

INTSIKA YETHU MUNICIPALITY

EC 135



FOR THE FINANCIAL YEAR

2012/13

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Abbreviations and Acronyms

AMR—Automated Meter Reading	IDP—Integrated Development Strategy
ASGISA—Accelerated and Shared Growth Initiative	IT—Information Technology
BPC—Budget Planning Committee	kl—kilolitre
CBD—Central Business District	km—kilometre
CFO—Chief Financial Officer	KPA—Key Performance Area
CM—Municipality Manager	KPI—Key Performance Indicator
CPI—Consumer Price Index	kWh—kilowatt
CRRF—Capital Replacement Reserve Fund	l—litre
DBSA—Development Bank of South Africa	LED—Local Economic Development
DoRA—Division of Revenue Act	MEC—Member of the Executive Committee
DWA—Department of Water Affairs	MFMA—Municipal Financial Management Act Programme
EE—Employment Equity	MIG—Municipal Infrastructure Grant
EEDSM—Energy Efficiency Demand Side Management	MMC—Member of Mayoral Committee
EM—Executive Mayor	MPRA—Municipal Properties Rates Act
FBS—Free basic services	MSA—Municipal Systems Act
GAMAP—Generally Accepted Municipal Accounting Practice	MTEF—Medium-term Expenditure Framework
GDP—Gross domestic product	MTREF—Medium-term Revenue and Expenditure Framework
GDS—Gauteng Growth and Development Strategy	NERSA—National Electricity Regulator South Africa
GFS—Government Financial Statistics	NGO—Non-Governmental organisations
GRAP—General Recognised Accounting Practice	NKPIs—National Key Performance Indicators
HR—Human Resources	OHS—Occupational Health and Safety
HSRC—Human Science Research Council	OP—Operational Plan
	PBO—Public Benefit Organisations

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Part 1 – Annual Budget

MAYOR’S REPORT

The report for the Budget and IDP Road shows as presented by Intsika Yethu Municipality Mayor for the financial year 2012/13.

The Mayor made a presentation on projects that will be implemented by the Municipality in the financial year 2012/13.

The projects that the Mayor promised to implement this year to mention but a few are Access Roads, Cofimvaba Storm water, Cofimvaba Stadium, LED Projects and Construction of Tsomo Offices.

The portion of these projects will be implemented by Infrastructure Services Department and will be funded by Municipal Infrastructure Grant (MIG); other projects will be funded internally in the Municipal Equitable Share unconditional grant.

The Mayor further stated that the Municipality has factored in the Water Services Department budget into municipal budget hence the sprung of the budget this financial year.

The Mayor explained to the community that the construction of bridges is not IYM’s responsibility but they always assist when they have a budget for that.

The Mayor also explained that the Municipality will receive R25million grant for Electrification that will assist the Municipality in implementing the Free basic services to indigents, IYM will be trying its best on reaching all wards in need. List of wards to be electrified was announced.

INTSIKA YETHU MUNICIPALITY

HONOURABLE MAYOR

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Ms K.VIMBAYO

CLL 6 Final Budget and IDP:-

Final Budget 2012/2013:- The final budget was presented by CFO in the Council with the Schedule A spreadsheet

RESOLUTION:-

- ✚ The final budget of **R195,943,499** was approved
- ✚ CLL 4 Adoption of Final IDP 2012/2016: It was presented by the Mayor that the IDP was presented to the Council for Adoption and the processes were followed i.e (Presentation to the Community Members). IDP was assessed by the Department of Local Government
- ✚ Municipal sources of funding were reliable and realistic however Water Services budget was again cut into **R27m** after its adoption in the Chris Hani District Municipality
- ✚ CLL 5 Adoption of Final Budget 2012/2013: it was presented by the Mayor. The summary of budget stipulated in Agenda was replaced and was presented by the Mayor – total of R 203 789, 511 Budget. The Budget was assessed by the office of the Treasury. The legal requirement that causes to make the budget was stated as follows: MFM Act 56 of 2003, Division of Revenue Bill 1 of 2012, MCA 32 of 2000 and Local Government: Municipal Property Rates Acts 6 of 2004.
- ✚ CLL 6 Adoption of Final Tariff Structure 2012/2013: it was adopted as presented.

