14 366
Licences and permits	12 250	14 117	15 053	15 391	15 391	15 391	16 992	18 793	20 747
Agency services	-	-	-	-	-	-	-	-	-
Transfers recognised - operational	444 415	573 985	679 071	966 570	763 690	763 690	804 866	906 740	965 041
Other revenue	98 454	118 240	118 595	321 296	322 441	322 441	487 284	535 034	572 364
Gains on disposal of PPE	4 168	2 523	437	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	2 123 984	2 532 297	2 806 620	3 653 289	3 448 369	3 448 369	3 966 637	4 453 714	4 924 341

Table 20 - Table A4 - Budgeted Financial Performance (revenue and expenditure) (continued)

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
Expenditure By Type									
Employee related costs	656 568	766 288	837 301	983 308	979 841	979 841	1 053 329	1 134 389	1 218 563
Remuneration of councillors	19 359	19 691	23 278	28 871	42 074	42 074	45 219	48 599	52 233
Debt impairment	138 109	24 317	210 998	165 450	165 450	165 450	215 000	225 000	237 000
Depreciation & asset impairment	221 037	516 523	431 395	473 248	473 248	473 248	376 528	400 642	411 029
Finance charges	84 888	119 639	86 767	93 951	93 951	93 951	89 112	84 904	80 298
Bulk purchases	466 747	593 724	771 253	940 528	928 119	928 119	1 049 157	1 183 959	1 335 746
Other materials	-	-	-	-	-	-	-	-	-
Contracted services	4 493	8 345	5 908	8 317	8 317	8 317	9 182	10 156	11 212
Transfers and grants	16 250	22 900	20 872	27 616	27 616	27 616	30 464	33 672	37 160
Other expenditure	667 553	770 225	818 468	1 205 702	1 005 199	1 005 199	1 124 230	1 291 318	1 399 449
Loss on disposal of PPE	784	1 447	6 046	-	-	-	-	-	-
Total Expenditure	2 275 770	2 843 099	3 212 286	3 926 991	3 723 816	3 723 816	3 992 222	4 412 637	4 782 690
Surplus/(Deficit)	(151 786)	(310 803)	(405 666)	(273 702)	(275 447)	(275 447)	(25 584)	41 077	141 651
Transfers recognised - capital	170 192	239 729	232 734	654 418	567 749	567 749	629 018	747 118	751 837
Contributions recognised - capital	-	-	-	-	2 790	2 790	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	18 406	(71 073)	(172 932)	380 716	295 092	295 092	603 434	788 194	893 489
Taxation	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	18 406	(71 073)	(172 932)	380 716	295 092	295 092	603 434	788 194	893 489
Attributable to minorities	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	18 406	(71 073)	(172 932)	380 716	295 092	295 092	603 434	788 194	893 489
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	18 406	(71 073)	(172 932)	380 716	295 092	295 092	603 434	788 194	893 489

Table 21 - Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
Capital expenditure - Vote									
Multi-year expenditure to be appropriated									
Vote 1 - Directorate - Executive Support Services	4 191	45 427	20 564	-	15 863	15 863	4 500	2 000	-
Vote 2 - Directorate - Municipal Manager	15	144	132	1 000	1 050	1 050	-	-	-
Vote 3 - Directorate - Chief Operations Officer	297	25 092	7 113	107 159	65 436	65 436	72 089	113 700	111 064
Vote 4 - Directorate - Chief Financial Officer	6 532	9 750	2 566	5 497	13 567	13 567	3 600	3 000	3 000
Vote 5 - Directorate - Corporate Services	6 973	4 503	4 540	7 873	7 638	7 638	32 600	23 250	25 750
Vote 6 - Directorate - Engineering Services	297 833	288 011	285 914	336 577	391 439	391 439	406 259	473 614	510 773
Vote 7 - Directorate - Development Planning	25 096	27 524	43 436	220 667	144 605	144 605	196 921	210 762	107 000
Vote 8 - Directorate - Health & Public Safety	8 306	5 915	13 428	26 409	31 123	31 123	10 128	8 473	13 470
Vote 9 - Directorate - Community Services	17 333	23 511	21 418	59 486	54 927	54 927	23 000	45 041	105 000
Vote 10 - Directorate - Miscellaneous	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	366 575	429 879	399 110	764 669	725 646	725 646	749 097	879 841	876 057
Single-year expenditure to be appropriated									
Vote 1 - Directorate - Executive Support Services	-	-	-	-	-	-	-	-	-
Vote 2 - Directorate - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Directorate - Chief Operations Officer	-	-	-	-	-	-	-	-	-
Vote 4 - Directorate - Chief Financial Officer	-	-	-	-	-	-	-	-	-
Vote 5 - Directorate - Corporate Services	-	-	-	-	-	-	-	-	-
Vote 6 - Directorate - Engineering Services	-	-	-	-	-	-	-	-	-
Vote 7 - Directorate - Development Planning	-	-	-	-	-	-	-	-	-
Vote 8 - Directorate - Health & Public Safety	-	-	-	-	-	-	-	-	-
Vote 9 - Directorate - Community Services	-	-	-	-	-	-	-	-	-
Vote 10 - Directorate - Miscellaneous	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote	366 575	429 879	399 110	764 669	725 646	725 646	749 097	879 841	876 057

Table 21 - Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source (continued)

Vote Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
Capital Expenditure - Standard									
<i>Governance and administration</i>	17 711	59 680	27 638	13 370	23 315	23 315	44 700	29 250	28 750
Executive and council	4 206	45 427	228	–	2 111	2 111	4 500	2 000	–
Budget and treasury office	6 532	9 750	27 410	5 497	13 567	13 567	7 600	4 000	3 000
Corporate services	6 973	4 503	–	7 873	7 638	7 638	32 600	23 250	25 750
<i>Community and public safety</i>	15 584	48 632	38 252	146 469	121 634	121 634	88 117	136 673	190 534
Community and social services	1 175	12 723	16 957	10 686	11 625	11 625	15 000	33 000	85 000
Sport and recreation	6 739	4 690	1 129	2 627	13 585	13 585	–	–	–
Public safety	6 201	4 374	10 757	22 163	27 955	27 955	10 128	8 473	13 470
Housing	261	25 902	7 113	107 159	65 436	65 436	62 989	95 200	92 064
Health	1 208	943	2 297	3 834	3 034	3 034	–	–	–
<i>Economic and environmental services</i>	121 388	136 657	113 544	293 000	253 074	253 074	317 921	352 287	355 419
Planning and development	25 096	25 673	28 666	221 667	145 605	145 605	192 921	209 762	107 000
Road transport	90 940	108 615	82 686	67 376	103 490	103 490	120 000	130 484	228 419
Environmental protection	5 353	2 369	2 192	3 957	3 979	3 979	5 000	12 041	20 000
<i>Trading services</i>	211 414	168 366	203 554	304 030	310 965	310 965	289 259	343 130	282 354
Electricity	85 114	63 244	57 802	36 401	41 273	41 273	77 851	100 000	90 000
Water	58 161	51 655	68 055	21 000	24 009	24 009	30 800	42 276	38 500
Waste water management	63 176	3 729	76 972	204 000	206 790	206 790	177 608	200 854	153 854
Waste management	4 963	49 738	725	42 628	38 893	38 893	3 000	–	–
<i>Other</i>	478	16 544	16 122	7 800	16 658	16 658	9 100	18 500	19 000
Total Capital Expenditure - Standard	366 575	429 879	399 110	764 669	725 646	725 646	749 097	879 841	876 057
Funded by:									
National Government	159 683	173 412	205 794	614 234	527 383	527 383	609 848	711 622	735 519
Provincial Government	2 644	55 193	19 113	40 184	40 366	40 366	19 170	35 496	16 318
District Municipality	–	–	–	–	–	–	–	–	–
Other transfers and grants	–	8 156	–	–	–	–	–	–	–
Transfers recognised - capital	162 327	236 761	224 907	654 418	567 749	567 749	629 018	747 118	751 837
Public contributions & donations	6 412	1 374	800	–	2 790	2 790	–	–	–
Borrowing	41 614	97 230	53 728	–	17 577	17 577	–	–	–
Internally generated funds	156 223	94 513	119 675	110 251	137 530	137 530	120 079	132 723	124 220
Total Capital Funding	366 575	429 879	399 110	764 669	725 646	725 646	749 097	879 841	876 057

Table 22 -Table A6 - Budgeted Financial Position

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
ASSETS									
Current assets									
Cash	107 184	57 303	44 258	85 809	80 000	80 000	80 000	80 000	80 000
Call investment deposits	588 686	502 168	693 936	661 405	621 457	621 457	768 528	971 385	1 265 152
Consumer debtors	264 773	388 161	304 079	582 968	582 968	582 968	356 021	343 853	340 968
Other debtors	116 560	125 680	109 771	106 700	136 973	136 973	132 820	146 100	160 715
Current portion of long-term receivables	18	11	12	-	-	-	10	10	10
Inventory	64 213	91 420	142 414	122 100	122 100	122 100	172 320	189 553	208 508
Total current assets	1 141 434	1 164 743	1 294 469	1 558 982	1 543 498	1 543 498	1 509 699	1 730 901	2 055 353
Non current assets									
Long-term receivables	93	82	70	-	-	-	66	66	66
Investments	3 710	4 411	820	777	777	777	815	856	907
Investment property	201 199	201 199	220 776	243 571	243 571	243 571	267 928	294 720	342 192
Investment in Associate	3 627	-	12 088	-	-	-	14 600	16 000	17 600
Property, plant and equipment	12 767 176	12 615 740	11 348 031	11 639 452	11 600 429	11 600 429	11 972 998	12 452 198	12 917 226
Agricultural	-	-	-	-	-	-	-	-	-
Biological	-	-	-	-	-	-	-	-	-
Intangible	11 090	12 071	14 850	14 761	14 761	14 761	17 900	19 700	21 670
Other non-current assets	42	36	48	51	51	51	60	70	80
Total non current assets	12 986 937	12 833 539	11 596 684	11 898 612	11 859 589	11 859 589	12 274 367	12 783 610	13 299 741
TOTAL ASSETS	14 128 371	13 998 282	12 891 153	13 457 594	13 403 087	13 403 087	13 784 066	14 514 511	15 355 094

Table 22 -Table A6 - Budgeted Financial Position (continued)

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
LIABILITIES									
Current liabilities									
Bank overdraft	-	-	-	-	-	-	-	-	-
Borrowing	42 390	30 740	45 760	41 013	45 000	45 000	41 533	45 401	49 674
Consumer deposits	28 308	30 375	33 454	36 643	36 643	36 643	40 300	44 300	48 700
Trade and other payables	611 182	613 724	723 542	452 300	452 300	452 300	1 006 500	1 107 150	1 217 800
Provisions	101 370	119 308	116 992	121 422	121 422	121 422	127 400	133 800	140 600
Total current liabilities	783 250	794 147	919 749	651 378	655 365	655 365	1 215 733	1 330 651	1 456 774
Non current liabilities									
Borrowing	537 569	507 668	646 503	647 719	647 264	647 264	607 208	561 807	512 134
Provisions	305 406	294 540	329 922	351 495	360 233	360 233	421 300	463 330	509 610
Total non current liabilities	842 975	802 208	976 425	999 214	1 007 497	1 007 497	1 028 508	1 025 137	1 021 744
TOTAL LIABILITIES	1 626 225	1 596 355	1 896 174	1 650 592	1 662 862	1 662 862	2 244 241	2 355 788	2 478 518
NET ASSETS	12 502 146	12 401 927	10 994 979	11 807 002	11 740 225	11 740 225	11 539 825	12 158 723	12 876 576
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	7 529 897	12 385 306	10 978 931	11 788 718	11 721 941	11 721 941	11 520 465	12 137 723	12 853 576
Reserves	4 972 249	16 621	16 048	18 284	18 284	18 284	19 360	21 000	23 000
Minorities' interests	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	12 502 146	12 401 927	10 994 979	11 807 002	11 740 225	11 740 225	11 539 825	12 158 723	12 876 576

Table 23 -Table A7 - Budgeted Cash Flow Statement

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	2 032 780	1 833 919	1 916 526	2 465 720	2 466 553	2 466 553	2 775 111	3 118 213	3 485 490
Government - operating	-	813 714	-	966 570	763 690	763 690	804 866	906 740	965 041
Government - capital	-	-	911 805	654 418	639 227	639 227	629 018	747 118	751 837
Interest	120 612	86 924	53 776	52 228	52 228	52 228	78 314	82 293	86 533
Dividends	-	86	-	60	60	60	-	-	-
Payments									
Suppliers and employees	(1 666 628)	(2 315 831)	(2 341 440)	(3 108 358)	(2 900 433)	(2 900 433)	(3 224 734)	(3 607 689)	(3 951 945)
Finance charges	(84 868)	(108 121)	(87 287)	(93 951)	(93 951)	(93 951)	(89 112)	(84 904)	(80 298)
Transfers and Grants	-	-	-	(27 616)	(27 616)	(27 616)	(30 464)	(33 672)	(37 160)
NET CASH FROM/(USED) OPERATING ACTIVITIES	401 896	310 690	453 380	909 071	899 758	899 758	942 999	1 128 099	1 219 498
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	4 994	3 049	1 276	-	-	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	(34 612)	-	-	-	-	-	-
Decrease (increase) other non-current receivables	200	18 268	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	1 989	(701)	3 933	-	-	-	-	-	-
Payments									
Capital assets	(368 978)	(426 412)	(399 110)	(764 669)	(797 124)	(797 124)	(749 097)	(879 841)	(876 057)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(361 795)	(405 796)	(428 513)	(764 669)	(797 124)	(797 124)	(749 097)	(879 841)	(876 057)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-
Payments									
Repayment of borrowing	(1 154)	(41 179)	153 857	(41 012)	(45 000)	(45 000)	(41 533)	(45 401)	(49 674)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(1 154)	(41 179)	153 857	(41 012)	(45 000)	(45 000)	(41 533)	(45 401)	(49 674)
NET INCREASE/ (DECREASE) IN CASH HELD	38 947	(136 285)	178 723	103 390	57 634	57 634	152 369	202 857	293 767
Cash/cash equivalents at the year begin:	608 855	647 802	511 517	638 525	638 525	638 525	696 159	848 527	1 051 385
Cash/cash equivalents at the year end:	647 802	511 517	690 241	741 915	696 159	696 159	848 527	1 051 385	1 345 152

Table 24 - Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
Cash and investments available									
Cash/cash equivalents at the year end	647 802	511 517	690 241	741 915	696 159	696 159	848 527	1 051 385	1 345 152
Other current investments > 90 days	48 068	47 954	47 953	5 299	5 298	5 298	1	0	0
Non current assets - Investments	3 710	4 411	820	777	777	777	815	856	907
Cash and investments available:	699 580	563 882	739 014	747 991	702 234	702 234	849 343	1 052 241	1 346 059
Application of cash and investments									
Unspent conditional transfers	310 016	268 648	346 142	73 440	73 440	73 440	550 000	605 000	665 500
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements									
Other working capital requirements	(186 566)	(147 448)	(1 332)	(261 287)	(290 125)	(290 125)	19 928	64 531	104 163
Other provisions									
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments									
Total Application of cash and investments:	123 450	121 200	344 809	(187 847)	(216 685)	(216 685)	569 928	669 531	769 663
Surplus(shortfall)	576 130	442 682	394 205	935 838	918 919	918 919	279 415	382 710	576 396

Table 25 - Table A9 - Asset Management (continued)

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
Total Capital Expenditure									
<i>Infrastructure - Road transport</i>	87 558	132 504	102 767	79 369	115 482	115 482	141 200	160 484	238 419
<i>Infrastructure - Electricity</i>	92 822	67 813	57 930	31 445	36 317	36 317	77 851	100 000	90 000
<i>Infrastructure - Water</i>	61 720	69 047	65 281	21 000	29 309	29 309	30 800	42 276	38 500
<i>Infrastructure - Sanitation</i>	63 608	61 269	80 832	204 868	202 358	202 358	177 608	200 854	153 854
<i>Infrastructure - Other</i>	-	-	-	318 728	191 032	191 032	224 946	232 462	159 564
Infrastructure	305 708	330 633	306 810	655 410	574 499	574 499	652 405	736 077	680 337
Community	11 247	50 598	34 939	25 790	44 619	44 619	23 000	48 041	108 000
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	49 620	42 003	52 346	83 470	61 295	61 295	73 692	95 723	87 720
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	2 916	5 014	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	366 575	426 150	399 110	764 669	680 412	680 412	749 097	879 841	876 057
ASSET REGISTER SUMMARY - PPE (WDV)									
<i>Infrastructure - Road transport</i>	3 161 260	3 043 152	2 000 688	2 080 057	2 116 171	2 116 171	2 257 371	2 417 855	2 656 274
<i>Infrastructure - Electricity</i>	1 694 335	1 586 641	1 507 138	1 538 583	1 543 455	1 543 455	1 621 306	1 721 306	1 811 306
<i>Infrastructure - Water</i>	1 431 163	1 456 059	1 411 355	1 432 355	1 435 364	1 435 364	1 466 164	1 508 440	1 546 940
<i>Infrastructure - Sanitation</i>	1 273 718	1 196 443	1 169 416	1 376 379	1 377 073	1 377 073	1 554 682	1 755 536	1 909 390
<i>Infrastructure - Other</i>	4 778 346	4 568 657	4 353 368	4 197 946	4 072 325	4 072 325	3 917 743	3 749 564	3 498 099
Infrastructure	12 338 822	11 850 952	10 441 965	10 625 320	10 544 388	10 544 388	10 817 266	11 152 701	11 422 009
Community	13 280	182 293	287 668	328 014	331 818	331 818	361 946	415 460	533 930
Heritage assets	3 421	3 421	3 421	3 421	3 421	3 421	3 421	3 421	3 421
Investment properties	201 199	201 199	220 776	243 571	243 571	243 571	267 928	294 720	342 192
Other assets	411 558	579 019	614 977	682 697	720 802	720 802	790 366	880 616	957 866
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	11 090	12 071	14 850	14 761	14 761	14 761	17 900	19 700	21 670
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	12 979 370	12 828 955	11 583 658	11 897 784	11 858 761	11 858 761	12 258 826	12 766 618	13 281 088

Table 25 - Table A9 - Asset Management (continued)

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
EXPENDITURE OTHER ITEMS									
<u>Depreciation & asset impairment</u>	221 037	516 523	431 395	473 248	473 248	473 248	376 528	400 642	411 029
<u>Repairs and Maintenance by Asset Class</u>	116 795	174 695	193 336	242 036	242 036	242 036	290 863	334 807	387 319
<i>Infrastructure - Road transport</i>	25 076	31 030	43 648	50 343	50 343	50 343	65 443	85 072	110 589
<i>Infrastructure - Electricity</i>	37 813	69 470	73 548	102 838	102 838	102 838	125 194	139 028	154 363
<i>Infrastructure - Water</i>	5 667	22 636	18 696	20 995	20 995	20 995	25 783	29 483	33 713
<i>Infrastructure - Sanitation</i>	12 391	15 765	17 790	19 822	19 822	19 822	20 165	22 282	24 622
<i>Infrastructure - Other</i>	4 054	3 415	3 452	10 434	8 781	8 781	11 872	13 356	15 025
Infrastructure	85 002	142 317	157 134	204 434	202 780	202 780	248 457	289 221	338 313
Community	10 323	14 533	15 668	15 704	17 258	17 258	18 852	20 265	21 785
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	21 470	17 845	20 535	21 898	21 998	21 998	23 555	25 321	27 221
TOTAL EXPENDITURE OTHER ITEMS	337 833	691 218	624 731	715 284	715 284	715 284	667 391	735 449	798 348
<i>Renewal of Existing Assets as % of total capex</i>	0.0%	0.0%	0.0%	6.2%	16.1%	16.1%	10.4%	8.9%	17.2%
<i>Renewal of Existing Assets as % of deprecn"</i>	0.0%	0.0%	0.0%	10.0%	23.2%	23.2%	20.7%	19.5%	36.6%
<i>R&M as a % of PPE</i>	0.9%	1.4%	1.7%	2.1%	2.1%	2.1%	2.4%	2.7%	3.0%
<i>Renewal and R&M as a % of PPE</i>	1.0%	1.0%	2.0%	2.0%	3.0%	3.0%	3.0%	3.0%	4.0%