CLL 7 Timetable for Road shows- Road shows were conducted as per the tabled schedule

The following tables were presented in the Council

- ✚ EC135 Intsika Yethu - Table A1 Budget Summary
- ✚ EC135 Intsika Yethu - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)
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EXECUTIVE SUMMARY

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

Intsika Yethu Municipality was guided by the National Treasury's MFMA Circulars 59 which gives guidance on the preparation of 2012/13 Medium budgets and MTREF; it is in addition to MFMA budget Circular 58 that implies to municipalities in drafting their tabled budget.

The IDP as the strategic document and the budget must enable the achievements of the IDP objectives. In order for the budget to be realistic and credible it should be aligned with the municipal IDP.

During the preparation of budget, the municipality has taken cognisance of with regards to the following challenges:

- ✚ Low revenue base
- ✚ Infrastructure backlogs that hinders the prioritization of projects
- ✚ Due to limited budget that the municipality has, the council has taken a resolution that there will be no prioritized posts for the financial year 2012/13

The capital budget consists of new projects in the Infrastructure directorate that will be funded from Municipal Infrastructure Grant (MIG) and another fraction will be funded from the municipal coffers.

The operating budget which is by far the sensible component of the budget includes LED projects, Community services, Corporate services, Finance and Technical services expenditure budget. The municipality has conducted road shows for draft budget in all wards in order for stakeholders to submit their inputs.

Below is the revenue that the municipality is anticipating to receive including the grants allocation from National Treasury

Equitable share

The municipality will receive **R88, 676,000.00** as equitable share excluding MIG, FMG and MSIG.

MIG

A sum of **R31, 461,000.00** will be received by the municipality as MIG

Other Grants**MSIG**

A sum of **R800, 000** as Municipal Systems Improvement Grant has been allocated to the municipality.

FMG

A sum of **R1, 500,000.00** will be received by the municipality. In the portion of this grant there is a budget for Senior Managers who have not completed their CPMD course and also there is a resolution that will be implemented in the financial year 2012/13 that assistant managers should attend the Competency Levels Programme as required by the MFM Act and the gazette. The remaining amount will be implemented for the MFM Act, Improvement of Financial Management System, training of 5 Interns and their stipend. There is also **R27 m** that will be transferred by Chris Hani District Municipality for Water Services Department.

Own Revenue**Property Rates Receipts**

The municipality has budgeted to raise **R4, 5 million** through property rates for the financial year.

Services**Refuse Receipts**

The municipality has budgeted **R 600, 00.00** as an anticipated amount to be received

OTHER SERVICE CHARGES**Traffic Fines**

The municipality has budgeted to collect **R600, 000.00** from the Licensing and Registration Section for the financial year.

OTHER INCOME

Interest from Investment

Through the preparation of the Projected Cash Flow, the municipality is able to project Surplus cash available for investment to earn interest as well as in the grants that will be received. Interest received is budgeted at an estimated amount of **R300, 000.00**, Interest in defaulting debtors is **R100, 000.00**, for Agency fees is **R1,2m** and other revenue for service charges is **R5,442**.

There is **R25m** grant from National Treasury for electrification; this grant is going to be transferred straight to the Municipality not to Eskom, the municipality will also receive the Incentive from Public Works (EPWP) amounting to **R1m** and also VAT for **R8m** that will be collected through payments (output) made by the municipality to the service provider.

Rent Received

The municipality has a number of properties and land that is leased to business and other organizations, they pay rent on monthly basis and there is also a municipal building around Cofimvaba (ERF 99) that has also been leased to the Municipal Managers and they are paying monthly rental that enhances the municipal revenue base.

The total rent to be collected is **R300, 000.00** in the financial year 2012/13

Below is list of the rented offices/land:

Name of the lessee

- ANC Constituency Office
- Masibonisane Women's Project
- Doctor Mandile
- SADTU
- Department of Public Works
- Alliance Property Group
- United National Breweries

In view of the aforementioned, the following table is a consolidated overview of the proposed 2011/13 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2012/13 MTREF

R thousand	Budget Year		Budget Year + 1	Budget Year + 2
	2012/13		2013/14	2014/15
Total Operating Revenue		195,943	207,504	218,501
Total Operating Expenditure	121,556		128,728	135,551
<i>(Surplus)/Deficit for the year</i>				
Total Capital Expenditure		31 461	34 466	36 093

Total operating revenue has grown by 5 per cent for the 2013/14 financial year when compared to the 2011/12 Budget. For the other outer year, operational revenue will increase by 5 per cent

1.1 Operating Revenue Framework

For Intsika Yethu Municipality to continue improving the quality of services provided to its citizens it 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 we are 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 municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- 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 Municipality.

The following table is a summary of the 2012/13 MTREF (classified by main revenue source):

Summary of revenue classified by main revenue source

EC135 Intsika Yethu - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	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				900	900	900	900	900							4 500	4 739	4 971
Property rates															-	-	-
Property rates - penalties & collection charges															-	-	-
Service charges - electricity revenue															-	-	-
Service charges - water revenue															-	-	-
Service charges - sanitation revenue															-	-	-
Service charges - refuse revenue		8	8	8	8	8	8	8	8	8	8	8	8	100	105	110	
Service charges - other		9 724	9 724	9 724	9 724	9 724	9 724	9 724	9 724	9 724	9 724	9 724	(21 737)	85 231	89 748	94 146	
Rental of facilities and equipment		25	25	25	25	25	25	25	25	25	25	25	25	300	316	331	
Interest earned - external investments		25	25	25	25	25	25	25	25	25	25	25	25	300	316	331	
Interest earned - outstanding debtors		8	8	8	8	8	8	8	8	8	8	8	8	100	105	110	
Dividends received																	
Fines		50	50	50	50	50	50	50	50	50	50	50	50	600	632	663	
Licences and permits		9	9	9	9	9	9	9	9	9	9	9	9	105	111	116	
Agency services		100	100	100	100	100	100	100	100	100	100	100	100	1 200	1 264	1 326	
Transfers recognised - operational		31 858				29 559				29 559			0	90 976	94 601	99 331	
Other revenue		730	730	730	730	730	730	730	730	730	730	730	731	8 761	9 225	9 677	
Gains on disposal of PPE																	
Total Revenue (excluding capital transfers and contributions)		42 538	10 680	11 580	11 580	41 139	11 580	11 580	10 680	40 239	10 680	10 680	(20 781)	192 173	201 161	211 112	
Expenditure By Type																	
Employee related costs		4 963	4 963	4 963	4 963	4 963	4 963	4 963	4 963	4 963	4 963	4 963	4 962	59 555	62 712	65 785	
Remuneration of councillors		984	984	984	984	984	984	984	984	984	984	984	984	11 807	12 433	13 042	
Debt impairment																	
Depreciation & asset impairment																	
Finance charges																	
Bulk purchases																	
Other materials													8 020	8 020	8 445	8 859	
Contracted services																	
Transfers and grants		500	500	500	500	500	500	500	500	500	500	500	500	6 000	6 318	6 628	
Other expenditure		3 980	3 980	3 980	3 980	3 980	3 980	3 980	3 980	3 980	3 980	3 980	3 980	47 765	50 296	52 761	
Loss on disposal of PPE																	
Total Expenditure		10 427	10 427	10 427	10 427	10 427	10 427	10 427	10 427	10 427	10 427	10 427	18 446	133 147	140 204	147 074	
Surplus/(Deficit)		32 110	252	1 152	1 152	30 711	1 152	1 152	252	29 811	252	252	(39 227)	59 026	60 957	64 039	
Transfers recognised - capital		10 487				10 487				10 487				31 461	34 466	36 093	
Contributions recognised - capital																	
Contributed assets																	
Surplus/(Deficit) after capital transfers & contributions		42 597	252	1 152	1 152	41 198	1 152	1 152	252	40 298	252	252	(39 227)	90 487	95 423	100 132	
Taxation																	
Attributable to minorities																	
Share of surplus/ (deficit) of associate																	
Surplus/(Deficit)	1	42 597	252	1 152	1 152	41 198	1 152	1 152	252	40 298	252	252	(39 227)	90 487	95 423	100 132	