Table 26 - Table A10 - Basic Service Delivery Measurement

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Household service targets									
<u>Water:</u>									
Piped water inside dwelling	109	114	116	119	119	119	121	121	121
Piped water inside yard (but not in dwelling)	108	108	114	114	114	114	121	121	121
Using public tap (at least min.service level)	4	4	2	2	2	2	2	2	2
Other water supply (at least min.service level)									
<i>Minimum Service Level and Above sub-total</i>	221	226	232	235	235	235	244	244	244
Using public tap (< min.service level)	1	1	1	1	1	1	1	1	1
Other water supply (< min.service level)									
No water supply	7	7	4	4	4	4	4	4	4
<i>Below Minimum Service Level sub-total</i>	8	8	5	5	5	5	5	5	5
Total number of households	229	234	237	240	240	240	249	249	249
<u>Sanitation/sewerage:</u>									
Flush toilet (connected to sewerage)	117	117	118	119	119	119	110	110	110
Flush toilet (with septic tank)	2	-	3	4	4	4	4	4	4
Chemical toilet									
Pit toilet (ventilated)	8	9	11	12	12	12	13	13	13
Other toilet provisions (> min.service level)									
<i>Minimum Service Level and Above sub-total</i>	127	126	132	135	135	135	127	127	127
Bucket toilet									
Other toilet provisions (< min.service level)									
No toilet provisions	78	65	75	74	74	74	73	72	72
<i>Below Minimum Service Level sub-total</i>	78	65	75	74	74	74	73	72	72
Total number of households	205	191	207	209	209	209	200	199	199

Table 26 - Table A10 - Basic Service Delivery Measurement (continued)

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Energy:</u>									
Electricity (at least min.service level)									
Electricity - prepaid (min.service level)									
<i>Minimum Service Level and Above sub-total</i>	-	-	-	-	-	-	-	-	-
Electricity (< min.service level)	10	10	10	10	10	10	10	10	10
Electricity - prepaid (< min. service level)	101	117	105	107	107	107	110	113	113
Other energy sources									
<i>Below Minimum Service Level sub-total</i>	111	127	115	117	117	117	120	123	123
Total number of households	111	127	115	117	117	117	120	123	123
<u>Refuse:</u>									
Removed at least once a week	117	117	118	119	119	119	110	110	110
<i>Minimum Service Level and Above sub-total</i>	117	117	118	119	119	119	110	110	110
Removed less frequently than once a week									
Using communal refuse dump									
Using own refuse dump									
Other rubbish disposal									
No rubbish disposal									
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	117	117	118	119	119	119	110	110	110
<u>Households receiving Free Basic Service</u>									
Water (6 kilolitres per household per month)	40	40	45	50	50	50	50	50	50
Sanitation (free minimum level service)	40	40	45	50	50	50	50	50	50
Electricity/other energy (50kwh per household per month)	53	53	58	63	63	63	63	63	63
Refuse (removed at least once a week)	40	40	45	50	50	50	50	50	50

Table 26 - Table A10 - Basic Service Delivery Measurement (continued)

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	40	40	45	50	50	50	50	50	50
Sanitation (free minimum level service)	40	40	45	50	50	50	50	50	50
Electricity/other energy (50kwh per household per month)	53	53	58	63	63	63	63	63	63
Refuse (removed at least once a week)	40	40	45	50	50	50	50	50	50
Cost of Free Basic Services provided (R'000)									
Water (6 kilolitres per household per month)	13 391	16 723	20 624	23 440	23 440	23 440	26 991	30 918	35 293
Sanitation (free sanitation service)	35 698	40 160	35 591	39 079	39 079	39 079	43 447	48 096	53 050
Electricity/other energy (50kwh per household per month)	15 013	21 880	24 901	28 256	28 256	28 256	32 070	36 400	41 314
Refuse (removed once a week)	37 610	47 321	58 422	65 315	65 315	65 315	73 942	83 332	93 582
Total cost of FBS provided (minimum social package)	101 713	126 084	139 538	156 090	156 090	156 090	176 450	198 746	223 239
Highest level of free service provided									
Property rates (R value threshold)	20 000	20 000	150 000	150 000	150 000	150 000	150 000	150 000	150 000
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)	14	14	14	14	14	14	14	14	14
Sanitation (Rand per household per month)	48	53	59	65	65	65	72	79	88
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	170	170	170	170	170	170	170	170	170
Revenue cost of free services provided (R'000)									
Property rates (R15 000 threshold rebate)	-	-	-	-	-	-	-	-	-
Property rates (other exemptions, reductions and rebates)	26 249	32 779	40 061	44 388	44 388	44 388	49 848	55 680	61 972
Water	13 391	16 723	20 624	23 440	23 440	23 440	26 991	30 918	35 293
Sanitation	35 698	40 160	35 591	39 079	39 079	39 079	43 447	48 096	53 050
Electricity/other energy	15 013	21 880	24 901	28 256	28 256	28 256	32 070	36 400	41 314
Refuse	37 610	47 321	58 422	65 315	65 315	65 315	73 942	83 332	93 582
Municipal Housing - rental rebates	-	-	-	-	-	-	-	-	-
Housing - top structure subsidies	-	-	-	-	-	-	-	-	-
Other	8 413	10 505	13 440	15 027	15 027	15 027	18 469	18 604	20 187
Total revenue cost of free services provided (total social package)	136 374	169 368	193 039	215 505	215 505	215 505	244 767	273 030	305 397

1.10 CHALLENGES FACING THE MUNICIPALITY

1.10.1 Theft of Electricity

Many outages are experienced on the electrical network during the year due to theft of electrical infrastructure, causing the majority of temporary blackouts around the city. Anti-theft campaigns and mitigation strategies continue to restrain this endemic. The Electricity Department has established a Revenue Protection Unit that is actively involved in the removal of illegal connections and the reduction of the theft of electricity in both the formal and informal areas within the municipality.

1.10.2 Declining Electricity Gross Profit Margins

The increased cost of bulk electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable in the long term as this will be beyond the affordability of consumers

1.10.3 Water Losses

The following activities were prioritised in the 2011/2012 financial year:

Relocation of Mid-blocks

- Relocation of 16680m water mains in Dimbaza
- Relocation of 1700m water mains in Zone 9 in Mdantsane

Intervention beyond water meter

- Indigent plumbing repairs of 300 Erven in Phola Park and Dimbaza and installation of Water Management Device (WMD's)
- Indigent plumbing repairs of 100 Erven in Zone 1; 2; 3; 4

Installation of outlet bulk water meters in the reservoirs

- Coastal area
- Inland area;
- Midland area

Installation of domestic water meters

- Installation and uncovering of water meters in Coastal, Inland; and Midland area

Community awareness campaign and education

- Investigation to the residential consumers with high water consumption and intervene
- Once off intervention beyond water meter in schools with high water consumption
- Distribution of flyers, brochures and banners, which contain information on how to save water, how to find a water leak in your property, where to report a municipal water leak, consumer's responsibilities and municipal responsibilities

Repairs and Maintenance of Existing Infrastructure

The existing infrastructure is attended to on a daily basis. There is an electronic water management system in place which was developed in order to assist with the management and monitoring work undertaken on the water supply infrastructure.

All service requests are recorded on the water management system and prioritized on a “first come first served” basis. However all water pipe bursts receive immediate attention.

Progress To Date

ACTIVITY	DESCRIPTION	PROGRESS TO DATE
Relocation of Mid-blocks	Relocation of 1668m water mains in Dimbaza & Pholor Park	97% complete
	Relocation of 1700m water mains in Zone 9 in Mdantsane	95% complete
Intervention beyond water meter	Indigent plumbing repairs of 300 Erven in Phola Park and Dimbaza and installation of Water Management Device (WMD's) Installation of Leak Free Cistern on high consumption users Indigent plumbing repairs of 100 Erven in Zone 1; 2; 3; 4	47% complete 2 Water Management Device have been installed 41 Leak Free Cistern have been installed in Pholor Park 25% completed.
Installation of outlet bulk water meters in the reservoirs	Installation of 19 bulk water meters on various reservoirs Installation of management meters on ablution blocks and standpipes	Have completed the installation of 21 bulk water meters Preparations for meter installations on ablution blocks has started in Duncan Village, however more funding is required
Installation of domestic water meters	Installation of water meters in flat rated areas	Meter installation in Phakamisa is 100% complete. Have already purchased water meters for Braelyn Ext 10 and Mzamomhle
Community awareness campaign and education	School visits Distribution of flyers, brochures and banners, which contain information on how to save water, how to find a water leak in your property, where to report a municipal water leak, consumer's responsibilities and municipal responsibilities Workshops with Ward Committees	Schools with high consumptions have been identified and prioritised for investigations. Flyers and brochures have been developed and will be distributed at the shopping malls during the water week, which starts in the first week of March 2012. Water Supply Services and Environmental Health have developed a program to workshop all Ward Committee members on water conservation and water demand management issues as well as health issues. This programme was planned to run for the whole month of March 2012, which had been declared a “Water Month” by the Department of Water Affairs.

ACTIVITY	DESCRIPTION	PROGRESS TO DATE
Replacement of water meters	Replacement of water meters that are older than 10 years old	Replacement of water meters is currently taking place in Gonubie, Southernwood and West Bank
Replacement of old water mains	Replacement of water mains that have a number of bursts and have reached its useful life span.	Gonubie, Ginsberg, Mdantsane and Berea have experienced a high number of bursts and therefore were prioritised for pipe replacements.
Intervention on “No Access from Billing Section” 1404 Coastal	Repair of leaking & replacement of old water meters	<ul style="list-style-type: none"> • About 318 properties intervention have done. • About 102 properties were found in order. • About 192 properties repairs have been done. • About 126 new water meters have installed.

1.10.4 Salaries, Wages And Allowances

Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;

1.10.5 Unfunded Mandates

Certain non-core functions and services which in terms of the constitution fall under the responsibility of National or Provincial Authorities are being provided by the municipality. These functions include the provision of Libraries and Museums. The reduction or non-payment of subsidies for these services require the municipality to allocate its own resources to make up the shortfall.

The unfunded mandates for 2012/13 are as follows:

- Libraries
- Museums and Heritage

The main challenges experienced during the compilation of the 2012/13 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year’s capital investments needed to be factored into the budget as part of the 2012/13 MTREF process.
- Ensuring that the informal settlements obtain basic services as well as rolling out the electrification programme

**PART 2 –
SUPPORTING
DOCUMENTATION**

2.1 OVERVIEW OF ANNUAL BUDGET PROCESS

2.1.1 IDP/Budget process overview

Section 28 (1) of the Municipal Systems Act requires each municipality to adopt a process in writing to guide the planning, drafting, adoption and review of its integrated development plan. In compliance with this requirement Buffalo City Metropolitan Municipality adopted the plan on 26 October 2011. Key activities undertaken in line with the IDP/Budget review towards 2012/13 include the following:

- 11 October 2011 - A workshop with BCMM Councillors and Top Management was convened. The purpose of the workshop was, *inter alia*, to unpack the concept of Integrated Development Planning and outline the role of Councillors, Ward Committees and other stakeholders; introduce the IDP/Budget/PMS review process towards the 2012/13 financial year and enhance a common understanding of the process and to initiate a process of identifying ward priorities that will inform the IDP/Budget review towards 2012/13.
- 26 October 2011 – Council adopted the IDP/Budget/PMS Process Plan 2012/13;
- 4 November 2011 – An IDP/Budget/PMS External Representative Forum meeting was held to consider institutional performance over the previous financial year and prepare external stakeholders for the IDP development process ahead;
- 11 and 14 November 2011 -An IDP/Budget/PMS Technical Working Group Meeting was convened, wherein sector plan champions presented a synopsis of their plans with a view to identifying information that would feed into the situation analysis phase.
- IDP Strategic Working Groups convened meetings with the aim of discussing and finalising their situation analysis reports. The meetings were held as follows:
 - Finance and Support Services: 23 November 2011
 - Municipal Services: 25 November 2011
 - Development Planning and Management: 30 November 2011
 - Development Facilitation and Partnerships: 20 December 2011
- 28 November 2011 – A Technical Intergovernmental Relations Session was convened by the City with provincial and national government departments as well as civil society organs to foster collaborative planning and to share information about initiatives that are undertaken within the municipal area;
- 19-21 February 2012 – A Mayoral Lekgotla was held to consider a situational analysis of the City and to map a way forward with regard to key strategic priorities that will guide the IDP and Budget review towards 2012/13 financial year
- 11-13 March 2012 – A Technical Planning Session was convened. The main objectives of the session were to:
 - Form a problem statement on the development trajectory of the Metro

- Align the political mandate (Lekgotla deliverables) with strategic objectives in order to respond to the Metro challenges
- Ensure alignment of planning between BCMM and other spheres of government;
- Distil key strategic focus areas for 2012 and beyond which will guide the development path of the Metro.
- 19 March 2012: Draft IDP/ Budget 2012/13 MTREF Report tabled at Budget Committee Meeting.
- 20 March 2012: Draft IDP/Budget 2012/13 MTREF Report tabled at Mayoral Committee
- 23 March 2012: IDP/Budget Councillors Session held at the Regent Hotel to consider the draft BCMM Situation Analysis, Outcomes of the Mayoral Lekgotla and Technical Planning Session, the draft IDP 2012/13 and MTREF Budget
- 28 March 2012 – Tabling in Council of the draft 2012/13 IDP Review and 2012/13 MTREF Budget for approval;
- 16-17 April 2012: IDP/Budget Councillors Session to consider amendments to draft IDP/Budget and the proposed IDP/Budget Roadshows.
- 23-30 April 2012 – IDP/Budget Road Shows were held at fifteen venues across the Metro.
- 4 May 2012 – IDP/Budget Business Breakfast was held to consult stakeholders from the business fraternity on the draft IDP 2012/13 and MTREF Budget.
- 25 May 2012 – Council Open Day to provide feedback to external stakeholders on the outcome of IDP/Budget Road shows.
- 29 May 2012 – Adoption of the IDP Review 2012/13 and MTREF Budget.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The review of the 2011/12 IDP started in November 2011 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2012/13 MTREF in October 2011.

The City's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.

The preparation of the 2012/13 MTREF Budget is based on the approved 2011/12 MTREF, Mid-year Review and adjustments budget. The revenue projections for the 2012/13 MTREF budget has taken into account the current economic circumstances and has adopted a conservative approach.

With the compilation of the 2012/13 MTREF budget, each function/directorate had to review the planning process, including the setting of priorities and targets after reviewing the mid-year against the 2011/12 Service Delivery and Budget Implementation Plan. Planning is linked to the City's priority needs and reviewed strategic objectives and

essentially informed the detail operating budget appropriations and three-year capital programme.

The Draft Service Delivery and Budget Implementation Plan (SDBIP) and Draft Performance Contracts will be submitted to the Executive Mayor by 13 June 2012 in terms of Section 69 of the MFMA and the final SDBIP will be tabled to Council for approval with the Performance Contracts on 27 June 2012.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2012/13 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2012/13 MTREF:

- IDP priorities and strategic objectives
- Economic climate and trends (i.e. inflation, Eskom increases, Amatola Water increases, indigent policy, etc.)
- The approved 2012/13 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Current debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus affordability of the consumer;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 58 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The draft 2012/13 IDP Review and MTREF Budget was tabled before Council on 28 March 2012. Thereafter the draft documents were made available for community consultation on the municipality's website, and hard copies were made available at customer care offices and municipal libraries for a period of 21 days.

IDP/Budget road shows to present the draft IDP and Budget were held from 23 April – 3 May 2012. The meetings were attended by 4 404 members of the public across the length and breadth of the City.

2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

The IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. The IDP enables municipalities to make the best use of scarce resources and directs service delivery to the priorities set by Council in response to the needs of the communities.

IDP aims at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

The IDP review process was undertaken within the framework of National, Provincial and District policies and legislation. Some of the key informants that guide the review and refinement of IDP objectives and strategies include the following:

- Provincial Growth and Development Plan (PGDP);
- National Spatial Development Perspective (NSDP);
- Millennium Development Goals (MDGs);
- 12 Outcomes of Government adopted by National Cabinet in January 2010;
 - BCMM Ward priorities;
 - Priorities from the Mayoral Lekgotla held on 19-21 February 2012;
 - Outcomes of the Technical Planning Session held on 11-13 March 2012;
- The draft National Development Plan produced by the NPC

The following table highlights the IDP's six strategic objectives for the 2012/13 MTREF and further planning refinements that have directly informed the compilation of the budget:

BCMM1:	To be a financially sound organisation that efficiently manages its resources;
BCMM2:	To be an institutionally efficient and effective City that inclusively works with communities;
BCMM 3:	To generate an enabling environment for an economy that is growing, diversifying, generating increasing number of sustainable employment opportunities and contributing to increased incomes and equality;
BCMM 4:	To produce sustainable infrastructure that support social and economic development;
BCMM 5:	To be a well structured and capacitated institution that renders effective and efficient services to all by 2016
BCMM 6:	To enhance and protect all environmental assets and natural resources within Buffalo City Metropolitan Municipality by 2016

The national sphere of government develops and promulgates legislation, policies and strategies which all spheres have to implement. In developing their own plans and policies, other spheres of government, particularly the local government sphere has to ensure that there is alignment with both National and Provincial plans. Key plans and policies include the National Spatial Development Perspective, Provincial Growth and Development Plan, Millennium Development Goals and the 12 Local Outcomes of Government. These are aligned below:

TABLE 27 –Alignment of BCMM Strategic Objectives with National and Provincial Plans

National Spatial Development Perspective	Provincial Growth and Development Plan	Millennium Development Goals	12 Outcomes	BCMM strategic objectives
Govt spending on fixed investment, beyond constitutional obligation to provide basic services to all citizens, should therefore be focused on localities of economic growth and/ or economic potential in order to attract private-sector investment, stimulate sustainable economic activities and/or create long-term employment opportunities	<ul style="list-style-type: none"> • To maintain an economic growth rate of between 5% - 8% per annum • To halve the unemployment rate by 2014 	Develop a global partnership for development	<ul style="list-style-type: none"> •Decent employment through inclusive economic growth •A skilled & capable workforce to support inclusive growth •An efficient, competitive & responsive economic infrastructure network 	To generate an enabling environment for an economy that is growing, diversifying, generating increasing number of sustainable employment opportunities and contributing to increased incomes and equality
Economic growth is a prerequisite for the achievement of other policy objectives, key among which would be poverty alleviation	<ul style="list-style-type: none"> • To reduce by between 60%-80% the number of households living below the poverty line by 2014 • To reduce by between 60%-80% the proportion of people suffering from hunger by 2014 • To establish food self-sufficiency in the province by 2014 	Eradicate extreme poverty and hunger	Vibrant, equitable and sustainable rural communities and food security	To generate an enabling environment for an economy that is growing, diversifying, generating increasing number of sustainable employment opportunities and contributing to increased incomes & equality
	<ul style="list-style-type: none"> • To ensure universal primary education by 2014, with all children proceeding to the first exit point in a secondary education. 	Achieve universal primary education	Improve the quality of basic education	To be a well structured and capacitated institution that renders effective and efficient services to all by 2016.

National Spatial Development Perspective	Provincial Growth and Development Plan	Millennium Development Goals	12 Outcomes	BCMM strategic objectives
	<ul style="list-style-type: none"> • To improve the literacy rate in the province by 50% by 2014 • To improve the literacy rate in the province by 50% by 2014 			
	<ul style="list-style-type: none"> • To reduce by two thirds the under-five mortality rate by 2014 • To reduce by three-quarters the maternal mortality rate by 2014. • To halt and begin to reverse the spread of HIV-Aids by 2014 • To halt & begin to reverse the spread of TB by 2014. 	<ul style="list-style-type: none"> • Reduce child mortality rate • Improve maternal health • Combat HIV/AIDS, malaria, and other diseases 	Improve health and life expectancy	To produce sustainable infrastructure that support social and economic development
<p>In order to overcome the spatial distortions of apartheid, future settlement & economic development opportunities should be channelled into activity corridors & nodes that are adjacent to or link the main growth centres. Infrastructure investment & development spending should primarily support localities that will become major growth nodes in SA and SA Dev. Community region to create regional gateways to the global economy</p>	<ul style="list-style-type: none"> • To provide clean water to all in the province by 2014 • To eliminate sanitation problems by 2014 		Sustainable human settlements and improved quality of household life	To be a well structured and capacitated institution that renders effective and efficient services to all by 2016

National Spatial Development Perspective	Provincial Growth and Development Plan	Millennium Development Goals	12 Outcomes	BCMM strategic objectives
<p>Efforts to address past & current social inequalities should focus on people not places. In localities where there are both high levels of poverty & development potential, this could include fixed capital investment beyond basic services to exploit the potential of those localities. In localities with low development potential, govt spending, beyond basic services, should focus on providing social transfers, human resource development & labour market intelligence. This will enable people to become more mobile & migrate, if they choose, to localities that are more likely to provide sustainable employment or other economic opportunities.</p>			<p>All people in South Africa protected and feel safe</p>	<p>To enhance and protect all environmental assets and natural resources within Buffalo City Metropolitan Municipality by 2016.</p>
			<p>A response and, accountable, effective and efficient local government system</p>	<p>To be an institutionally efficient & effective City that inclusively works with communities</p>
		<p>Ensure environmental sustainability</p>	<p>Protection and enhancement of environmental assets and natural resources</p>	<p>To enhance & protect all environmental assets and natural resources within BCMM by 2016</p>
			<p>A better SA, a better & safer Africa & world</p>	<p>To produce sustainable infrastructure that support social & economic development</p>
			<p>A development-orientated public service and inclusive citizenship</p>	<p>To be an institutionally efficient and effective City that inclusively works with communities</p>

Over the next five year term the City will concentrate on the 9 strategic focal areas outlined below.

- Institutional Restructuring and Stabilisation;
- Improve Governance;
- Job Creation;
- Build Citizen Confidence;
- Bridge the digital divide;
- Improve performance, compliance, processes and systems;
- Build Sustainable Communities; and
- Financial viability.

The 2012/13 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 28 - Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue (continued)

Strategic Objective	Goal	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
BCMM 5 : To be a well structured and capacitated institution that renders effective and efficient services to all by 2016	Reviewal of existing organogram, development, adoption and implementation of a new micro organogram	2 507	5 047	1 009	3 236	3 246	3 246	5 371	6 341	6 730
	Capacitation of human capital									
	Integrate ICT business processes and system									
	Deployment of GIS on the internet and intranet									
	Development and implementation of employee performance management system									
	Grow the Municipality's Knowledge, creativity and innovative base and implementation of KM Strategy									
	Migrate hard copies of documents and files through to soft copy									
BCMM 6: To enhance and protect all environmental assets and natural resources within Buffalo City Metro Municipality by 2016	Develop & implement Municipal Health Services Delivery Plan	314 181	357 281	387 052	435 800	427 836	427 836	436 752	486 216	539 913
	To ensure the protection and conservation of BCMM natural resources									
	Develop and implement Air Quality Management Plan									
	Implement an effective waste minimization plans									
	Improve infrastructure of all amenities									
Allocations to other priorities										
Total Revenue (excluding capital transfers and contributions)		2 294 176	2 772 026	3 039 354	4 307 707	4 018 908	4 018 908	4 595 656	5 200 832	5 676 179

Table 29 – Table SA5 - Reconciliation between the IDP Strategic Objectives and budgeted operating expenditure (cont.)

Strategic Objective	Goal	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
BCMM 5 : To be a well structured and capacitated institution that renders effective and efficient services to all by 2016	Reviewal of existing organogram, development, adoption and implementation of a new micro organogram Capacitation of human capital Integrate ICT business processes and system Deployment of GIS on the internet and intranet Development and implementation of employee performance management system Grow the Municipality's Knowledge, creativity and innovative base and implementation of KM Strategy Migrate hard copies of documents and files through to soft copy	64 253	72 896	80 462	110 558	104 895	104 895	136 374	152 143	165 686
BCMM 6: To enhance and protect all environmental assets and natural resources within Buffalo City Metro Municipality by 2016	Develop & implement Municipal Health Services Delivery Plan To ensure the protection and conservation of BCMM natural resources Develop and implement Air Quality Management Plan Implement an effective waste minimization plans Improve infrastructure of all amenities	482 762	552 187	633 370	711 167	718 911	718 911	743 539	791 801	849 449
Allocations to other priorities										
Total Expenditure		2 275 770	2 843 099	3 212 286	3 926 991	3 723 816	3 723 816	3 992 222	4 412 637	4 782 690

Table 30 – Table SA6 – Reconciliation between the IDP Strategic Objectives and budgeted Capital Expenditure

Strategic Objective	Goal	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
BCMM 1: To be a financially sound organisation that efficiently manages its resources	Improve Asset capacity as well as improve controls and procedures Improve Financial Accounting capacity as well as improve controls and procedures Implement revenue enhancement strategies Implement SCM processes to support the SCM Policy with linkages to EDMS Maintain long term borrowings below NT threshold Prudent Municipal Investments and maintenance of a favourable cashflow Valuation of properties	6 532	9 750	2 566	5 497	13 567	13 567	36 600	17 500	7 500
BCMM 2: To be an institutionally efficient and effective city that inclusively works with its communities	Rollout of public participation programmes Ensure Ward Committees are representative and fully involved in community consultation processes Institutionalisation of Engaging of sector departments/ Sustain existing international partnerships	4 206	45 571	20 695	1 000	16 913	16 913	4 500	2 000	-

Table 30 – Table SA6 – Reconciliation between the IDP Strategic Objectives and budgeted Capital Expenditure (cont.)

Strategic Objective	Goal	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
BCMM 5: To be a well structured and capacitated institution that renders effective and efficient services to all by 2016	Reviewal of existing organogram, development, adoption and implementation of a new micro organogram Capacitation of human capital Integrate ICT business processes Deployment of GIS on the internet Development and implementation Grow the Municipality's Migrate hard copies of documents	6 973	4 503	4 540	7 873	7 638	7 638	32 600	23 250	25 750
BCMM 6: To enhance and protect	Develop & implement Municipal To ensure the protection and Develop and implement Air Quality Implement an effective waste Improve infrastructure of all	-	29 426	-	85 895	-	-	-	-	-
Allocations to other priorities										
Total Capital Expenditure		366 575	429 879	399 110	764 669	725 646	725 646	749 097	879 841	876 057

2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Table 31 - Table SA8 – Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Borrowing Management</u>										
Credit Rating		A1-/A	A1-/A	A1-/A	A1-/A	A1-/A	A1-/A			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	3.8%	5.7%	-2.1%	3.4%	3.7%	3.7%	3.3%	3.0%	2.7%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	5.1%	8.2%	-3.2%	5.0%	5.2%	5.2%	4.1%	3.7%	3.3%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>										
Gearing	Long Term Borrowing/ Funds & Reserves	10.8%	3054.4%	4028.6%	3542.5%	3540.1%	3540.1%	3136.4%	2675.3%	2226.7%
<u>Liquidity</u>										
Current Ratio	Current assets/current liabilities	1.5	1.5	1.4	2.4	2.4	2.4	1.2	1.3	1.4
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.5	1.5	0.7	1.3	1.3	1.3	0.7	0.8	0.9
Liquidity Ratio	Monetary Assets/Current Liabilities	0.9	0.7	0.8	1.1	1.1	1.1	0.7	0.8	0.9
<u>Revenue Management</u>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		127.9%	96.8%	89.8%	92.8%	92.9%	92.9%	89.3%	89.3%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			127.9%	95.8%	91.5%	92.8%	92.9%	92.9%	89.3%	89.3%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	18.0%	20.3%	14.7%	18.9%	20.9%	20.9%	12.3%	11.0%	10.2%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	13.1%	6.0%	12.2%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%
<u>Creditors Management</u>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		46.5%	67.5%	54.7%	51.1%	54.4%	54.4%	53.8%	47.8%	41.1%

Table 31 - Table SA8 – Performance indicators and benchmarks (continued)

Description of financial indicator	Basis of calculation	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Other Indicators										
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	10.1%	13.4%	12.4%	10.7%	10.7%	10.7%	11.0%	10.5%	10.0%
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source	44.9%	39.9%	45.3%	47.6%	50.0%	48.8%	48.8%	48.8%	48.8%
Employee costs	Employee costs/(Total Revenue - capital revenue)	30.9%	30.3%	29.8%	26.9%	28.4%	28.4%	26.6%	25.5%	24.7%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	31.8%	31.0%	30.7%	27.7%	29.6%	29.6%	27.7%	26.6%	25.8%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	5.5%	6.9%	6.9%	6.6%	7.0%	7.0%	7.3%	7.5%	7.9%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	14.4%	25.1%	18.5%	15.5%	16.4%	16.4%	11.7%	10.9%	10.0%
IDP regulation financial viability indicators										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	13.1	(19.6)	22.8	27.6	27.6	27.6	24.8	26.0	29.1
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	26.5%	29.7%	21.4%	30.2%	31.5%	31.5%	19.0%	16.9%	15.4%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	4.7	3.4	3.4	3.3	3.2	3.2	3.5	4.0	4.6

2.3.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, BCMM's borrowing strategy is primarily informed by the affordability of debt repayments. BCMM is currently assessing its ability to borrow with a view of funding its Capital Infrastructure Programme in the long term towards funding revenue generating assets. The structure of the City's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2012/13 MTREF:

- **Capital charges to operating expenditure** is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing is steadily decreasing from 3.3 percent in 2012/13 to 2,7 percent in 2014/15. This decrease can be attributed to the fact that no new loans are being entered into and that existing loans are being repaid as the City has reached its prudential borrowing limits.

In summary, various financial risks may have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the City to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs.

2.3.2 Safety of Capital

The debt-to-equity ratio is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves. As part of the planning guidelines that informed the compilation of the 2012/13 MTREF ensuring proper cash-backing of reserves and funds has been considered a prudent financial sustainability objective.

2.3.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the City has set a limit of 2:1 which compares favourably with the private sector. The City, by all means, strives to achieve this level. For the 2012/13 MTREF period, the current ratio is projected to range between 1.2:1 to 1.4:1.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1:1. For the 2012/13 MTREF the liquidity ratio is ranging from 0.7% in the 2012/13 financial year to

0.9% in the 2014/15 financial year. This is slightly lower than the desired level of 1:1. The City has embarked on a Revenue Enhancement Strategy in the latter part of the 2011/12 financial year placing emphasis on the book debt and revenue collection.

2.3.4 Revenue Management

As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

2.3.5 Creditors Management

The City has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 percent compliance rate to this legislative obligation.

2.3.6 Other Indicators

- Employee costs as a percentage of operating revenue is decreasing from 26.6% to 24.7% over the MTREF, however employee costs have increased by a mere 7.6% when compared to the 2011/12 financial year. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Cost coverage is the ability of the City's available cash and investments to accommodate the monthly fixed operational expenditure. The cost coverage is 3,5:4 and 4.6 months for the 2012/13 MTREF period respectively. The cost coverage remains in a healthy situation indicating the City's ability to cash back its daily operations.

2.3.7 Free Basic Services: Basic Social Services Package for Indigent Households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the City. Only registered indigents qualify for the free basic services.

For the 2012/13 financial year 63 000 registered indigents have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 6kℓ free water, 50 kwh of electricity.

2.3.8 Providing Clean Water and Managing Waste Water

The BCMM is the Water Services Authority and has the executive authority to provide water services within its area of jurisdiction in terms of the Municipal Structures Act 118 of 1998 or the ministerial authorisations made in terms of this Act.

The primary responsibility for Water Services Authority includes:

- **Ensuring access:** To ensure the realisation of the right of access to water services, particularly basic water services (subject to available resources) by seeing that appropriate investments in water services infrastructure are made.
- **Planning:** To prepare water services development plans to ensure effective, efficient, affordable, economical and sustainable access to water services that promote sustainable livelihoods and economic development.
- **Regulation:** To regulate water services provision and Water Services Providers within the jurisdiction of the municipality and within the policy and regulatory frameworks set by DWAF through the enactment of by-laws and the regulation of contracts.
- **Provision:** To ensure the provision of effective, efficient and sustainable water services (including water conservation and demand management) either by providing water services themselves or by selecting, procuring and contracting with external Water Services Providers.

BCMM provides approximately 60% of bulk potable water through Umzonyana Water Treatment Works and KWT Water Treatment Works, 40% is provided by Amatola Water as Water Services Provider.

The Department of Water Affairs as the regulator conducts an annual assessment for Water Treatment Works (Blue Drop) and Waste Water Treatment Works (Green Drop). BCMM received Blue Drop Status for both BCMM owned and operated Water Treatment Works (KWT and Umzonyana Water Treatment Works). The BCMM was also awarded a certificate as the Best Performing Municipality in the Eastern Cape

Out of fifteen (15) Waste Water Treatment Works (WWTW) thirteen (13) were audited for Green Drop. East Bank and West Bank WWTW were awarded the Green Drop Certificate and were also awarded the Certificate as the Best Performing Municipality in the Eastern Cape.

Currently the BCMM is faced with the following challenges:

Water

- Capacity of the existing treatment works is inadequate to cater for current and future water demands
- Aging water infrastructure
- High rate of non revenue water, which is approximately 40%
- Total required funding for upgrading of Mzonyana Water Treatment Works to meet housing backlogs is R161.8 million
- Total required funding to build new Water Treatment Works and bulk pipe lines in KWT and Bhisho to meet housing backlogs and demand is R137.4 million.
- Total funding required to Implement Water Conservation and Water Demand Management Strategy (i.e reduction of non revenue water) is R89 million over a 3 year period.

Sanitation

- Aging sanitation infrastructure
- Some of the Informal Settlements are still serviced with chemical toilets or none.
- The total required funding to eradicate chemical toilets and service all the informal settlements with water borne sanitation is R 53 million.
- Note: Due to the topography there are informal settlements that cannot be linked to the sewerage systems as they are below the gravity lines.
- Some of bulk sewerage infrastructure is inadequate

The BCMM is undertaking the following to address the challenges facing water services:

- Some of bulk sewerage infrastructure is inadequate however some of them have been considered under USDG proposed budget.
- The Department of Water of Water Affairs has provided R12 million to assist with the implementation of water conservation and water demand management for the next three financial years (i.e 2011-2014).

2.4 OVERVIEW OF BUDGET-RELATED POLICIES

The City's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Tariff Policy

In terms of Section 74(1) of the Municipal Systems Act No 32 of 2000, as amended, Council adopted the rates policy on 4 June 2010.

2.4.2 Rates Policy

In terms of Section 3 of the Municipal Property Rates Act No. 6 of 2004, as amended, the tariff policy was adopted In June 2010 and has been reviewed and is tabled to Council for adoption on 29 May 2012.

2.4.3 Credit Control Policy

The Credit Control and Debt Collection Policy was adopted by Council in June 2010 was reviewed and is tabled to Council for adoption on 29 May 2012.

2.4.4 Indigent Policy

The Indigent policy was adopted by Council in June 2010 and has been reviewed and is tabled to Council for adoption on 29 May 2012.

2.4.5 Investment and Cash Management Policy

In terms of Section 13(2) of the Municipal Finance Management Act No. 56 of 2003, the municipality must adopt an investment and cash management policy. The policy was approved by Council on 4 June 2010.

2.4.6 Long-Term Borrowings Policy

A long-term borrowings policy has been developed in compliance with the Municipal Finance and Management Act No. 56 of 2003 and the Municipal Budget and Reporting Regulations on Debt Disclosure. The policy was approved by Council on 4 June 2010.

2.4.7 Supply Chain Management Policy

In terms of Section 111 of the Municipal Finance and Management Act No. 56 of 2003 the municipality must adopt a Supply Chain Management policy. The reviewed policy was approved by Council in 24 February 2009 and has been reviewed and is tabled to Council for adoption on 29 May 2012.

2.4.8 Policy on Reserves and Asset Management Policy

The policy on Reserves and Asset Management policy are included in the accounting policies which were adopted by Council in August 2010.

2.4.9 Grant-in-Aid and Grant-in-Aid in Lieu of Rates Policy

The policy has been reviewed and is tabled to Council for adoption on 29 May 2012.

2.5 OVERVIEW OF BUDGET ASSUMPTIONS

Table 32: 2011/2012 to 2014/2015 Budget Assumptions

Description	2011/2012	2012/2013	2013/2014	2014/2015
2011 National Budget Headline Inflation Forecasts	5.70%	5.90%	5.30%	4.90%
Salaries	7.00%	7.00%	7.00%	7.00%
Electricity Purchases	26.71%	13.50%	13.50%	13.50%
Water Purchases	8.65%	9.30%	8.70%	8.30%
Free Basic Electricity	50 kwh p.m.	50 kwh p.m.	50 kwh p.m.	50 kwh p.m.
Free Basic Water	6 kl p.m.	6 kl p.m.	6 kl p.m.	6 kl p.m.
Basic Welfare Package	R349.76	R394.53	R442.69	R495.22
Equitable Share Allocation	R583 628 000	R651 565 000	R698 242 000	R750 687 000
Bad Debt Provision	R165 450 000	R215 000 000	R225 000 000	R237 000 000
Rates	10.80%	12.30%	11.70%	11.30%
Refuse	11.80%	13.30%	12.70%	12.30%
Sewerage	9.80%	11.30%	10.70%	10.30%
Electricity	20.38%	13.50%	13.50%	13.50%
Water	13.65%	15.15%	14.55%	14.15%
Fire Levy	9.80%	10.30%	9.70%	9.30%
Sundry Income	9.80%	10.30%	9.70%	9.30%

2.5.1 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2012/13 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on City's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and

- The increase in the cost of remuneration. Employee related costs comprise 26 percent of total operating expenditure in the 2012/13 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

2.5.2 Credit rating outlook

Table 33: Credit rating outlook

Security class	Currency	Rating	Annual rating 2010/11	Previous Rating
Short term	Rand	A1-	June 2011	A1-
Long-term	Rand	A	June 2011	A
Outlook	Rand	Positive	June 2011	Positive

The rating definitions are:

- **Short term: A1- (single A one minus)**; defined as having a high certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.
- **Long-term: A (single A)**; defined as having high credit quality. Protection factors are good. However, risk factors are more variable and greater in periods of economic stress.

The City's credit rating remained unchanged from the previous year indicating a financially stable environment.

2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The City engages in financing arrangements to minimise its interest rate costs and risk. The average interest rate currently is 7.7%.

2.5.4 Collection rate for revenue services

The rate of revenue collection is currently at 91.34% of annual billings and arrear debt. Once stricter control measures of the Credit Control Policy are enforced, the performance of arrear collections will be considered a source of additional cash in-flow for funding future capital infrastructure projects.

2.5.5 Growth in the tax base of the municipality

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the City, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.5.6 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2009 and shall remain in force until 30 June 2012. In the 2012/13 MTREF period employee costs have been budgeted at an increase of 7%.

2.5.7 Impact of National, Provincial and Local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.8 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 95 percent is achieved on operating expenditure and 60 percent on the capital programme, however in the 2012/13 financial year the municipality is projecting 100% spending rate on the capital programme. This is due to the fact that the state of readiness (i.e. EIA Approvals etc.) is taken into account before inclusion into the budget and the fact that the municipality has geared itself towards multi-year budgeting.