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Table 2 Operating Transfers and Grant Receipts

EC135 Intsika Yethu - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	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 Transfers to other municipalities											
<i>Equitable Share: MIG: MSIG: CHDM: LG-SETA: EPWP</i>	1	67 658	81 117	99 033							
Total Cash Transfers To Municipalities:		67 658	81 117	99 033	-	-	-	-	-	-	-
Cash Transfers to Entities/Other External Mechanisms											
<i>Equitable Share: MIG: MSIG: CHDM: LG-SETA: EPWP</i>	2										
Total Cash Transfers To Entities/Ems'		-	-	-	-	-	-	-	-	-	-
Cash Transfers to other Organs of State											
<i>Equitable Share: MIG: MSIG: CHDM: LG-SETA: EPWP</i>	3										
Total Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Organisations											
<i>Free basic services</i>	4				6 000	6 000	6 000	6 000	6 000	6 318	6 628
Total Cash Transfers To Organisations		-	-	-	6 000	6 000	6 000	6 000	6 000	6 318	6 628
Cash Transfers to Groups of Individuals											
<i>Equitable Share: MIG: MSIG: CHDM: LG-SETA: EPWP</i>	5										
Total Cash Transfers To Groups Of Individuals:		-	-	-	-	-	-	-	-	-	-
TOTAL CASH TRANSFERS AND GRANTS	6	67 658	81 117	99 033	6 000	6 000	6 000	6 000	6 000	6 318	6 628

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

Property Rates

Property rates 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.

The following stipulations in the Property Rates Policy are highlighted:

- The rate-able 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 categories of rate-able properties for purposes of levying rates and the proposed rates for the 2012/13 financial year based on a 10 per cent increase from 1 July 2012 is contained below:

Table 3 Comparison of proposed rates to levied for the 2012/13 financial year

Category	Current Tariff (1 July 2011)	Proposed tariff (from 1 July 2013)
	c	c
Government	0,012	0,012
Business	0,008	0,008
Residential	0,004	0,004
Farming/ Agriculture	-	-
Street Lighting	-	-
A demand charge per month per Kw	5.64	5.97

Sale of Water and Impact of Tariff Increases

- 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 service provider has undertaken a critical assessment of its capital infrastructure requirements.~~

A tariff increase of 5 per cent from 1 July 2012 for water is proposed.

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

Table 4 Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS 2011/12	PROPOSED TARIFFS 2012/13
	Rand per kℓ	Rand per kℓ
Metered Consumption (Domestic Consumers)		
Basic / Availability Charge	39.09	41.39
Metered Consumption (Other than Domestic Consumers)		
Basic / Availability Charge (per month)	39.09	41.39
Normal Consumption Domestic		
Per Kiloliter consumed 0 - 6 kl (indigent)	-	-
Per Kiloliter consumed 0 - 6 kl	5.73	6.06
Per Kiloliter consumed 7 - 10 kl	5.84	6.18
Per Kiloliter consumed 11 - 20 kl	8.11	8.58
Per Kiloliter consumed 21 - 30 kl	10.52	11.14
Per Kiloliter consumed 31 + kl	13.20	13.97
Bulk/ Commercial / Industrial Supply per KL	9.23	9.77
Other (Schools/ Non-profit organizations/ Church) per kl	5.68	6.01
Tariff Bulk supply rate (builders)	8.77	9.28