2.6 OVERVIEW OF BUDGET FUNDING

2.6.1 Proposed Tariff Increases over the Medium-term

The proposed tariff increases for the 2012/13 MTREF on the different revenue categories are:

Table 34: Proposed tariff increases over the medium-term

Rates	10.80%	12.30%	11.70%	11.30%
Refuse	11.80%	13.30%	12.70%	12.30%
Sewerage	9.80%	11.30%	10.70%	10.30%
Electricity	20.38%	13.50%	13.50%	13.50%
Water	13.65%	15.15%	14.55%	14.15%
Fire Levy	9.80%	10.30%	9.70%	9.30%
Miscellaneous Tariffs	9.80%	10.30%	9.70%	9.30%

An application has been made to NERSA for the proposed 13.5% electricity tariff increase upon Council's approval. The additional 2.47% has been ring-fenced for an electricity infrastructure network upgrade.

2.6.2 Detailed Investment

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

Table 35 - SA15 – Detail Investment Information

Investment type	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
Parent municipality									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank	585 042	501 125	694 756	662 182	622 234	622 234	1 179 245	1 382 143	1 675 961
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Municipal Bonds									
Municipality sub-total	585 042	501 125	694 756	662 182	622 234	622 234	1 179 245	1 382 143	1 675 961
Entities									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank									
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Entities sub-total	-	-	-	-	-	-	-	-	-
Consolidated total:	585 042	501 125	694 756	662 182	622 234	622 234	1 179 245	1 382 143	1 675 961

Table 36 - SA16 – Investment particulars by maturity

Investments by Maturity	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Monetary value	Interest to be realised
Name of institution & investment ID	Yrs/Months								Rand thousand	
Parent municipality										
RMB	Various	Short Trem/Call	No	Variable	3% - 7%	0	N/A	Various	294 811	13 497
Standard Bank	Various	Short Trem/Call	No	Variable	3% - 7%	0	N/A	Various	147 406	6 748
Stanlib	Various	Short Trem/Call	No	Variable	3% - 7%	0	N/A	Various	147 406	6 748
ABSA	Various	Short Trem/Call	No	Variable	3% - 7%	0	N/A	Various	294 811	13 497
Nedbank	Various	Short Trem/Call	No	Variable	3% - 7%	0	N/A	Various	294 811	13 497
Municipality sub-total									1 179 245	53 986

2.6.3 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2012/13 medium-term capital programme:

Table 37 - (A5) Sources of capital revenue over the MTREF

Vote Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Funded by:									
National Government	159 683	173 412	205 794	614 234	527 383	527 383	609 848	711 622	735 519
Provincial Government	2 644	55 193	19 113	40 184	40 366	40 366	19 170	35 496	16 318
District Municipality	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	8 156	-	-	-	-	-	-	-
Transfers recognised - capital	162 327	236 761	224 907	654 418	567 749	567 749	629 018	747 118	751 837
Public contributions & donations	6 412	1 374	800	-	2 790	2 790	-	-	-
Borrowing	41 614	97 230	53 728	-	17 577	17 577	-	-	-
Internally generated funds	156 223	94 513	119 675	110 251	137 530	137 530	120 079	132 723	124 220
Total Capital Funding	366 575	429 879	399 110	764 669	725 646	725 646	749 097	879 841	876 057

2.6.4 Details of Borrowings

The City has reached its prudential borrowing limits and is unlikely to take up any new loans during the 2012/13 MTREF period. Currently the City is assessing its ability to borrow in the long term to fund revenue generating infrastructure assets. The repayment of capital and interest (debt services costs) of the existing DBSA loan has substantially increased over the past three years as a result of the Capital Infrastructure Programme implemented over the past five years.

The following table is a detailed analysis of the City's borrowing liability.

Table 38 - Table SA 17 - Detail of borrowings

Borrowing - Categorized by type R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Parent municipality									
Long-Term Loans (annuity/reducing balance)									
Long-Term Loans (non-annuity)	560 149	526 711	690 787	647 719	647 264	647 264	605 731	560 330	510 657
Local registered stock	18 160	10 000							
Instalment Credit									
Financial Leases	1 649	1 696	1 477	1 477	1 477	1 477	1 477	1 477	1 477
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
Municipality sub-total	579 958	538 407	692 264	649 196	648 741	648 741	607 208	561 807	512 134

2.6.5 Capital Transfers and Grant Receipts

Table 39 - Table SA 18 - Capital transfers and grant receipts

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
RECEIPTS:									
<u>Operating Transfers and Grants</u>									
National Government:	323 096	424 797	520 725	602 571	581 967	581 967	667 160	713 987	762 037
Urban Settlement Development Grant	-	-	-	-	-	-	8 328	10 445	5 850
Neighbourhood Development Partnership Grant	-	-	-	-	-	-	-	-	-
Financial Management Grant	358	898	1 191	1 450	1 459	1 459	1 500	1 500	1 500
Expanded Public works Programme Incentive Grant	-	-	-	2 268	2 268	2 268	1 484	-	-
Department of Water Affairs	3 850	4 922	5 524	15 225	20 952	20 952	1 283	-	-
INEP	174	-	2 139	-	-	-	-	-	-
Equitable Share	312 987	416 706	508 895	583 628	557 288	557 288	651 565	698 242	750 687
Municipal Infrastructure Grant	1 807	1 866	2 212	-	-	-	-	-	-
Municipal Infrastructure Grant	3 279	124	-	-	-	-	-	-	-
Municipal Systems Improvement Grant	640	280	765	-	-	-	-	-	-
Infrastructure Skills Development Grant	-	-	-	-	-	-	3 000	3 800	4 000

Table 41 - Table SA 18 - Capital transfers and grant receipts (continued)

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Provincial Government:	2 644	55 193	17 508	39 474	41 132	41 132	19 170	35 496	16 318
Disaster Relief Fund	37	2 836	153	129	163	163	-	-	-
Human Settlement Development Grant	-	-	-	39 345	22 636	22 636	19 170	35 496	16 318
Dept of Human Settlement	-	25 845	6 411	-	644	644	-	-	-
Dept Sport, Recreation, Arts and Culture (DSRAC)	-	26 512	10 943	-	11 080	11 080	-	-	-
Cooperative Governance and Traditional Affairs	-	-	-	-	11	11	-	-	-
Dept of Land Affairs	824	-	-	-	4 385	4 385	-	-	-
Provincial Treasury	-	-	-	-	375	375	-	-	-
Dept of Environmental Affairs and Tourism	1 783	-	-	-	1 005	1 005	-	-	-
Dept of Science and Technology	-	-	-	-	334	334	-	-	-
Office of the Premier	-	-	-	-	500	500	-	-	-
	-	-	-	-	-	-	-	-	-
District Municipality:	-	-	-	-	-	-	-	-	-
Amatola District Municipality	-	-	-	-	-	-	-	-	-
Other grant providers:	-	3 936	-	711	234	234	-	-	-
BCMET Funding	-	1 819	-	711	234	234	-	-	-
Public Funding	-	-	-	-	-	-	-	-	-
SIDA	-	-	-	-	-	-	-	-	-
ECDC	-	-	-	-	-	-	-	-	-
European Commission	-	-	-	-	-	-	-	-	-
Lieden	-	2 117	-	-	-	-	-	-	-
Total Capital Transfers and Grants	162 327	236 761	224 907	654 418	567 750	567 750	629 018	747 118	751 837
TOTAL RECEIPTS OF TRANSFERS & GRANTS	606 742	810 746	903 979	1 620 988	1 331 439	1 331 439	1 433 884	1 653 858	1 716 879

2.6.6 Cash Flow Management

Cash flow management and forecasting is a critical step in ensuring that the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors, management and other stakeholders. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provided for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue, and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

The table shows that cash and cash equivalents of the City have been increasing between the 2008/09 and 2011/12 financial year moving from a positive cash balance of R648 million to R696 million. The City is undertaking an extensive debt collection process to boost cash levels. These initiatives and interventions will translate into a positive cash position for the City and it is projected that cash and cash equivalents on hand will increase to R1,34 billion by the end of the 2012/13 MTREF period. For the 2012/13 MTREF period, the budget has been prepared to ensure levels of surplus cash over the medium-term to cash back future infrastructure programmes.

Table 40 - MBRR Table A7 - Budget cash flow statement

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other	2 032 780	1 833 919	1 916 526	2 465 720	2 466 553	2 466 553	2 466 553	2 775 111	3 118 213	3 485 490
Government - operating	-	813 714	-	966 570	763 690	763 690	763 690	804 866	906 740	965 041
Government - capital	-	-	911 805	654 418	639 227	639 227	639 227	629 018	747 118	751 837
Interest	120 612	86 924	53 776	52 228	52 228	52 228	52 228	78 314	82 293	86 533
Dividends	-	86	-	60	60	60	60	-	-	-
Payments										
Suppliers and employees	(1 666 628)	(2 315 831)	(2 341 440)	(3 108 358)	(2 900 433)	(2 900 433)	(2 900 433)	(3 224 734)	(3 607 689)	(3 951 945)
Finance charges	(84 868)	(108 121)	(87 287)	(93 951)	(93 951)	(93 951)	(93 951)	(89 112)	(84 904)	(80 298)
Transfers and Grants	-	-	-	(27 616)	(27 616)	(27 616)	(27 616)	(30 464)	(33 672)	(37 160)
NET CASH FROM/(USED) OPERATING ACTIVITIES	401 896	310 690	453 380	909 071	899 758	899 758	899 758	942 999	1 128 099	1 219 498
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE	4 994	3 049	1 276	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	(34 612)	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	200	18 268	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	1 989	(701)	3 933	-	-	-	-	-	-	-
Payments										
Capital assets	(368 978)	(426 412)	(399 110)	(764 669)	(797 124)	(797 124)	(797 124)	(749 097)	(879 841)	(876 057)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(361 795)	(405 796)	(428 513)	(764 669)	(797 124)	(797 124)	(797 124)	(749 097)	(879 841)	(876 057)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-
Payments										
Repayment of borrowing	(1 154)	(41 179)	153 857	(41 012)	(45 000)	(45 000)	(45 000)	(41 533)	(45 401)	(49 674)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(1 154)	(41 179)	153 857	(41 012)	(45 000)	(45 000)	(45 000)	(41 533)	(45 401)	(49 674)
NET INCREASE/ (DECREASE) IN CASH HELD	38 947	(136 285)	178 723	103 390	57 634	57 634	57 634	152 369	202 857	293 767
Cash/cash equivalents at the year begin:	608 855	647 802	511 517	638 525	638 525	638 525	638 525	696 159	848 527	1 051 385
Cash/cash equivalents at the year end:	647 802	511 517	690 241	741 915	696 159	696 159	696 159	848 527	1 051 385	1 345 152

2.6.7 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. Section 18 of the MFMA requires that the municipality's budget must be 'funded', thus ensuring that the municipality is generating sufficient revenue/cash collected to cover its expenditure in a particular financial year. Surpluses generated in a year may be accumulated and utilized to cash back future infrastructure programmes within the municipality.

Table 41 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash and investments available										
Cash/cash equivalents at the year end	647 802	511 517	690 241	741 915	696 159	696 159	696 159	848 527	1 051 385	1 345 152
Other current investments > 90 days	48 068	47 954	47 953	5 299	5 298	5 298	5 298	1	0	0
Non current assets - Investments	3 710	4 411	820	777	777	777	777	815	856	907
Cash and investments available:	699 580	563 882	739 014	747 991	702 234	702 234	702 234	849 343	1 052 241	1 346 059
Application of cash and investments										
Unspent conditional transfers	310 016	268 648	346 142	73 440	73 440	73 440	73 440	550 000	605 000	665 500
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements										
Other working capital requirements	(186 566)	(147 448)	(1 332)	(261 287)	(290 125)	(290 125)	(290 125)	19 928	64 531	104 163
Other provisions										
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments										
Total Application of cash and investments:	123 450	121 200	344 809	(187 847)	(216 685)	(216 685)	(216 685)	569 928	669 531	769 663
Surplus(shortfall)	576 130	442 682	394 205	935 838	918 919	918 919	918 919	279 415	382 710	576 396

From the above table it is noticeable that the cash and investments available total R849 million in the 2012/13 financial year and progressing to R1.34 billion by 2014/15. It is anticipated unspent conditional grants, from the stringent measures in place, will be totally spent in the 2012/13 MTREF period. As a result of the intervention, the actual surplus will decrease from R918 million in the 2011/12 financial year to R576 million in the 2014/15 financial year.

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. The City is anticipating unspent conditional grants, which are committed in the 2011/12 financial year to be allowed by National Treasury, to be rolled over into the 2012/13 financial year.
- There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. The City has adopted a prudent approach of maintaining at three months cash levels to ensure continued liquidity of the municipality to meet its daily obligations of its operations. In the 2010/11 and 2011/12 the City has managed to maintain levels above three months and is forecasting that the cost coverage for the 2012/13 MTREF period will range from 3.5 months to 4.6 months. Any underperformance in relation to collections could place upward pressure on the ability of the City to meet these desired levels.
- Long term investments consist primarily of the sinking funds for the repayment of future borrowings. The sinking fund value is held within long term investments and must be 'held to maturity' and is not available for spending.
- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the rehabilitation of landfill sites and quarries.

It can be concluded that the City has a surplus against the cash backed and accumulated surpluses reconciliation. The municipality intends growing its cash reserves to ensure financial stability of the City. As part of the planning strategy, this needs to be aggressively managed as part of the medium term planning objectives. It is aimed that by 2014/15 the surpluses would have grown sufficiently to fund our own-funded capital infrastructure programmes. The 2012/13 MTREF has been informed by ensuring the

financial plan meets the minimum requirements of the MFMA. Nevertheless from a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the City will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

2.6.8 Funding compliance measurement

The table below assess the City's financial sustainability against various funding measures. The information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 42 - SA10 – Funding compliance measurement

Description	MFMA section	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
		Funding measures									
Cash/cash equivalents at the year end - R'000	18(1)b	647 802	511 517	690 241	741 915	696 159	696 159	696 159	1 857 504	2 287 340	2 790 751
Cash + investments at the yr end less applications - R'000	18(1)b	576 130	442 682	394 205	935 838	918 919	918 919	1 148 238	1 288 347	1 618 588	2 021 888
Cash year end/monthly employee/supplier payments	18(1)b	4.7	3.4	3.4	3.3	3.2	3.2	6.0	7.7	8.5	9.5
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	1 418 493	(70 500)	(172 359)	691 457	605 833	605 833	785 598	651 940	832 285	942 751
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	N.A.	14.4%	5.8%	12.6%	(6.1%)	(6.0%)	(29.2%)	4.7%	5.6%	5.6%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	127.9%	95.8%	91.5%	92.8%	92.9%	92.9%	124.8%	89.3%	89.3%	89.3%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	9.6%	1.4%	10.9%	7.2%	7.2%	7.2%	0.0%	8.5%	8.0%	7.5%
Capital payments % of capital expenditure	18(1)c,19	100.7%	99.2%	100.0%	100.0%	109.9%	109.9%	109.9%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a								115.0%	120.3%	118.7%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	34.7%	(19.5%)	66.6%	4.4%	0.0%	0.0%	(32.1%)	0.2%	2.4%
Long term receivables % change - incr(decr)	18(1)a	N.A.	(11.8%)	(14.1%)	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	0.9%	1.4%	1.7%	1.9%	1.9%	1.9%	2.2%	2.3%	2.5%	2.7%
Asset renewal % of capital budget	20(1)(vi)	0.0%	0.0%	0.0%	6.2%	15.1%	15.1%	0.0%	10.1%	8.5%	16.6%

Table 43 - SA19 – Expenditure on Transfers and Grant Programmes (continued)

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Provincial Government:	2 644	55 193	17 508	39 474	41 132	41 132	19 170	35 496	16 318
Disaster Relief Fund	37	2 836	153	129	163	163	-	-	-
Human Settlement Development Grant	-	-	-	39 345	22 636	22 636	19 170	35 496	16 318
Dept of Human Settlement	-	25 845	6 411	-	644	644	-	-	-
Dept Sport, Recreation, Arts and Culture (DSRAC)	-	26 512	10 943	-	11 080	11 080	-	-	-
Cooperative Governance and Traditional Affairs	-	-	-	-	11	11	-	-	-
Dept of Land Affairs	824	-	-	-	4 385	4 385	-	-	-
Provincial Treasury	-	-	-	-	375	375	-	-	-
Dept of Environmental Affairs and Tourism	1 783	-	-	-	1 005	1 005	-	-	-
Dept of Science and Technology	-	-	-	-	334	334	-	-	-
Office of the Premier	-	-	-	-	500	500	-	-	-
	-	-	-	-	-	-	-	-	-
District Municipality:	-	-	-	-	-	-	-	-	-
Amatola District Municipality	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Other grant providers:	-	3 936	-	711	234	234	-	-	-
BCMET Funding	-	1 819	-	711	234	234	-	-	-
Public Funding	-	-	-	-	-	-	-	-	-
SIDA	-	-	-	-	-	-	-	-	-
ECDC	-	-	-	-	-	-	-	-	-
European Commission	-	-	-	-	-	-	-	-	-
Lieden	-	2 117	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants	162 327	236 761	224 907	654 418	567 750	567 750	629 018	747 118	751 837
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	606 742	810 746	903 979	1 620 988	1 331 439	1 331 439	1 433 884	1 653 858	1 716 879

2.6.8.1 Cash/cash equivalent position

A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

The forecasted cash and cash equivalents for the 2012/13 MTREF shows R849 million, R1.05 billion and R1.34 billion for each respective financial year.

2.6.8.2 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the City to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection. Notably, the ratio has been decreasing for the period 2008/09 to 2011/12, moving from 4,7 to 3.2 months. As part of the 2012/13 MTREF the municipalities improving cash position causes the ratio to move upwards to 3.5 months to 4.0 and 4.6 months in the respective outer years.

2.6.8.3 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2012/13 MTREF the indicative outcome is a surplus of R805 million, R1.01 billion and R1.13 billion.

2.6.8.4 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (National Treasury Inflation Forecast 5.9 to 5.5 percent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 6.4; 6.9 and 6.7 percent for the respective financial

years of the 2012/13 MTREF budget. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 12.3 percent, with the increase in electricity at 13.5 percent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns.

2.6.8.5 *Cash receipts as a percentage of ratepayer and other revenue*

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 89.3 percent for each of the respective financial years of the 2012/13 MTREF budget. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.6.8.6 *Debt impairment expense as a percentage of billable revenue*

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 8.4; 7.8 and 7.3 percent over the 2012/13 MTREF period, this equates to R215m ; R225M and R237m respectively for the three years. The collection rate is closely monitored to ensure that the provision for debt is adjusted accordingly in the ensuing years.

2.6.8.7 *Repairs and maintenance of Property Plant and Equipment*

The repairs and maintenance budget has grown from 2.2% in the 2012/13 financial year to 3.0% in the 2014/15 financial year of the total sum of the deemed replacement cost of the Property, Plant and Equipment.

2.6.8.8 *Asset Renewal as a percentage of Capital Assets*

An amount of R77.8 million (10.4 percent) in the 2012/13 financial year increasing to R150.5 million(17.2 percent) in the 2014/15 financial year of the total capital budget has been directed for the renewal of existing infrastructure assets. This is to ensure that the revenue generating assets are maintained at a healthy level to provide continuous service deliver to its consumers

2.8 COUNCILLOR AND EMPLOYEE BENEFITS

Table 45 - SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand	A	B	C	D	E	F	G	H	I
<u>Councillors (Political Office Bearers plus Other)</u>									
Basic Salaries and Wages	12 000	11 987	14 529	17 233	25 155	25 155	27 041	29 070	31 250
Pension and UIF Contributions	1 430	1 498	1 313	2 400	2 665	2 665	2 854	3 057	3 275
Medical Aid Contributions	752	805	875	1 019	856	856	920	989	1 063
Motor Vehicle Allowance	4 370	4 620	5 312	7 033	10 481	10 481	11 267	12 112	13 021
Cellphone Allowance	-	-	-	-	-	-	-	-	-
Housing Allowances	756	726	1 249	1 187	2 917	2 917	3 136	3 371	3 624
Other benefits and allowances	50	55	-	-	-	-	-	-	-
Sub Total - Councillors	19 359	19 691	23 278	28 871	42 074	42 074	45 219	48 599	52 233
% increase		1.7%	18.2%	24.0%	45.7%	-	7.5%	7.5%	7.5%
<u>Senior Managers of the Municipality</u>									
Basic Salaries and Wages	4 659	6 333	4 703	7 316	7 316	7 316	11 235	12 078	12 984
Pension and UIF Contributions	839	1 140	928	1 335	1 335	1 335	2 133	2 292	2 462
Medical Aid Contributions	-	-	103	139	139	139	361	388	417
Overtime	-	-	-	-	-	-	-	-	-
Performance Bonus	142	157	-	-	-	-	-	-	-
Motor Vehicle Allowance	-	-	1 044	1 830	1 830	1 830	2 400	2 580	2 774
Cellphone Allowance	-	-	-	-	-	-	-	-	-
Housing Allowances	-	-	36	36	36	36	257	274	292
Other benefits and allowances	2 255	2 931	1 025	707	707	707	1 999	2 149	2 310
Payments in lieu of leave	-	-	-	-	-	-	-	-	-
Long service awards	-	-	-	15	15	15	-	-	-
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality	7 894	10 561	7 838	11 377	11 377	11 377	18 385	19 760	21 237
% increase		33.8%	(25.8%)	45.1%	-	-	61.6%	7.5%	7.5%

Table 45 - SA22 - Summary of councillor and staff benefits (continued)

Summary of Employee and Councillor remuneration R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Senior Managers of Entities									
Basic Salaries and Wages									
Pension and UIF Contributions									
Medical Aid Contributions									
Overtime									
Performance Bonus									
Motor Vehicle Allowance									
Cellphone Allowance									
Housing Allowances									
Other benefits and allowances									
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
Sub Total - Senior Managers of Entities	-	-	-	-	-	-	-	-	-
% increase		-	-	-	-	-	-	-	-
Other Staff of Entities									
Basic Salaries and Wages									
Pension and UIF Contributions									
Medical Aid Contributions									
Overtime									
Performance Bonus									
Motor Vehicle Allowance									
Cellphone Allowance									
Housing Allowances									
Other benefits and allowances									
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
Sub Total - Other Staff of Entities	-	-	-	-	-	-	-	-	-
% increase		-	-	-	-	-	-	-	-
Total Municipal Entities	-	-	-	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS	675 927	785 979	860 579	1 012 179	1 021 915	1 021 915	1 098 548	1 182 988	1 270 796
% increase		16.3%	9.5%	17.6%	1.0%	-	7.5%	7.7%	7.4%
TOTAL MANAGERS AND STAFF	656 568	766 288	837 301	983 308	979 840	979 840	1 053 329	1 134 389	1 218 563

Table 46 - SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum		1.					2.
Councillors							
Speaker	1	522 433	63 640	286 147			872 219
Chief Whip	1	489 781	69 051	258 966			817 799
Executive Mayor	1	653 041	85 377	351 481			1 089 899
Deputy Executive Mayor	1	522 433	53 740	296 046			872 219
Executive Committee	9	4 408 027	563 142	2 389 019			7 360 187
Total for all other councillors	87	20 445 687	2 939 138	10 821 551			34 206 376
Total Councillors	100	27 041 401	3 774 088	14 403 210			45 218 700
Senior Managers of the Municipality							
Municipal Manager (MM)	1	817 439	231 656	313 352	-	-	1 362 447
Director of Financial Services	1	772 997	140 686	186 341	-	-	1 100 024
Deputy City Manager - Governance	-	-	-	-	-	-	-
Deputy City Manager - Procurement & Infrastructure	-	-	-	-	-	-	-
Deputy City Manager - Health, Safety & Social Issues	-	-	-	-	-	-	-
Deputy City Manager - Corporate & Human Resources	-	-	-	-	-	-	-
Executive Director: Strategic Management	1	720 478	204 362	276 184	-	-	1 201 024
Executive Director: Finance & Support Services	1	758 681	215 115	290 827	-	-	1 264 623
Executive Director: Development Planning & Management	1	684 245	194 162	262 294	-	-	1 140 701
Executive Director: Development Facilitation & Partnerships	1	684 245	194 162	262 294	-	-	1 140 701
Executive Director: Municipal Services	1	758 681	215 115	290 827	-	-	1 264 623
Special Advisor	1	715 536	156 882	266 673	-	-	1 139 091
Director of Executive Support Services	1	772 779	175 590	319 766	-	-	1 268 135
Director of Cap. Infra. Planning Project Management & Maintenance	1	772 779	197 111	298 245	-	-	1 268 135
Director of Corporate Services	1	755 450	154 091	335 446	-	-	1 244 986
Director of Engineering Services	1	755 450	160 368	331 869	-	-	1 247 686
Director of Development Planning	1	755 450	171 982	320 254	-	-	1 247 686
Director of Public Safety and Health	1	755 450	137 528	354 709	-	-	1 247 686
Director Of Community Services	1	755 450	151 672	340 564	-	-	1 247 686
<i>List of each official with packages >= senior manager</i>							
Head: Internal Audit & Performance Management	-	-	-	-	-	-	-
Head: Geographical Information & Policy	-	-	-	-	-	-	-
Head Office of Intergovernmental & Governance Relations	-	-	-	-	-	-	-
Total Senior Managers of the Municipality	15	11 235 110	2 700 482	4 449 645	-	-	18 385 236
A Heading for Each Entity							
List each member of board by designation							
Chief Executive Officer (CEO)	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total for municipal entities	-	-	-	-	-	-	-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	115	38 276 511	6 474 570	18 852 855	-	-	63 603 936

Table 47 - SA24 – Summary of personnel numbers

Summary of Personnel Numbers Number	2010/11			Current Year 2011/12			Budget Year 2012/13		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	89	–	89	100	–	100	100	–	100
Board Members of municipal entities	–	–	–	–	–	–	–	–	–
Municipal employees									
Municipal Manager and Senior Managers	10	–	10	10	–	10	15	–	15
Other Managers	38	20	18	38	20	18	37	20	17
Professionals	161	161	–	162	162	–	160	160	–
<i>Finance</i>	67	67	–	67	67	–	67	67	–
<i>Spatial/town planning</i>	10	10	–	10	10	–	10	10	–
<i>Information Technology</i>	3	3	–	3	3	–	3	3	–
<i>Roads</i>	3	3	–	3	3	–	3	3	–
<i>Electricity</i>	8	8	–	8	8	–	8	8	–
<i>Water</i>	5	5	–	5	5	–	5	5	–
<i>Sanitation</i>	4	4	–	4	4	–	4	4	–
<i>Refuse</i>	1	1	–	1	1	–	1	1	–
<i>Other</i>	60	60	–	61	61	–	59	59	–
Technicians	354	354	–	351	351	–	284	284	–
<i>Finance</i>	8	8	–	8	8	–	9	9	–
<i>Spatial/town planning</i>	15	15	–	15	15	–	15	15	–
<i>Information Technology</i>	13	13	–	13	13	–	13	13	–
<i>Roads</i>	6	6	–	6	6	–	6	6	–
<i>Electricity</i>	10	10	–	10	10	–	10	10	–
<i>Water</i>	27	27	–	27	27	–	27	27	–
<i>Sanitation</i>	16	16	–	16	16	–	16	16	–
<i>Refuse</i>	7	7	–	7	7	–	7	7	–
<i>Other</i>	252	252	–	249	249	–	181	181	–
Clerks (Clerical and administrative)	1 122	1 094	28	1 150	1 122	28	1 131	1 103	28
Service and sales workers	631	630	1	873	872	1	845	844	1
Skilled agricultural and fishery workers	212	212	–	214	214	–	214	214	–
Craft and related trades	384	384	–	370	370	–	384	384	–
Plant and Machine Operators	748	748	–	737	737	–	749	749	–
Elementary Occupations	1 388	1 388	–	1 422	1 422	–	1 419	1 419	–
TOTAL PERSONNEL NUMBERS	5 137	4 991	146	5 427	5 270	157	5 338	5 177	161
% increase				5.6%	5.6%	7.5%	(1.6%)	(1.8%)	2.5%
Total municipal employees headcount	5 048	4 991	57	5 327	5 270	57	5 238	5 177	61
Finance personnel headcount	547	535	12	592	580	12	614	602	12
Human Resources personnel headcount	182	178	4	184	180	4	185	180	5

2.9 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

Table 48 - SA25 - Budgeted monthly revenue and expenditure

Description	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source															
Property rates	591 580	(840)	208	(2 087)	(313)	(373)	(543)	(626)	(668)	(710)	(793)	(835)	583 999	652 376	726 039
Property rates - penalties & collection charges	58	58	58	57	53	57	135	155	166	176	197	207	1 376	1 534	1 710
Service charges - electricity revenue	192 764	31 826	117 310	95 452	113 065	108 185	80 755	93 179	99 391	105 603	118 027	124 239	1 279 796	1 452 568	1 648 665
Service charges - water revenue	69 516	(22 245)	20 828	26 377	10 229	28 203	16 533	19 077	20 349	21 620	24 164	25 436	260 086	297 929	340 086
Service charges - sanitation revenue	206 678	(70)	(3 141)	(311)	54	270	(0)	(0)	(0)	(0)	(0)	(0)	203 478	225 251	248 451
Service charges - refuse revenue	16 565	16 711	16 771	16 177	16 763	16 663	12 997	14 997	15 996	16 996	18 996	19 995	199 627	224 979	252 652
Service charges - other	5 313	2 095	1 150	2 380	1 726	1 671	1 382	1 595	1 702	1 808	2 021	2 127	24 968	27 626	30 487
Rental of facilities and equipment	704	785	801	1 277	860	940	1 133	1 308	1 395	1 482	1 657	1 744	14 086	15 579	17 199
Interest earned - external investments	1 070	5 861	6 374	6 157	6 566	6 359	2 808	3 240	3 456	3 672	4 104	4 320	53 986	55 386	56 828
Interest earned - outstanding debtors	2 174	2 142	2 106	1 984	2 207	1 942	1 530	1 766	1 884	2 001	2 237	2 355	24 328	26 907	29 705
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	469	806	464	411	352	546	1 133	1 307	1 395	1 482	1 656	1 743	11 765	13 012	14 366
Licences and permits	1 059	2 020	1 220	1 491	1 728	1 107	1 088	1 255	1 339	1 422	1 590	1 673	16 992	18 793	20 747
Agency services	-	-	-	-	-	-	0	0	0	0	0	(0)	-	-	-
Transfers recognised - operational	-	259 107	1 522	4 488	8 375	210 823	41 672	48 083	51 288	54 494	60 905	64 110	804 866	906 740	965 041
Other revenue	13 734	109 261	12 530	13 784	20 350	92 081	29 321	33 832	36 087	38 342	42 853	45 109	487 284	535 034	572 364
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and cont	1 101 683	407 516	178 200	167 637	182 014	468 473	189 945	219 167	233 778	248 389	277 612	292 223	3 966 637	4 453 714	4 924 341

Table 49 – SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand															
Revenue by Vote															
Vote 1 - Directorate - Executive Support Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Directorate - Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Directorate - Chief Operations Officer	18	11	8 990	2 081	3 153	945	12 271	14 159	15 103	16 047	17 935	18 879	109 591	168 703	179 157
Vote 4 - Directorate - Chief Financial Officer	662 883	273 070	7 720	4 744	8 855	237 057	32 149	37 095	39 568	42 041	46 987	49 460	1 441 627	1 567 337	1 690 378
Vote 5 - Directorate - Corporate Services	0	-	-	-	-	-	698	806	859	913	1 020	1 074	5 371	6 341	6 730
Vote 6 - Directorate - Engineering Services	482 722	81 307	129 769	127 624	127 512	184 304	79 697	108 081	122 210	136 401	164 785	178 976	1 923 389	2 172 609	2 450 670
Vote 7 - Directorate - Development Planning	1 171	2 642	2 815	1 854	4 893	1 109	4 605	5 314	5 668	6 022	6 730	7 085	49 908	52 507	57 494
Vote 8 - Directorate - Health & Public Safety	5 146	16 753	4 930	6 784	9 863	9 502	11 268	13 002	13 869	14 735	16 469	17 336	139 656	152 342	165 909
Vote 9 - Directorate - Community Services	18 083	51 709	19 082	18 553	18 384	45 563	16 344	18 858	20 115	21 373	23 887	25 144	297 096	333 874	374 004
Vote 10 - Directorate - Miscellaneous	-	-	-	-	-	-	104 794	104 794	104 857	104 857	104 857	104 857	629 018	747 118	751 837
Total Revenue by Vote	1 170 024	425 492	173 306	161 640	172 660	478 480	261 827	302 108	322 249	342 389	382 670	402 811	4 595 656	5 200 832	5 676 179
Expenditure by Vote to be appropriated															
Vote 1 - Directorate - Executive Support Services	6 419	6 721	7 512	7 829	7 379	8 001	11 530	13 303	14 190	15 077	16 851	17 738	132 550	142 005	146 562
Vote 2 - Directorate - Municipal Manager	1 281	14 001	1 854	2 525	3 762	1 915	3 403	3 926	4 188	4 450	4 973	5 235	51 513	54 783	57 377
Vote 3 - Directorate - Chief Operations Officer	7 444	5 402	4 081	6 151	5 034	3 532	14 164	16 343	17 433	18 522	20 701	21 791	140 598	210 202	234 810
Vote 4 - Directorate - Chief Financial Officer	19 249	17 302	18 683	18 252	20 864	19 144	33 191	38 297	40 850	43 403	48 509	51 062	368 805	397 897	421 732
Vote 5 - Directorate - Corporate Services	7 189	7 539	9 183	9 367	10 377	8 877	10 899	12 576	13 415	14 253	15 930	16 768	136 374	152 143	165 686
Vote 6 - Directorate - Engineering Services	147 141	156 899	263 056	115 444	141 180	153 607	157 289	181 487	193 586	205 685	229 883	241 983	2 187 239	2 411 233	2 638 925
Vote 7 - Directorate - Development Planning	7 229	9 178	30 279	16 532	17 965	19 016	17 083	19 711	21 025	22 339	24 967	26 281	231 605	252 572	268 149
Vote 8 - Directorate - Health & Public Safety	13 519	15 666	17 590	19 685	18 170	17 376	18 261	21 071	22 476	23 880	26 690	28 094	242 477	252 628	267 420
Vote 9 - Directorate - Community Services	21 932	33 570	37 605	38 565	34 388	39 351	38 434	44 347	47 304	50 260	56 173	59 130	501 062	539 173	582 029
Vote 10 - Directorate - Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	231 401	266 278	389 842	234 351	259 118	270 819	304 254	351 062	374 466	397 870	444 678	468 082	3 992 222	4 412 637	4 782 690
Surplus/(Deficit) before assoc.	938 623	159 214	(216 536)	(72 711)	(86 458)	207 660	(42 427)	(48 954)	(52 217)	(55 481)	(62 008)	(65 272)	603 434	788 194	893 489
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	938 623	159 214	(216 536)	(72 711)	(86 458)	207 660	(42 427)	(48 954)	(52 217)	(55 481)	(62 008)	(65 272)	603 434	788 194	893 489

Table 50 - SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue - Standard															
<i>Governance and administration</i>	663 026	273 205	7 852	4 877	8 990	237 189	33 544	38 705	41 285	43 865	49 026	51 606	1 453 170	1 580 546	1 699 169
Executive and council	0	-	0	-	-	(0)	0	0	0	0	0	(0)	-	-	-
Budget and treasury office	662 883	273 070	7 720	4 744	8 855	237 057	32 149	37 095	39 568	42 041	46 987	49 460	1 441 627	1 567 337	1 690 378
Corporate services	143	135	131	133	135	132	1 395	1 610	1 718	1 825	2 040	2 147	11 543	13 208	8 791
<i>Community and public safety</i>	5 121	13 267	14 597	7 696	9 235	13 729	20 149	23 249	24 799	26 349	29 448	30 998	218 637	286 732	306 733
Community and social services	607	1 077	1 031	933	823	858	1 251	1 444	1 540	1 636	1 829	1 925	14 954	16 081	17 303
Sport and recreation	57	129	84	247	75	221	446	514	548	583	651	686	4 240	4 690	5 178
Public safety	4 453	12 056	4 338	4 404	4 273	11 052	4 488	5 178	5 523	5 868	6 559	6 904	75 096	82 501	90 336
Housing	4	5	9 144	2 112	3 208	964	12 240	14 123	15 065	16 006	17 889	18 831	109 591	168 703	179 157
Health	(0)	0	-	0	856	635	1 724	1 990	2 122	2 255	2 520	2 653	14 755	14 757	14 759
<i>Economic and environmental services</i>	3 762	12 462	3 754	6 702	7 046	299	6 370	7 350	7 840	8 330	9 310	9 800	83 027	88 938	97 520
Planning and development	954	826	1 109	1 246	1 392	797	2 291	2 643	2 819	2 995	3 348	3 524	23 944	23 790	25 791
Road transport	2 800	11 622	2 633	5 443	5 639	(508)	4 048	4 671	4 982	5 293	5 916	6 227	58 765	64 796	71 341
Environmental protection	9	13	13	14	15	10	32	37	39	42	47	49	318	351	388
<i>Trading services</i>	498 115	125 333	145 749	142 364	144 605	227 263	118 323	136 526	145 628	154 730	172 933	182 035	2 193 604	2 477 369	2 798 698
Electricity	196 957	46 177	117 829	96 033	114 418	119 602	84 043	96 973	103 438	109 902	122 832	129 297	1 337 501	1 517 320	1 721 279
Water	66 940	6 935	12 150	27 329	11 251	45 290	19 241	22 201	23 681	25 161	28 121	29 601	317 902	358 797	408 063
Waste water management	216 752	21 499	(2 199)	1 632	1 432	17 689	496	572	610	648	724	763	260 618	288 501	318 220
Waste management	17 467	50 722	17 970	17 370	17 504	44 681	14 543	16 780	17 899	19 018	21 255	22 374	277 583	312 752	351 136
<i>Other</i>	-	1 225	1 355	-	2 784	-	83 441	96 278	102 697	109 115	121 952	128 371	647 218	767 246	774 059
Total Revenue - Standard	1 170 024	425 492	173 306	161 640	172 660	478 480	261 827	302 108	322 249	342 389	382 670	402 811	4 595 656	5 200 832	5 676 179

Table 50 - SA27 - Budgeted monthly revenue and expenditure (standard classification) (continued)