CATEGORY	CURRENT TARIFFS 2011/12	PROPOSED TARIFFS 2012/13
	Rand per kℓ	Rand per kℓ
New Connection (to be paid prior connection)	Material & Labour Cost + 30%	Material & Labour Cost + 30%
Test Meter (Not Refundable) to be paid in advance	119.67	126.73
DEPOSITS (WATER SERVICES)		
Consumers – Domestic	338.66	358.64
Consumers – Business or Commercial	903.10	956.38
Builders	3,495.61	3,701.85
CHARGE FOR VISIT OF SERVICE MAN		
(a) The owner or builder requesting the installation of a connection and does not clear the position, thus making the visit of the serviceman fruitless, shall pay a fee of: This fee will also be charged when a serviceman is called out for a problem on the consumers' internal system	508.77	538.78
(b) The closing and re-opening of municipal stopcocks or valves, when requested by consumers, shall be carried out at a fee per visit of:	989.47	1,047.84
(c) A reconnection fee shall be charged for the insertion and removal of a restrictive washer during working hours and an additional charge will be levied if the restrictive washer is removed after hours, such an amount to be paid by the consumer prior to the removal of the washer	130.70	138.41
REPAIR OF METER CONNECTION OR STOPCOCK		
Connections or stopcocks damaged by the owner or builder will be replaced or repaired at a fee per connection up to 25mm diameter	1,058.77	1,121.23
Fee per connection greater than 25 mm	1,692.98	1,792.86
DISCONNECTION OF WATER		
REMOVAL OF CONNECTION		
Moving of connection from one point to another shall be charged at actual cost	Actual cost	Actual cost
When a meter has been temporarily removed at the request of the owner, the cost of replacing the meter at a later date will be	635.96	673.48
Inspection of metered premises at the request of the consumer, for leakage or waste of water, per inspection, fee payable	508.77	538.78

WATER CARTING		
7-15 kl/load	400.00	423.6
Per kilometer	8.50	9.00

Sanitation and Impact of Tariff Increases

A tariff increase of 5 per cent for sanitation from 1 July 2012 is proposed. This is based on the input cost assumptions related to water.

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- Free sanitation (6 kl water free) will be applicable to registered indigents

The following table compares the current and proposed tariffs:

Comparison between current sanitation charges and increases

SANITATION / SEWERAGE

	2011/12	2012/13
Water-borne Sewerage (Domestic Consumers)		
Small		
Basic / Availability Charge per month per connection (Erf 0-300m ²)	41.89	44.36
Basic / Availability Charge per month per connection (Erf 301-400m ²)	59.28	62.77
Basic / Availability Charge per month per connection (Erf 401-800m ²)	154.24	163.34
Basic / Availability Charge per month per connection (Erf 801-1200m ²)	166.52	176.34
Basic / Availability Charge per month per connection (Erf 1200>m ²)	181.43	192.13
Medium		
Flats		
Ordinary flats(Outside buildings)	103.73	109.85
Water-borne Sewerage (Commercial Consumers)		
Basic / Availability Charge per month per connection	112.89	119.55

Pan charge per pan plus an annual area charge determined as follows: The square root of the area of the land in square meters x a rate of	8.77	9.28
Water-borne Sewerage (Industrial Consumers) Basic / Availability Charge per month per connection Pan charge per pan plus an annual area charge determined as follows The square root of the area of the land in square meters x a rate of	118.57 13.17	125.56 13.94
Water-borne Sewerage (Hotel's, hostels, Schools, hospitals, abattoirs & other consumers) Basic / Availability Charge per month per connection Pan charge per pan plus an annual area charge determined as follows The square root of the area of the land in square meters x a rate of	759.35 78.87 37.72	804.15 83.52 39.94
Water-borne Sewerage (Government departments) Basic / Availability Charge per month per connection Pan charge per pan plus an annual area charge determined as follows The square root of the area of the land in square meters x a rate of	2,801.05 120.25 39.47	2,966.25 127.34 41.79
Conservancy Tanks- Combined charge	1,850.00	1,959.15
Sewer Connection Initial Connection In respect of properties connected to Council's drainage system for the first time, the charge due and payable by the property owner or his agent shall be: - 100mm sewer connection 150mm sewer connection Additional Connection(s) The "full cost" of constructing additional sewer connections(s) will be payable by the	1,635.96 2,043.86	1,732.48 2,164.44

property owner or his appointed agent. Where such additional connection(s) obviates the use of the initial existing connection(s), the fee for the initial connection(s) shall be payable over and above the cost of construction the additional connection(s).		
Charge for Visit of Serviceman The Owner/Occupier requesting an inspection by a serviceman for sewerage problems or other appropriate circumstances where the Municipality is not responsible for maintaining the facility shall pay a fee including VAT	409.65	433.81
Other		
Sewerage Blockages	239.33	253.45
New Connections	Material & Labour Cost + 30%	Material & Labour Cost + 30%
Removal of Conservancy Tank Effluent, Septic Tank Effluent and Pit Latrine In respect of any property with improvements which is not connected to the sewerage supply of the Council to which a Conservancy Tank Service is rendered, a charge per annum for each financial year shall become due and payable by the Registered Owner of such property on date upon which Municipal Rates are levied in terms of the Municipal Property Rates Act, No. 6 of 2004, the above charges being for a clearance of at least once every 3 weeks per 4.5 kl load or part thereof.	2,142.98	2,269.41
Loads not exceeding 4,5 kl or part thereof plus kilometers if outside the CBD	271.93	287.97
Kilometers	8.50	9.00

Waste Removal and Impact of Tariff Increases

A 5 per cent increase in the waste removal tariff is proposed from 1 July 2012.

Operating Expenditure Framework

The Municipality's expenditure framework for the 2012/13 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue)
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;

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

Summary of operating expenditure by standard classification item

EC135 Intsika Yethu - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	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
Revenue By Source											
Property rates	2	1,074	1,618	3,402	3,276	-	-	-	4,500	4,739	4,971
Property rates - penalties & collection charges						2,510	2,510	2,510			
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	293	273	376	100	-	-	-	600	632	663
Service charges - other					255				35,798	37,695	39,542
Rental of facilities and equipment		608	668	428	22				300	316	331
Interest earned - external investments		2,386	1,553	693	150				300	316	331
Interest earned - outstanding debtors		127	91	523	300				100	105	110
Dividends received											
Fines		27	71	113	200				600	632	663
Licences and permits		504	668	1,257	75				105	111	116
Agency services					500	230	230	230	1,200	1,264	1,326
Transfers recognised - operational		67,658	81,117	99,033	80,694	132	132	132	144,180	94,601	99,331
Other revenue	2	394	2,608	10,356	8,919	-	-	-	8,761	9,225	9,677
Gains on disposal of PPE				23							
Total Revenue (excluding capital transfers and contributions)		73,070	88,667	116,204	94,491	2,871	2,871	2,871	196,443	149,634	157,060
Expenditure By Type											
Employee related costs	2	21,466	30,655	42,290	37,995	-	-	-	55,642	58,591	61,462
Remuneration of councillors		9,639	10,269	10,877	12,615				(11,807)	(12,433)	(13,042)
Debt impairment	3	-	2,819	7,062	-						
Depreciation & asset impairment	2	-	-	-	-	-	-	-	-	-	-
Finance charges		80	-	4	-						
Bulk purchases	2	-	-	352	-	-	-	-	6,000	6,318	6,628
Other materials	8	1,475	3,004	8,422	-				8,020	8,445	8,859
Contracted services		188	113	218	-	-	-	-	-	-	-
Transfers and grants		67,658	81,117	99,033	6,000	6,000	6,000	6,000	6,000	6,318	6,628
Other expenditure	4, 5	27,901	24,882	32,963	22,753	386	386	386	50,003	52,654	55,234
Loss on disposal of PPE											
Total Expenditure		128,408	152,860	201,223	79,362	6,386	6,386	6,386	113,858	119,892	125,767
Surplus/(Deficit)		(55,337)	(64,193)	(85,019)	15,129	(3,515)	(3,515)	(3,515)	82,585	29,741	31,293
Transfers recognised - capital					25,935				31,461	34,466	36,093
Contributions recognised - capital											
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		(55,337)	(64,193)	(85,019)	41,064	(3,515)	(3,515)	(3,515)	114,046	64,207	67,386
Taxation											
Surplus/(Deficit) after taxation		(55,337)	(64,193)	(85,019)	41,064	(3,515)	(3,515)	(3,515)	114,046	64,207	67,386
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(55,337)	(64,193)	(85,019)	41,064	(3,515)	(3,515)	(3,515)	114,046	64,207	67,386
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(55,337)	(64,193)	(85,019)	41,064	(3,515)	(3,515)	(3,515)	114,046	64,207	67,386