Description	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Expenditure - Standard																
<i>Governance and administration</i>	39 089	50 838	43 855	48 309	48 615	52 362	65 593	75 684	80 730	85 776	95 867	100 913	787 630	853 799	900 274	
Executive and council	4 602	16 069	6 257	7 476	7 885	6 614	8 704	10 043	10 713	11 382	12 721	13 391	115 860	124 749	128 453	
Budget and treasury office	19 249	17 302	18 683	18 252	20 864	19 144	33 191	38 297	40 850	43 403	48 509	51 062	368 805	397 897	421 732	
Corporate services	15 238	17 466	18 915	22 580	19 865	26 603	23 699	27 344	29 167	30 990	34 636	36 459	302 965	331 152	350 089	
<i>Community and public safety</i>	26 158	29 193	29 244	34 781	31 649	28 884	38 893	44 877	47 869	50 861	56 844	59 836	479 089	566 264	615 815	
Community and social services	4 455	6 547	6 120	6 862	6 417	6 177	5 456	6 295	6 715	7 135	7 974	8 394	78 546	84 027	90 655	
Sport and recreation	3 293	4 139	4 183	4 915	4 842	4 392	3 989	4 602	4 909	5 216	5 830	6 137	56 447	60 830	66 841	
Public safety	9 320	11 520	13 214	14 724	13 475	12 960	13 669	15 772	16 824	17 875	19 978	21 030	180 363	192 099	203 742	
Housing	7 046	4 824	3 399	5 631	4 520	3 063	13 412	15 476	16 507	17 539	19 602	20 634	131 655	200 836	224 990	
Health	2 043	2 163	2 329	2 649	2 394	2 291	2 367	2 731	2 913	3 095	3 460	3 642	32 078	28 472	29 587	
<i>Economic and environmental services</i>	14 392	16 513	79 769	37 629	42 355	42 841	41 654	48 062	51 266	54 470	60 878	64 082	553 912	604 380	633 577	
Planning and development	5 178	5 549	25 645	12 390	14 131	15 150	14 786	17 061	18 199	19 336	21 611	22 748	191 786	208 873	220 334	
Road transport	4 172	5 584	46 307	19 247	21 801	21 528	21 460	24 761	26 412	28 063	31 364	33 015	283 715	311 610	323 414	
Environmental protection	5 041	5 380	7 817	5 992	6 422	6 163	5 407	6 239	6 655	7 071	7 903	8 319	78 411	83 897	89 828	
<i>Trading services</i>	150 889	168 674	235 851	112 377	135 365	145 460	157 138	181 313	193 400	205 488	229 663	241 751	2 157 368	2 372 754	2 616 537	
Electricity	115 453	114 132	151 196	39 002	83 457	88 312	86 686	100 022	106 690	113 358	126 695	133 363	1 258 367	1 405 344	1 573 013	
Water	20 905	25 049	33 091	39 548	17 324	25 721	25 698	29 651	31 628	33 605	37 558	39 535	359 313	383 340	410 258	
Waste water management	6 595	12 878	32 305	17 483	19 211	17 679	21 737	25 081	26 753	28 425	31 769	33 441	273 358	296 942	323 806	
Waste management	7 935	16 614	19 258	16 343	15 373	13 748	23 018	26 559	28 329	30 100	33 641	35 412	266 330	287 129	309 461	
<i>Other</i>	874	1 060	1 123	1 255	1 135	1 273	976	1 126	1 201	1 276	1 426	1 501	14 224	15 440	16 486	
Total Expenditure - Standard	231 401	266 278	389 842	234 351	259 118	270 819	304 254	351 062	374 466	397 870	444 678	468 082	3 992 222	4 412 637	4 782 690	
Surplus/(Deficit) before assoc.	938 623	159 214	(216 536)	(72 711)	(86 458)	207 660	(42 427)	(48 954)	(52 217)	(55 481)	(62 008)	(65 272)	603 434	788 194	893 489	
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit)	938 623	159 214	(216 536)	(72 711)	(86 458)	207 660	(42 427)	(48 954)	(52 217)	(55 481)	(62 008)	(65 272)	603 434	788 194	893 489	

Table 51 - SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Multi-year expenditure to be appropriated															
Vote 1 - Directorate - Executive Support Services	-	313	429	2 266	2 394	6 499	136	3 237	1 422	1 971	7 464	(21 631)	4 500	2 000	-
Vote 2 - Directorate - Municipal Manager												-	-	-	-
Vote 3 - Directorate - Chief Operations Officer	-	3 157	1 018	1 793	1 012	2 367	175	456	1 220	1 835	2 528	56 528	72 089	113 700	111 064
Vote 4 - Directorate - Chief Financial Officer	3	172	178	480	311	520	129	859	846	543	844	(1 284)	3 600	3 000	3 000
Vote 5 - Directorate - Corporate Services	-	6	96	539	39	447	211	110	(88)	177	259	30 804	32 600	23 250	25 750
Vote 6 - Directorate - Engineering Services	1 340	12 199	10 208	25 154	19 026	19 654	10 137	11 463	22 800	31 534	35 439	207 305	406 259	473 614	510 773
Vote 7 - Directorate - Development Planning	59	736	1 460	1 355	2 841	3 891	1 069	2 435	2 477	3 847	4 284	172 467	196 921	210 762	107 000
Vote 8 - Directorate - Health & Public Safety	34	1 089	365	258	411	1 343	138	490	530	493	800	4 176	10 128	8 473	13 470
Vote 9 - Directorate - Community Services	55	888	1 424	1 613	1 474	3 151	1 287	3 463	781	1 882	1 959	5 024	23 000	45 041	105 000
Vote 10 - Directorate - Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	1 491	18 561	15 177	33 458	27 508	37 871	13 281	22 513	29 987	42 283	53 578	453 390	749 097	879 841	876 057
Single-year expenditure to be appropriated															
Vote 1 - Directorate - Executive Support Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Directorate - Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Directorate - Chief Operations Officer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Directorate - Chief Financial Officer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Directorate - Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Directorate - Engineering Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Directorate - Development Planning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Directorate - Health & Public Safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Directorate - Community Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Directorate - Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	1 491	18 561	15 177	33 458	27 508	37 871	13 281	22 513	29 987	42 283	53 578	453 390	749 097	879 841	876 057

Table 52 - SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital Expenditure - Standard															
<i>Governance and administration</i>	3	491	703	3 285	2 744	7 465	476	4 206	2 180	2 691	8 567	11 890	44 700	29 250	28 750
Executive and council	-	313	429	2 266	2 394	6 499	136	3 237	1 422	1 971	7 464	(21 631)	4 500	2 000	-
Budget and treasury office	3	172	178	480	311	520	129	859	846	543	844	2 716	7 600	4 000	3 000
Corporate services	-	6	96	539	39	447	211	110	(88)	177	259	30 804	32 600	23 250	25 750
<i>Community and public safety</i>	-	4 748	2 086	3 139	2 236	5 074	1 132	1 959	2 464	3 350	4 648	57 279	88 117	136 673	190 534
Community and social services	-	502	735	1 113	841	1 493	854	1 107	1 164	1 068	1 596	4 526	15 000	33 000	85 000
Sport and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	1 089	334	245	383	1 239	103	396	81	447	556	5 257	10 128	8 473	13 470
Housing	-	3 157	1 018	1 782	1 012	2 343	175	456	1 220	1 835	2 496	47 496	62 989	95 200	92 064
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	269	4 277	7 925	6 185	10 811	9 981	4 153	5 964	12 585	15 953	17 791	222 025	317 921	352 287	355 419
Planning and development	59	742	1 414	1 355	2 762	3 914	1 029	2 603	2 495	3 865	4 042	168 641	192 921	209 762	107 000
Road transport	210	3 442	6 377	4 564	7 905	5 938	3 077	1 982	10 028	11 832	13 649	50 996	120 000	130 484	228 419
Environmental protection	-	93	134	266	144	130	47	1 378	62	256	101	2 388	5 000	12 041	20 000
<i>Trading services</i>	1 219	9 038	4 404	15 535	11 582	15 312	6 718	10 287	12 388	17 388	21 411	163 978	289 259	343 130	282 354
Electricity	17	16	137	3 780	2 454	3 641	3 330	3 861	2 665	7 069	10 202	40 681	77 851	100 000	90 000
Water	798	4 308	2 130	862	1 986	6 679	6 492	2 930	4 544	5 175	4 906	(10 010)	30 800	42 276	38 500
Waste water management	404	4 653	1 698	10 697	6 724	3 985	(3 431)	3 226	5 804	4 862	6 290	132 698	177 608	200 854	153 854
Waste management	-	61	439	196	418	1 007	328	270	(625)	282	14	609	3 000	-	-
<i>Other</i>	-	7	59	5 314	135	38	802	97	370	2 900	1 159	(1 781)	9 100	18 500	19 000
Total Capital Expenditure - Standard	1 491	18 561	15 177	33 458	27 508	37 871	13 281	22 513	29 987	42 283	53 578	453 390	749 097	879 841	876 057

Table 53 - SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash Receipts By Source																
Property rates	532 422	(756)	187	(1 879)	(282)	(335)	(489)	(564)	(601)	(639)	(714)	(752)	525 599	587 139	653 436	
Property rates - penalties & collection charges	52	52	52	51	47	51	121	140	149	159	177	186	1 238	1 380	1 539	
Service charges - electricity revenue	173 488	28 644	105 579	85 907	101 758	97 366	72 680	83 861	89 452	95 043	106 224	111 815	1 151 817	1 307 312	1 483 798	
Service charges - water revenue	62 564	(20 021)	18 745	23 740	9 206	25 382	14 880	17 169	18 314	19 458	21 748	22 892	234 078	268 136	306 077	
Service charges - sanitation revenue	186 010	(63)	(2 827)	(280)	48	243	(0)	(0)	(0)	(0)	(0)	(0)	183 131	202 726	223 606	
Service charges - refuse revenue	14 908	15 040	15 094	14 559	15 087	14 997	11 697	13 497	14 397	15 297	17 096	17 996	179 664	202 481	227 387	
Service charges - other	4 781	1 885	1 035	2 142	1 553	1 504	1 244	1 436	1 531	1 627	1 819	1 914	22 472	24 863	27 438	
Rental of facilities and equipment	634	706	721	1 149	774	846	1 020	1 177	1 256	1 334	1 491	1 569	12 677	14 021	15 479	
Interest earned - external investments	1 070	5 861	6 374	6 157	6 566	6 359	2 808	3 240	3 456	3 672	4 104	4 320	53 986	55 386	56 828	
Interest earned - outstanding debtors	2 174	2 142	2 106	1 984	2 207	1 942	1 530	1 766	1 884	2 001	2 237	2 355	24 328	26 907	29 705	
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines	422	725	418	370	317	492	1 020	1 177	1 255	1 334	1 490	1 569	10 589	11 711	12 929	
Licences and permits	953	1 818	1 098	1 342	1 556	996	979	1 130	1 205	1 280	1 431	1 506	15 293	16 914	18 673	
Agency services	-	-	-	-	-	-	0	0	0	0	0	0	0	0	0	
Transfer receipts - operational	-	259 107	1 522	4 488	8 375	210 823	41 672	48 083	51 288	54 494	60 905	64 110	804 866	906 740	965 041	
Other revenue	12 361	98 335	11 277	12 406	18 315	82 873	26 389	30 448	32 478	34 508	38 568	40 598	438 555	481 530	515 128	
Cash Receipts by Source	991 839	393 476	161 380	152 137	165 528	443 538	175 551	202 559	216 063	229 567	256 575	270 079	3 658 292	4 107 246	4 537 065	

Table 53 - SA30 - Budgeted monthly cash flow (continued)

MONTHLY CASH FLOWS	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Other Cash Flows by Source																
Transfer receipts - capital		56 612	53 467	34 596	42 773	45 289	28 306	41 893	44 031	52 397	88 063	69 192	72 400	629 018	747 118	751 837
Contributions recognised - capital & Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source		1 048 451	446 942	195 976	194 910	210 817	471 844	217 444	246 591	268 460	317 630	325 767	342 479	4 287 310	4 854 363	5 288 902
Cash Payments by Type																
Employee related costs		70 621	72 315	73 943	89 069	78 849	79 422	69 738	80 467	85 831	91 195	101 924	107 289	1 000 663	1 077 669	1 157 635
Remuneration of councillors		2 321	2 119	2 237	3 433	2 109	2 706	3 527	4 069	4 341	4 612	5 154	5 426	42 053	45 197	48 576
Finance charges		-	-	-	-	-	-	12 214	14 093	15 032	15 972	17 851	13 952	89 112	84 904	80 298
Bulk purchases - Electricity		115 345	107 393	114 150	17 829	60 973	68 377	54 953	63 407	67 634	71 861	80 316	84 543	906 781	1 029 196	1 168 138
Bulk purchases - Water & Sewer		10 213	12 958	11 155	23 640	(2 941)	11 540	9 855	11 372	12 130	12 888	14 404	15 162	142 376	154 763	167 608
Other materials		-	-	-	-	-	-	0	0	0	0	0	0	0	-	-
Contracted services		1	324	718	540	291	189	854	985	1 051	1 116	1 248	1 313	8 631	9 546	10 539
Transfers and grants - other municipalities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other		-	1 230	(632)	3 307	570	8 525	2 270	2 620	2 794	2 969	3 318	3 493	30 464	33 672	37 160
Other expenditure		29 008	65 951	90 033	60 175	83 564	64 287	92 046	106 207	113 288	120 368	134 529	164 773	1 124 230	1 291 318	1 399 449
Cash Payments by Type		227 510	262 291	291 604	197 993	223 413	235 046	245 457	283 219	302 101	320 982	358 744	395 950	3 344 311	3 726 265	4 069 404
Other Cash Flows/Payments by Type																
Capital assets		67 419	63 673	41 200	50 939	53 935	33 709	49 890	52 437	62 400	104 874	82 401	86 221	749 097	879 841	876 057
Repayment of borrowing		-	-	11 189	-	-	8 995	-	-	11 747	-	-	9 601	41 533	45 401	49 674
Other Cash Flows/Payments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type		294 928	325 965	343 994	248 932	277 348	277 751	295 347	335 656	376 248	425 855	441 145	491 773	4 134 941	4 651 506	4 995 135
NET INCREASE/(DECREASE) IN CASH HELD		753 522	120 977	(148 018)	(54 022)	(66 531)	194 093	(77 903)	(89 066)	(107 787)	(108 226)	(115 378)	(149 294)	152 369	202 857	293 767
Cash/cash equivalents at the month/year begin:		696 159	1 449 681	1 570 658	1 422 640	1 368 619	1 302 087	1 496 180	1 418 278	1 329 212	1 221 425	1 113 199	997 821	696 159	848 527	1 051 385
Cash/cash equivalents at the month/year end:		1 449 681	1 570 658	1 422 640	1 368 619	1 302 087	1 496 180	1 418 278	1 329 212	1 221 425	1 113 199	997 821	848 527	848 527	1 051 385	1 345 152

2.10 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

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

2.11 CAPITAL EXPENDITURE DETAILS

The following three tables present details of the City's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 54 - SA 34a - Capital expenditure on new assets by asset class

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	305 708	330 633	306 810	629 904	499 796	499 796	590 605	670 800	579 837
Infrastructure - Road transport	87 558	132 504	102 767	67 376	67 376	67 376	101 200	120 484	163 419
<i>Roads, Pavements & Bridges</i>	87 558	126 788	91 956	67 376	67 376	67 376	101 200	120 484	163 419
<i>Storm water</i>	-	5 715	10 811	-	-	-	-	-	-
Infrastructure - Electricity	92 822	67 813	57 930	23 800	23 800	23 800	77 851	100 000	90 000
<i>Generation</i>	-	-	-	-	-	-	-	-	-
<i>Transmission & Reticulation</i>	92 822	60 942	49 857	23 800	23 800	23 800	77 851	100 000	90 000
<i>Street Lighting</i>	-	6 871	8 072	-	-	-	-	-	-
Infrastructure - Water	61 720	69 047	65 281	21 000	21 000	21 000	12 000	22 000	22 000
<i>Dams & Reservoirs</i>	-	4 314	8 870	-	-	-	-	-	-
<i>Water purification</i>	-	-	33 113	-	-	-	-	-	-
<i>Reticulation</i>	61 720	64 733	23 298	21 000	21 000	21 000	12 000	22 000	22 000
Infrastructure - Sanitation	63 608	61 269	80 832	199 000	199 000	199 000	174 608	195 854	144 854
<i>Reticulation</i>	63 608	61 269	72 349	199 000	199 000	199 000	174 608	195 854	144 854
<i>Sewerage purification</i>	-	-	8 483	-	-	-	-	-	-
Infrastructure - Other	-	-	-	318 728	188 620	188 620	224 946	232 462	159 564
<i>Waste Management</i>	-	-	-	11 068	5 568	5 568	3 000	-	-
<i>Transportation</i>	-	-	-	190 405	108 164	108 164	109 702	103 762	33 000
<i>Gas</i>	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	117 255	74 887	74 887	112 244	128 700	126 564

Table 55 - SA34b - Capital expenditure on the renewal of existing assets by asset class (continued)

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Other assets	-	-	-	8 977	10 064	10 064	7 000	3 000	-
General vehicles	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-
Computers - hardware/equipment	-	-	-	-	-	-	-	-	-
Furniture and other office equipment	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	-	-	3 320	2 960	2 960	-	-	-
Civic Land and Buildings	-	-	-	5 497	6 911	6 911	7 000	3 000	-
Other Buildings	-	-	-	-	-	-	-	-	-
Other Land	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	-	-	-	160	194	194	-	-	-
Agricultural assets	-	-	-	-	-	-	-	-	-
<i>List sub-class</i>	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
<i>List sub-class</i>	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming	-	-	-	-	-	-	-	-	-
Other (<i>list sub-class</i>)	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing assets	-	-	-	47 391	109 631	109 631	77 800	78 276	150 500
Specialised vehicles	-	-	-	-	-	-	-	-	-
Refuse	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-
<i>Renewal of Existing Assets as % of total capex</i>	0.0%	0.0%	0.0%	6.2%	16.1%	16.1%	10.4%	8.9%	17.2%
<i>Renewal of Existing Assets as % of deprecn"</i>	0.0%	0.0%	0.0%	10.0%	23.2%	23.2%	20.7%	19.5%	36.6%

Table 56 - SA34c - Repairs and maintenance expenditure by asset class (continued)

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Other assets	21 470	17 845	20 535	21 898	21 998	21 998	23 555	25 321	27 221
General vehicles	418	392	465	959	959	959	1 046	1 125	1 209
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-
Computers - hardware/equipment	458	434	165	798	698	698	858	922	991
Furniture and other office equipment	7	-	0	12	12	12	13	14	15
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	835	498	645	695	695	695	747	803	863
Civic Land and Buildings	-	-	-	-	-	-	-	-	-
Other Buildings	9 986	1 595	1 473	1 694	1 794	1 794	1 821	1 958	2 105
Other Land	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	9 766	14 926	17 786	17 740	17 840	17 840	19 070	20 500	22 038
Agricultural assets	-	-	-	-	-	-	-	-	-
<i>List sub-class</i>									
Biological assets	-	-	-	-	-	-	-	-	-
<i>List sub-class</i>									
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming									
Other (<i>list sub-class</i>)									
Total Repairs and Maintenance Expenditure	116 795	174 695	193 336	242 036	242 036	242 036	290 863	334 807	387 319
Specialised vehicles	-	-	-	-	-	-	-	-	-
Refuse	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-
R&M as a % of PPE	0.9%	1.4%	1.7%	1.9%	1.9%	1.9%	2.4%	2.7%	3.0%
R&M as % Operating Expenditure	5.1%	6.1%	6.0%	6.2%	6.5%	6.5%	7.3%	7.6%	8.1%

Table 57 - SA34d – Depreciation by Asset Class

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
Depreciation by Asset Class/Sub-class									
Infrastructure	187 460	440 229	343 921	396 193	396 193	396 193	278 622	301 152	312 495
Infrastructure - Road transport	91 182	189 942	167 555	195 307	195 307	195 307	142 045	154 415	150 521
<i>Roads, Pavements & Bridges</i>	89 712	187 429	165 040	194 118	194 118	194 118	140 874	153 244	149 350
<i>Storm water</i>	1 471	2 513	2 515	1 189	1 189	1 189	1 171	1 171	1 171
Infrastructure - Electricity	36 330	85 502	18 497	98 183	98 183	98 183	47 146	49 646	54 396
<i>Generation</i>	-	-	-	-	-	-	-	-	-
<i>Transmission & Reticulation</i>	34 907	83 870	16 590	96 443	96 443	96 443	43 713	46 213	50 963
<i>Street Lighting</i>	1 423	1 632	1 907	1 740	1 740	1 740	3 432	3 432	3 432
Infrastructure - Water	25 066	76 482	68 824	33 250	33 250	33 250	30 646	32 320	35 866
<i>Dams & Reservoirs</i>	6 247	14 148	14 159	7 171	7 171	7 171	1 279	1 279	1 279
<i>Water purification</i>	3 249	9 597	9 449	9 443	9 443	9 443	3 836	3 836	3 836
<i>Reticulation</i>	15 570	52 736	45 217	16 636	16 636	16 636	25 532	27 206	30 751
Infrastructure - Sanitation	34 882	88 304	89 044	69 452	69 452	69 452	58 786	64 771	71 713
<i>Reticulation</i>	20 612	57 490	58 230	55 220	55 220	55 220	40 409	45 394	49 469
<i>Sewerage purification</i>	14 270	30 814	30 813	14 232	14 232	14 232	18 377	19 377	22 244
Infrastructure - Other	-	-	-	-	-	-	-	-	-
<i>Waste Management</i>	-	-	-	-	-	-	-	-	-
<i>Transportation</i>	-	-	-	-	-	-	-	-	-
<i>Gas</i>	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-
Community	5 025	7 388	7 735	7 895	7 895	7 895	8 727	9 561	12 562
Parks & gardens	-	-	-	-	-	-	-	-	-
Sportsfields & stadia	2 805	484	623	671	671	671	1 096	1 346	2 846
Swimming pools	-	-	-	125	125	125	-	-	-
Community halls	272	3 278	3 447	3 356	3 356	3 356	3 721	4 105	5 071
Libraries	39	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667
Recreational facilities	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	60	176	192	209	209	209	237	237	237
Security and policing	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-
Clinics	139	1 451	1 468	1 451	1 451	1 451	1 500	1 500	1 500
Museums & Art Galleries	-	233	233	250	250	250	233	233	233
Cemeteries	393	100	100	167	167	167	267	467	1 001
Social rental housing	-	-	-	-	-	-	-	-	-
Other	1 316	-	6	-	-	-	6	6	6

Table 58 - SA35 - Future financial implications of the capital budget

Vote Description	2012/13 Medium Term Revenue & Expenditure Framework			Forecasts			
	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Present value
R thousand							
Capital expenditure							
Vote 1 - Directorate - Executive Support Services	4 500	2 000	–	–	–	–	–
Vote 2 - Directorate - Municipal Manager	–	–	–	–	–	–	–
Vote 3 - Directorate - Chief Operations Officer	72 089	113 700	111 064	–	–	–	–
Vote 4 - Directorate - Chief Financial Officer	3 600	3 000	3 000	–	–	–	–
Vote 5 - Directorate - Corporate Services	32 600	23 250	25 750	–	–	–	–
Vote 6 - Directorate - Engineering Services	406 259	473 614	510 773	–	–	–	–
Vote 7 - Directorate - Development Planning	196 921	210 762	107 000	–	–	–	–
Vote 8 - Directorate - Health & Public Safety	10 128	8 473	13 470	–	–	–	–
Vote 9 - Directorate - Community Services	23 000	45 041	105 000	–	–	–	–
Vote 10 - Directorate - Miscellaneous	–	–	–	–	–	–	–
<i>List entity summary if applicable</i>	–	–	–	–	–	–	–
Total Capital Expenditure	749 097	879 841	876 057	–	–	–	–
Future operational costs by vote							
Vote 1 - Directorate - Executive Support Services	–	–	–	–	–	–	–
Vote 2 - Directorate - Municipal Manager	–	–	–	–	–	–	–
Vote 3 - Directorate - Chief Operations Officer	–	–	–	–	–	–	–
Vote 4 - Directorate - Chief Financial Officer	–	–	–	–	–	–	–
Vote 5 - Directorate - Corporate Services	–	–	–	–	–	–	–
Vote 6 - Directorate - Engineering Services	–	–	–	–	–	–	–
Vote 7 - Directorate - Development Planning	–	–	–	–	–	–	–
Vote 8 - Directorate - Health & Public Safety	–	–	–	–	–	–	–
Vote 9 - Directorate - Community Services	–	–	–	–	–	–	–
Vote 10 - Directorate - Miscellaneous	–	–	–	–	–	–	–
<i>List entity summary if applicable</i>	–	–	–	–	–	–	–
Total future operational costs	–	–	–	–	–	–	–
Future revenue by source							
Property rates	–	–	–	–	–	–	–
Property rates - penalties & collection charges	–	–	–	–	–	–	–
Service charges - electricity revenue	–	–	–	–	–	–	–
Service charges - water revenue	–	–	–	–	–	–	–
Service charges - sanitation revenue	–	–	–	–	–	–	–
Service charges - refuse revenue	–	–	–	–	–	–	–
Service charges - other	–	–	–	–	–	–	–
Rental of facilities and equipment	–	–	–	–	–	–	–
<i>List other revenues sources if applicable</i>	–	–	–	–	–	–	–
<i>List entity summary if applicable</i>	–	–	–	–	–	–	–
Total future revenue	–	–	–	–	–	–	–
Net Financial Implications	749 097	879 841	876 057	–	–	–	–

Table 59 - SA36 - Detailed capital budget per municipal vote

Municipal Vote/Capital project	Program/Project description	Asset Class	Asset Sub-Class	Total Project Estimate	Prior year outcomes		2012/13 Medium Term Revenue & Expenditure Framework			Project information
					Audited Outcome 2010/11	Current Year 2011/12 Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	New or renewal
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>										
Vote 1 - Executive Support Services	2010 Projects	Community	<i>Stadiums</i>	-	18 635	11 080	-	-	-	New
	Mayoral Projects	Community	<i>Infrastructure</i>	15 000	1 655	-	-	-	-	New
	Roads	Infrastructure	<i>Roads</i>	-	-	-	-	-	-	New
	Electricity	Infrastructure	<i>Electricity reticulation</i>	-	-	-	-	-	-	New
Back up Generator-City Hall	Plant & Equipment	Other Assets	<i>Other Assets</i>	-	-	-	1 500	-	-	New
Upgrading of the City Hall	Building Upgrade	Buildings	<i>Buildings(Councillors Offices)</i>	4 500	205	2 061	3 000	2 000	-	New
	Office Furniture & Equipment	Other Assets	<i>Office Equipment</i>	150	23	-	-	-	-	New
	Other	Other Assets	<i>Other Assets</i>	4 553	46	2 722	-	-	-	New
				-	-	-	-	-	-	
				-	-	-	-	-	-	
				-	-	-	-	-	-	
Vote 2 - Municipal Manager's Office	Office Furniture & Equipment	Other Assets	<i>Office Equipment</i>	100	132	1 050	-	-	-	New
	Computer Equipment	Other Assets	<i>Computers</i>	100	-	-	-	-	-	New
				-	-	-	-	-	-	
				-	-	-	-	-	-	
Vote 3 - Chief Operation's Officer	Housing	Housing	<i>Housing</i>	9 800	7 113	65 436	62 989	95 200	92 064	New
	Office Furniture & Equipment	Other Assets	<i>Office Equipment</i>	50	-	-	-	-	-	New
	Computer Equipment	Other Assets	<i>Computers</i>	80	-	-	3 100	3 500	4 000	New
	Building Upgrade	Buildings	<i>Buildings(MURP Offices,ICT Centres)</i>	-	-	-	-	-	-	New
Vehicles		Other Assets	<i>Vehicles</i>	-	-	-	6 000	15 000	15 000	
				-	-	-	-	-	-	
Vote 4 - Directorate of Finance	Building Upgrade	Buildings	<i>Buildings(KWT & Mdt Offices)</i>	5 500	1 369	13 567	-	-	-	New
	Computer Equipment	Other Assets	<i>Computers</i>	513	629	-	2 500	2 000	2 000	New
	Office Furniture & Equipment	Other Assets	<i>Office Equipment</i>	550	398	-	1 100	1 000	1 000	New
	Asset Replacemens	Other Assets		-	170	-	-	-	-	New
				-	-	-	-	-	-	
				-	-	-	-	-	-	
Vote 5 - Directorate of Corporate Service	Computer Equipment	Other Assets	<i>Computers</i>	4 475	4 152	7 638	32 600	23 250	25 750	New
	Office Furniture & Equipment	Other Assets	<i>Office Equipment</i>	479	388	-	-	-	-	New
				-	-	-	-	-	-	

Table 59 - SA36 - Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project	Program/Project description	Asset Class	Asset Sub-Class	Total Project Estimate	Prior year outcomes		2012/13 Medium Term Revenue & Expenditure Framework			Project information
					Audited Outcome 2010/11	Current Year 2011/12 Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	New or renewal
R thousand		3	3							
Vote 6 - Directorate of Engineering Services	Mayoral Projects	Community	Infrastructure	-	-	-	-	-	-	
	Roads	Infrastructure	Roads	95 600	82 686	105 482	120 000	130 484	228 419	New & Renewal
	Sewerage	Infrastructure	Sewerage	68 712	79 512	209 006	177 608	200 854	153 854	New & Renewal
	Electricity	Infrastructure	Electricity reticulation	42 800	57 802	31 117	77 851	100 000	90 000	New
	Street Lighting	Infrastructure	Street Lighting	3 000	-	5 200	-	-	-	Renewal
	Vehicles	Other Assets	Vehicles	6 000	115	16 498	-	-	-	New
	Water	Infrastructure	Water reticulation	43 400	65 515	24 009	30 800	42 276	38 500	New & Renewal
	Computer Equipment	Other Assets	Computers	100	-	-	-	-	-	New
	Office Furniture & Equipment	Other Assets	Office Equipment	100	284	-	-	-	-	New
	Building Upgrade	Buildings	Buildings	100	-	126	-	-	-	New
	Building Upgrade	Buildings	Ablution Blocks	-	-	-	-	-	-	New
				-	-	-	-	-	-	
				-	-	-	-	-	-	
Vote 7 - Directorate of Development Planning	Land	Infrastructure	Land	-	1 319	4 985	12 764	42 500	29 500	
		Community	Infrastructure	-	-	-	20 255	20 000	30 000	New
	Transportation Infrastructure	Infrastructure	Car Parks, Bus terminals & Taxi ranks	108 702	35 738	118 812	109 702	103 762	33 000	New
	Fleet	Specialised Vehicles	Buses	-	-	-	-	-	-	New
	Computer Equipment	Other Assets	Computers	100	-	-	-	-	-	New
	Office Furniture & Equipment	Other Assets	Office Equipment	350	315	-	-	-	-	New
	Markets	Other Assets	Buildings	3 000	4 449	2 960	-	-	-	New
	LED	Other Assets	Buildings	9 000	1 615	17 848	-	-	-	New
		Infrastructure	Roads	-	-	-	21 200	30 000	10 000	New
	Other	Other Assets	Rates and Valuations Office	-	-	-	33 000	14 500	4 500	
				-	-	-	-	-	-	
Vote 8 - Directorate of Health & Public Safety	Land & Buildings	Other Assets	Land & Buildings/ Fire Stations	4 600	4 739	800	9 500	8 000	13 000	New
	Land & Buildings	Other Assets	Land & Buildings	-	-	-	-	-	-	
	Clinics	Community	Clinics	2 492	1 602	3 034	-	-	-	New
	Vehicles	Other Assets	Vehicles	450	185	450	-	-	-	New
	Office Furniture & Equipment	Other Assets	Office Equipment	1 797	374	19	-	-	-	New
	Plant & Equipment	Other Assets	Plant & Equipment	-	695	-	-	-	-	
	Computer Equipment	Other Assets	Computers	340	41	92	-	-	-	New
	Other	Other Assets	Other Assets	-	-	-	628	473	470	New
	Specialised Vehicles	Other Assets	Vehicles(Fire Engines)	5 000	5 792	26 729	-	-	-	New
				-	-	-	-	-	-	
				-	-	-	-	-	-	

Table 59 - SA36 - Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project R thousand	Program/Project description	Asset Class 3	Asset Sub-Class 3	Total Project Estimate	Prior year outcomes		2012/13 Medium Term Revenue & Expenditure Framework			Project information
					Audited Outcome 2010/11	Current Year 2011/12 Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	New or renewal
Vote 9 - Directorate of Community Services	Refuse	Community	Refuse	17 500	494	7 616	3 000	-	-	New
	Sportsfields	Community	Sportsfields	1 100	993	5 117	9 000	10 000	50 000	Renewal
	Halls	Community	Halls	14 500	13 294	5 782	4 000	20 000	30 000	New
	Recreational Facilities	Community	Recreational Facilities	1 500	705	1 000	2 000	3 000	5 000	New & Renewal
	Other	Other Assets	Other Assets	3 500	2 192	4 034	-	-	-	New
	Office Furniture & Equipment	Other Assets	Office Equipment	169	65	-	-	-	-	New
	Computer Equipment	Other Assets	Computers	350	397	-	-	-	-	New
	Plant & equipment	Other Assets	Cemeteries	-	3 190	-	5 000	12 041	20 000	New & Renewal
	Plant & equipment	Other Assets	Boxing Gymnasium	-	-	-	-	-	-	New
	Sportsfields	Community	Swimming Pool	-	88	(125)	-	-	-	New
			Parks	-	-	1 330	-	-	-	
			Library	-	-	-	-	-	-	
			Vehicles	-	-	13 913	-	-	-	
			Specialised Vehicles(Refuse Trucks)	-	-	16 260	-	-	-	
				-	-	-	-	-	-	
				-	-	-	-	-	-	
Parent Capital expenditure				480 112	399 110	725 646	749 097	879 841	876 057	
Entities: <i>List all capital projects grouped by Entity</i>										
Entity A Water project A										
Entity B Electricity project B										
Entity Capital expenditure				-	-	-	-	-	-	
Total Capital expenditure					399 110	725 646	749 097	879 841	876 057	

2.12 LEGISLATION COMPLIANCE STATUS

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

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has improved.

2. Internship programme

The City is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Directorate of Finance. Since the introduction of the Internship programme the City has successfully employed and trained 11 interns through this programme. Three of the interns have been appointed permanently within the BCMM Directorate of Finance and three other interns have been appointed in the private sector and tertiary institutions.

3. Budget and Treasury Office

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

4. Audit Committee

An Audit Committee has been established.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2012/13 MTREF in June 2012 directly aligned and informed by the 2012/13 IDP and MTREF Budget.

6. Annual Report

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

7. Policies

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

2.13 OTHER SUPPORTING DOCUMENTS

Table 60 - Table SA1 - Supporting detail to budgeted financial performance

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
REVENUE ITEMS:									
Property rates									
Total Property Rates	362 759	442 803	469 811	540 381	542 149	542 149	608 833	680 066	756 914
less Revenue Foregone	90	16 304	17 117	19 871	22 313	22 313	24 834	27 690	30 874
Net Property Rates	362 669	426 500	452 694	520 511	519 836	519 836	583 999	652 376	726 039
Service charges - electricity revenue									
Total Service charges - electricity revenue	609 731	802 485	924 518	1 142 652	1 142 652	1 142 652	1 279 796	1 452 568	1 648 665
less Revenue Foregone									
Net Service charges - electricity revenue	609 731	802 485	924 518	1 142 652	1 142 652	1 142 652	1 279 796	1 452 568	1 648 665
Service charges - water revenue									
Total Service charges - water revenue	181 117	201 622	200 158	233 283	225 867	225 867	260 086	297 929	340 086
less Revenue Foregone									
Net Service charges - water revenue	181 117	201 622	200 158	233 283	225 867	225 867	260 086	297 929	340 086
Service charges - sanitation revenue									
Total Service charges - sanitation revenue	128 522	145 648	166 162	180 203	182 820	182 820	203 478	225 251	248 451
less Revenue Foregone									
Net Service charges - sanitation revenue	128 522	145 648	166 162	180 203	182 820	182 820	203 478	225 251	248 451
Service charges - refuse revenue									
Total refuse removal revenue	124 506	139 256	157 219	173 905	176 193	176 193	199 627	224 979	252 652
Total landfill revenue									
less Revenue Foregone									
Net Service charges - refuse revenue	124 506	139 256	157 219	173 905	176 193	176 193	199 627	224 979	252 652
Other Revenue by source									
Fuel Levy	-	-	-	170 477	170 477	170 477	317 781	348 330	367 140
Electricity vending station commission	13 170	14 203	13 667	14 797	14 797	14 797	16 336	18 068	19 947
Fire levy charges	26 352	31 836	36 458	39 520	40 665	40 665	44 854	49 204	53 780
Plan approval fees	3 636	3 968	4 566	6 738	6 738	6 738	7 438	8 227	9 082
Reconnection fees	6 600	12 349	7 177	9 454	9 454	9 454	10 437	11 544	12 744
Electricity service connection fees	8 056	9 125	6 850	10 051	10 051	10 051	11 096	12 273	13 549
Vehicle registration	17 833	21 007	28 048	29 007	29 007	29 007	32 023	35 418	39 101
Other revenue	22 806	25 752	21 829	41 253	41 253	41 253	47 318	51 971	57 020
Internal transfers - Recoveries	-	-	-	-	-	-	-	-	-
Total 'Other' Revenue	98 454	118 240	118 595	321 296	322 441	322 441	487 284	535 034	572 364

Table 60 - Table SA1 - Supporting detail to budgeted financial performance (Continued)

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
EXPENDITURE ITEMS:									
Employee related costs									
Basic Salaries and Wages	420 643	502 368	538 616	623 526	625 109	625 109	675 911	725 559	779 769
Pension and UIF Contributions	70 312	90 918	101 282	113 550	113 566	113 566	119 790	128 603	138 245
Medical Aid Contributions	27 746	33 670	37 665	43 563	43 583	43 583	46 513	50 325	54 100
Overtime	45 690	50 868	43 662	42 347	47 502	47 502	51 346	55 060	59 189
Performance Bonus	31 865	34 948	44 539	52 569	48 305	48 305	54 464	58 469	62 853
Motor Vehicle Allowance	11 711	13 063	17 522	21 453	20 068	20 068	23 611	25 192	27 082
Cellphone Allowance	-	-	-	-	-	-	-	-	-
Housing Allowances	5 798	4 334	3 626	6 182	4 753	4 753	6 510	6 502	6 520
Other benefits and allowances	34 391	26 641	39 500	53 589	50 747	50 747	48 189	55 762	59 720
Payments in lieu of leave	-	-	-	13 909	13 909	13 909	13 861	14 901	16 018
Long service awards	8 413	9 477	10 888	12 622	12 299	12 299	13 133	14 016	15 067
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-
<i>sub-total</i>	656 568	766 288	837 301	983 308	979 841	979 841	1 053 329	1 134 389	1 218 563
<u>Less: Employees costs capitalised to PPE</u>									
Total Employee related costs	656 568	766 288	837 301	983 308	979 841	979 841	1 053 329	1 134 389	1 218 563
Contributions recognised - capital									
	-	-	-	-	2 790	2 790	-	-	-
Total Contributions recognised - capital	-	-	-	-	2 790	2 790	-	-	-
Depreciation & asset impairment									
Depreciation of Property, Plant & Equipment	221 037	516 523	431 395	473 248	473 248	473 248	376 528	400 642	411 029
Lease amortisation	-	-	-	-	-	-	-	-	-
Capital asset impairment	-	-	-	-	-	-	-	-	-
Depreciation resulting from revaluation of PPE	-	-	-	-	-	-	-	-	-
Total Depreciation & asset impairment	221 037	516 523	431 395	473 248	473 248	473 248	376 528	400 642	411 029
Bulk purchases									
Electricity Bulk Purchases	363 694	487 511	634 092	797 857	797 857	797 857	906 781	1 029 196	1 168 138
Water Bulk Purchases	103 053	106 214	137 161	142 671	130 262	130 262	142 376	154 763	167 608
Total bulk purchases	466 747	593 724	771 253	940 528	928 119	928 119	1 049 157	1 183 959	1 335 746
Transfers and grants									
Cash transfers and grants	16 250	22 900	20 872	27 616	27 616	27 616	30 464	33 672	37 160
Non-cash transfers and grants	-	-	-	-	-	-	-	-	-
Total transfers and grants	16 250	22 900	20 872	27 616	27 616	27 616	30 464	33 672	37 160

Table 60 - Table SA1 - Supporting detail to budgeted financial performance (Continued)

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
Conference and deputation	1 771	1 432	1 566	2 672	2 532	2 513	2 792	2 792	2 792
Departmental electricity costs	29 193	33 557	36 440	38 745	35 593	35 583	46 835	56 708	68 662
Essential user costs	9 937	10 162	10 472	12 626	12 636	12 636	13 939	15 416	17 019
Diesel fuel oil and petrol	25 987	24 062	24 807	24 137	24 217	24 217	26 367	28 345	30 471
Hired plant	6 068	15 912	22 089	13 781	19 181	19 181	18 928	18 928	18 928
Insurance	11 944	10 146	12 360	26 321	26 321	26 321	28 948	31 843	35 027
Levies - SALGA	2 642	3 972	4 534	9 628	9 500	9 500	10 000	10 500	11 000
Levies - Skills development	5 237	6 114	7 083	9 243	9 243	9 243	9 594	10 284	11 048
Poor relief	93 613	106 174	114 703	169 460	133 374	133 374	190 487	212 857	237 053
Refuse bags	4 485	8 045	7 552	8 382	8 382	8 382	8 382	8 382	8 382
Departmental refuse removal costs	11 211	10 400	10 567	1 480	1 496	1 296	1 680	1 890	2 127
Rental - Offices (Trust Bank)	4 324	4 578	3 994	6 586	6 586	6 586	7 271	8 042	8 878
Departmental sanitary costs	3 047	3 761	3 856	3 358	3 338	3 348	3 704	4 093	4 522
Security services	13 102	15 696	19 884	-	367	397	-	-	-
Telephones	14 708	16 662	17 686	16 686	16 676	16 651	16 706	16 706	16 706
Travel and subsistence allowances	3 459	3 470	4 845	4 410	4 862	4 945	4 610	4 610	4 610
Uniforms	3 004	4 342	6 103	5 652	6 221	6 511	5 652	5 652	5 652
Departmental water costs	3 982	3 839	2 906	4 208	4 208	4 208	4 803	5 492	6 281
Housing Projects	53 738	78 201	103 225	290 516	96 661	96 661	114 389	170 035	180 187
Operating Projects	31 702	33 742	33 926	66 204	85 263	85 263	52 920	70 633	60 840
RDP housing	(1 708)	(20 632)	(29 865)	-	-	-	-	-	-
Landfill rehab	(947)	-	-	-	-	-	-	-	-
Internal charges	-	-	-	-	-	-	-	-	-
Total 'Other' Expenditure	667 553	770 225	818 468	1 205 702	1 005 199	1 005 199	1 124 230	1 291 318	1 399 449
by Expenditure Item									
Employee related costs									
Other materials									
Contracted Services									
Other Expenditure	116 795	174 695	193 336	242 036	242 036	242 036	290 863	334 807	387 319
Total Repairs and Maintenance Expenditure	116 795	174 695	193 336	242 036	242 036	242 036	290 863	334 807	387 319

Table 61 - Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Vote 1 - Directorate - Executive Support Services	Vote 2 - Directorate - Municipal Manager	Vote 3 - Directorate - Chief Operations Officer	Vote 4 - Directorate - Chief Financial Officer	Vote 5 - Directorate - Corporate Services	Vote 6 - Directorate - Engineering Services	Vote 7 - Directorate - Development Planning	Vote 8 - Directorate - Health & Public Safety	Vote 9 - Directorate - Community Services	Vote 10 - Directorate - Miscellaneous	Total
R thousand											
Revenue By Source											
Property rates	-	-	-	583 999	-	-	-	-	-	-	583 999
Property rates - penalties & collection charges	-	-	-	1 376	-	-	-	-	-	-	1 376
Service charges - electricity revenue	-	-	-	-	-	1 279 796	-	-	-	-	1 279 796
Service charges - water revenue	-	-	-	-	-	260 086	-	-	-	-	260 086
Service charges - sanitation revenue	-	-	-	-	-	203 478	-	-	-	-	203 478
Service charges - refuse revenue	-	-	-	-	-	-	-	-	199 627	-	199 627
Service charges - other	-	-	-	607	-	21 408	-	-	2 954	-	24 968
Rental of facilities and equipment	-	-	74	-	-	-	9 102	-	4 910	-	14 086
Interest earned - external investments	-	-	-	53 986	-	-	-	-	-	-	53 986
Interest earned - outstanding debtors	-	-	-	24 328	-	-	-	-	-	-	24 328
Dividends received	-	-	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	11 630	135	-	11 765
Licences and permits	-	-	-	-	-	-	-	16 883	109	-	16 992
Agency services	-	-	-	-	-	-	-	-	-	-	-
Other revenue	-	-	-	337 678	0	25 974	32 972	79 569	11 090	-	487 284
Transfers recognised - operational	-	-	109 517	439 654	5 370	132 646	7 834	31 574	78 271	-	804 866
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and cont	-	-	109 591	1 441 627	5 371	1 923 389	49 908	139 656	297 096	-	3 966 637

**Table 61 - Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)
(continued)**

Description	Vote 1 - Directorate - Executive Support Services	Vote 2 - Directorate - Municipal Manager	Vote 3 - Directorate - Chief Operations Officer	Vote 4 - Directorate - Chief Financial Officer	Vote 5 - Directorate - Corporate Services	Vote 6 - Directorate - Engineering Services	Vote 7 - Directorate - Development Planning	Vote 8 - Directorate - Health & Public Safety	Vote 9 - Directorate - Community Services	Vote 10 - Directorate - Miscellaneous	Total
R thousand											
Expenditure By Type											
Employee related costs	31 982	14 819	18 445	129 021	82 531	270 879	75 616	180 242	249 794	-	1 053 329
Remuneration of councillors	45 219	-	-	-	-	-	-	-	-	-	45 219
Debt impairment	-	-	-	49 621	-	115 219	-	-	50 159	-	215 000
Depreciation & asset impairment	2 826	140	7 339	2 466	9 206	263 921	75 354	6 402	8 875	-	376 528
Finance charges	-	-	-	26 884	-	54 603	2 632	2 589	2 405	-	89 112
Bulk purchases	-	-	-	-	-	1 049 157	-	-	-	-	1 049 157
Other materials	-	-	-	-	-	-	-	-	-	-	-
Contracted services	-	-	-	-	-	4 183	-	-	4 999	-	9 182
Transfers and grants	15 417	-	-	-	-	-	-	136	14 911	-	30 464
Other expenditure	37 106	36 553	114 814	160 812	44 637	429 278	78 003	53 109	169 919	-	1 124 230
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	132 550	51 513	140 598	368 805	136 374	2 187 239	231 605	242 477	501 062	-	3 992 222
Surplus/(Deficit)	(132 550)	(51 513)	(31 007)	1 072 822	(131 003)	(263 850)	(181 697)	(102 821)	(203 966)	-	(25 584)
Transfers recognised - capital	-	-	62 989	-	-	365 608	167 921	9 500	23 000	-	629 018
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(132 550)	(51 513)	31 982	1 072 822	(131 003)	101 758	(13 776)	(93 321)	(180 966)	-	603 434

Table 62 - Table SA3 – Supporting detail to Statement of Financial Position

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
ASSETS									
Call investment deposits									
Call deposits < 90 days	588 686	502 168	693 936	661 405	621 457	621 457	768 528	971 385	1 265 152
Other current investments > 90 days	-	-	-	-	-	-	-	-	-
Total Call investment deposits	588 686	502 168	693 936	661 405	621 457	621 457	768 528	971 385	1 265 152
Consumer debtors									
Consumer debtors	606 260	735 435	836 008	1 013 690	1 013 690	1 013 690	1 115 059	1 226 565	1 349 221
Less: Provision for debt impairment	(341 487)	(347 274)	(531 929)	(430 722)	(430 722)	(430 722)	(759 038)	(882 712)	(1 008 253)
Total Consumer debtors	264 773	388 161	304 079	582 968	582 968	582 968	356 021	343 853	340 968
Debt impairment provision									
Balance at the beginning of the year	241 971	341 487	347 274	349 012	349 012	349 012	636 152	759 038	882 712
Contributions to the provision	131 552	25 214	210 998	165 450	165 450	165 450	215 000	225 000	237 000
Bad debts written off	(32 036)	(19 427)	(26 343)	(83 740)	(83 740)	(83 740)	(92 115)	(101 326)	(111 459)
Balance at end of year	341 487	347 274	531 929	430 722	430 722	430 722	759 038	882 712	1 008 253
Property, plant and equipment (PPE)									
PPE at cost/valuation (excl. finance leases)	13 129 157	13 642 702	12 818 792	13 583 461	13 544 439	13 544 439	14 293 536	15 173 377	16 049 434
Leases recognised as PPE	-	-	-	-	-	-	-	-	-
Less: Accumulated depreciation	361 981	1 026 962	1 470 761	1 944 009	1 944 009	1 944 009	2 320 537	2 721 179	3 132 208
Total Property, plant and equipment (PPE)	12 767 176	12 615 740	11 348 031	11 639 452	11 600 429	11 600 429	11 972 998	12 452 198	12 917 226

Table 62 - Table SA3 – Supporting detail to Statement of Financial Position (continued)

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
LIABILITIES									
<u>Current liabilities - Borrowing</u>									
Short term loans (other than bank overdraft)	-	-	-	-	-	-	-	-	-
Current portion of long-term liabilities	42 390	30 740	45 760	41 013	45 000	45 000	41 533	45 401	49 674
Total Current liabilities - Borrowing	42 390	30 740	45 760	41 013	45 000	45 000	41 533	45 401	49 674
<u>Trade and other payables</u>									
Trade and other creditors	301 166	345 076	377 401	378 860	378 860	378 860	456 500	502 150	552 300
Unspent conditional transfers	310 016	268 648	346 142	73 440	73 440	73 440	550 000	605 000	665 500
VAT	-	-	-	-	-	-	-	-	-
Total Trade and other payables	611 182	613 724	723 542	452 300	452 300	452 300	1 006 500	1 107 150	1 217 800
<u>Non current liabilities - Borrowing</u>									
Borrowing	537 569	507 668	646 503	647 719	647 264	647 264	605 731	560 330	510 657
Finance leases (including PPP asset element)	-	-	-	-	-	-	1 477	1 477	1 477
Total Non current liabilities - Borrowing	537 569	507 668	646 503	647 719	647 264	647 264	607 208	561 807	512 134
<u>Provisions - non-current</u>									
Retirement benefits	233 792	261 332	280 764	311 177	311 177	311 177	341 000	375 000	412 610
<i>List other major provision items</i>									
Refuse landfill site rehabilitation	71 614	33 208	49 056	40 318	49 056	49 056	80 300	88 330	97 000
Other	-	-	102	-	-	-	-	-	-
Total Provisions - non-current	305 406	294 540	329 922	351 495	360 233	360 233	421 300	463 330	509 610

Table 62 - Table SA3 – Supporting detail to Statement of Financial Position (continued)

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
CHANGES IN NET ASSETS									
Accumulated Surplus/(Deficit)									
Accumulated Surplus/(Deficit) - opening balance	6 173 216	12 329 222	12 385 306	13 248 175	13 248 175	13 248 175	13 052 313	11 974 647	12 472 629
GRAP adjustments	(16 299)	145 561	(1 197 325)	-	-	-	-	-	-
Restated balance	6 156 917	12 474 783	11 187 981	13 248 175	13 248 175	13 248 175	13 052 313	11 974 647	12 472 629
Surplus/(Deficit)	18 406	(71 073)	(172 932)	380 716	295 092	295 092	603 434	788 194	893 489
Appropriations to Reserves	-	-	-	-	-	-	-	-	-
Transfers from Reserves	-	-	-	-	-	-	-	-	-
Depreciation offsets	1 400 087	573	573	310 741	310 741	310 741	202 249	222 226	237 747
Other adjustments	(45 513)	(18 977)	(36 690)	(2 150 914)	(2 132 067)	(2 132 067)	(2 337 531)	(847 345)	(750 288)
Accumulated Surplus/(Deficit)	7 529 897	12 385 306	10 978 931	11 788 718	11 721 941	11 721 941	11 520 465	12 137 723	12 853 576
Reserves									
Housing Development Fund	-	-	-	-	-	-	-	-	-
Capital replacement	-	-	-	-	-	-	-	-	-
Self-insurance	-	-	-	-	-	-	-	-	-
Other reserves	-	-	-	-	-	-	-	-	-
Revaluation	4 972 249	16 621	16 048	18 284	18 284	18 284	19 360	21 000	23 000
Total Reserves	4 972 249	16 621	16 048	18 284	18 284	18 284	19 360	21 000	23 000
TOTAL COMMUNITY WEALTH/EQUITY	12 502 146	12 401 927	10 994 979	11 807 002	11 740 225	11 740 225	11 539 825	12 158 723	12 876 576

Table 63 - Table SA9 – Social, Economic and Demographic Statistics and Assumptions

Description of economic indicator	Basis of calculation	1996 Census	2001 Census	2007 Survey	2007/8	2008/9	2009/10	Current Year 2010/11	2011/12 Medium Term Revenue & Expenditure Framework		
Demographics											
Population		659 531	701 889	724 309	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Females aged 5 - 14		68 833	69 382	65 459	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Males aged 5 - 14		68 228	68 959	65 787	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Females aged 15 - 34		116 540	140 786	136 283	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Males aged 15 - 34		130 066	127 889	146 362	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unemployment		97 524	157 535	112 293	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Household income (households) (1.)											
None		21 052	55 301	26 938	N/A	N/A	N/A	N/A	N/A	N/A	N/A
R1 - R4800	Category Household Income for	25 671	13 010	11 400	N/A	N/A	N/A	N/A	N/A	N/A	N/A
R4800 - R9600	Category Household Income for	23 505	36 642	17 362	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Poverty profiles (2.)											
Insert description											
Household/demographics (000)											
Number of people in municipal area		659 531	701 889	724 309	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of poor people in municipal area	R2020 (indigent Subsidy Paid)	174 611	166 874	136 833	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of households in municipal area		155 726	194 065	208 389	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of poor households in municipal area	April 2009 (Current Year)	N/A	N/A	N/A	N/A	57 341	62 132	63 030	N/A	N/A	N/A
Definition of poor household (R per month)		N/A	N/A	N/A	N/A	<R1 740	<R2 020	<R2 020	N/A	N/A	N/A

Table 63 - Table SA9 – Social, Economic and Demographic Statistics and Assumptions (continued)

Description of economic indicator	Basis of calculation	1996 Census	2001 Census	2007 Survey	2007/8	2008/9	2009/10	Current Year 2010/11	2011/12 Medium Term Revenue & Expenditure Framework		
Housing statistics (3.)											
Formal		112 294	120 566	156 679	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Informal		43 622	58 090	135 791	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total number of households		155 716	194 065	208 388	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dwellings provided by municipality (4.)											
Dwellings provided by province/s											
Dwellings provided by private sector (5.)											
Total new housing dwellings		-	-	-	-	-	-	-	-	-	-
Economic (6.)											
Inflation/inflation outlook (CPIX)						-1.8%					
Interest rate - borrowing					11.9%	11.7%	11.5%	10.5%			
Interest rate - investment											
Remuneration increases					7.0%	6.4%	8.3%				
Consumption growth (electricity)											
Consumption growth (water)											
Collection rates (7.)											
Property tax/service charges					93.6%	93.0%	93.0%				
Rental of facilities & equipment					89.0%	101.0%	100.0%				
Interest - external investments					204.0%	134.0%	100.0%				
Interest - debtors					100.0%	99.0%	100.0%				
Revenue from agency services					0.0%	0.0%	0.0%				

Table 64 - Table SA32 – List of External Mechanisms

External mechanism	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation	Number			R thousand
Vaduba Investments	3	Rental of refuse site & machinery - Gonubie	31 March 2012	78 204.00 pm
Easypay	Ongoing	Collection of fines o.b.o. BCM	Ongoing	R 7.98 /transaction as well as % CPI
Nashua	5	Leasing of Aficio Photocopier Machine	30 November 2014	78,000
ESRI - GIS Software maintenance (Enterprise License Agr	3	Provide GIS software license maintenance agreement, unlit	30 June 2012	3 303
Grass cutting contract	3	Grass cutting of Wastewater Treatment Works	Tender to be awarded	
Labour Intensive Trenching	2	Installation and maintenance of sewer services	Expired	rates only contract
Hire of hire pressure jetting machines and mechanical drec	3	Maintenance of sewer network	31 July 2011	3 041
Miliswa securities		Security Services	Expired	
Plotty Extreme		Security Services	Expired	
Supply of concrete manhole rings, covers & lids	Stores contract	Supply of concrete manhole rings, covers & lids	Expired	
Supply uPVC sewer pipes and fittings	Stores contract	Supply uPVC sewer pipes and fittings	Expired	
Plotty Trade		Security Services	Expired	
Nashua	3	3310 LE Fax	Expired	2
	5	1015 R Copier	Expired	21
	5	1130 L Fax	Expired	3
	3	P22174 Fax	Expired	3
Plotty Extreme	2	Security Services	Expired	145
Hartwig & Henderson	Ongoing	Security Services	Ongoing	8
Hartwig & Henderson	Ongoing	Security Services	Ongoing	7
Highway Spar		electricity prepayment vending	Indefinitely	2% on collections
Tommy's Meats - KWT		electricity prepayment vending	Indefinitely	2% on collections
Beacon Bay Motors		electricity prepayment vending	Indefinitely	
Criterion - KWT		"	Indefinitely	
B.P. Express - KWT		"	Indefinitely	
Vukuzenzele Butchery - EL		"	Indefinitely	
Amalinda Spar		"	Indefinitely	
Suton Spar - KWT		"	Indefinitely	
Buffalo Flats Spar		"	Indefinitely	
Tri-Rex Supermarket - KWT		"	Indefinitely	
Roxy Fruiter's - EL Plaza		"	Indefinitely	
Bisho Motors		"	Indefinitely	

Table 64 - Table SA32 – List of External Mechanisms (continued)

External mechanism	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation	Number			R thousand
BP "222" Service Station- EL			Indefinitely	
Gullsway Motors - Gonubie			Indefinitely	
Jireh Supermarket - Berlin			Indefinitely	
Vincent Spar			Indefinitely	
Gwebindlala Tarven - KWT			Indefinitely	
Grandprix Motors - EL			Indefinitely	
NK Motors - Mdantsane			Indefinitely	
Golden Motors - Highway			Indefinitely	
Mzoxolo Enterprises - MD			Indefinitely	
Dhaysons - KWT			Indefinitely	
CM General Dealers - EL			Indefinitely	
Gonubie Spar			Indefinitely	
Abbotsford Spar			Indefinitely	
Summerpride Supermarket			Indefinitely	
O.K. Foods - Cambridge			Indefinitely	
Debi - Lee Spar			Indefinitely	
Boxer Supermarket - MD			Indefinitely	
Norman's Deli - Quicney			Indefinitely	
Bank Tearoom			Indefinitely	
Bings Supermarket - E.L			Indefinitely	
Caltex Service Station -E.L			Indefinitely	
B.P. Service Station - Berea			Indefinitely	
Nahoon Kwik - Spar			Indefinitely	
Buffalo Pass Motors - E.L			Indefinitely	
Park Corner Store			Indefinitely	
Changing Tides - KWT			Indefinitely	
Zama-Zama Multisave - KWT			Indefinitely	
Pick 'N Pay KWT			Indefinitely	
Hlongwana Supermarket			Indefinitely	
Eskom Holdings Limited		issue free basic electricity to rural areas.	30 June 2012	0.59c/issue

CITY MANAGER'S QUALITY CERTIFICATE

I **ANDILE FANI**, City Manager of Buffalo City Metropolitan Municipality, hereby certify that the 2012/13 MTREF Budget and supporting documentation are prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, which is consistent with the Integrated Development Plan of the Municipality.

Print Name **ANDILE FANI**

City Manager of Buffalo City Metropolitan Municipality (EC 125)

Signature _____

Date _____