The budgeted allocation for employee related costs for the 2012/13 financial year totals R67,448 million. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 5 per cent for the 2013/14 financial year.

Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2012/13 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality.

In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Operational Repairs and Maintenance

by Expenditure Item	8										
Employee related costs		31,105	40,924	53,168							
Other materials											
Contracted Services		188	113	218							
Other Expenditure		29,456	30,706	32,963	3,300			11,950	12,583	13,200	
Total Repairs and Maintenance Expenditure	9	60,749	71,743	86,349	3,300	-	-	-	11,950	12,583	13,200

During the compilation of the 2011/12 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance.

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

Free Basic Services: Basic Social Services Package

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 Municipality's Indigent Policy. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement)

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

1.2 Capital expenditure

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

EC135 Intsika Yethu - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	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
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Exco and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Infrastructure Planning and Development		-	23,675	26,028	2,900	-	-	-	35,700	-	-
Vote 5 - Community Services		-	3,150	3,150	2,200	2,481	2,481	2,481	2,316	-	-
Vote 6 - Budget and Treasury		-	1,776	5,181	-	-	-	-	-	-	-
Vote 7 - Local Economic Development		-	-	-	4,000	(430)	(430)	(430)	5,797	-	-
Vote 8 - Water Services		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	28,601	34,358	9,100	2,051	2,051	2,051	43,813	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Exco and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Infrastructure Planning and Development		-	-	-	29,750	302	302	302	31,641	-	-
Vote 5 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-
Vote 7 - Local Economic Development		-	-	-	850	-	-	-	-	-	-
Vote 8 - Water Services		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	30,600	302	302	302	31,641	-	-
Total Capital Expenditure - Vote		-	28,601	34,358	39,700	2,353	2,353	2,353	75,454	-	-
Capital Expenditure - Standard											
Governance and administration			1,776	2,401	-	-	-	-	-	-	-
Executive and council											
Budget and treasury office			1,776	2,216							
Corporate services				185							
Community and public safety					2,200	2,481	2,481	2,481	2,316	2,438	2,558
Community and social services					2,200				2,316	2,438	2,558
Sport and recreation											
Public safety						2,481	2,481	2,481			
Housing											
Health											
Economic and environmental services			23,675	28,807	37,500	(430)	(430)	(430)	40,610	42,762	44,858
Planning and development			23,675	28,807	4,850	(430)	(430)	(430)	4,910	5,170	5,424
Road transport					32,650				35,700	37,592	39,434
Environmental protection											
Trading services											
Electricity											
Water											
Waste water management											
Waste management											
Other			3,150	3,150							
Total Capital Expenditure - Standard	3	-	28,601	34,358	39,700	2,051	2,051	2,051	42,926	45,201	47,416
Funded by:											
National Government					25,935				31,461	33,269	34,932
Provincial Government				1,630							
District Municipality											
Other transfers and grants		16,115	17,033	17,564		302	302	302			
Transfers recognised - capital	4	16,115	17,033	19,194	25,935	302	302	302	31,461	33,269	34,932
Public contributions & donations	5	-	-	-							
Borrowing	6	-	-	-							
Internally generated funds					13,765				11,465	12,072	12,664
Total Capital Funding	7	16,115	17,033	19,194	39,700	302	302	302	42,926	45,341	47,596

Explanatory notes to MBRR Table A1 - Budget Summary

Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

Financial management reforms emphasize the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:

- a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
2. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2013/14, when a small surplus is reflected.
3. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2013/14 the water backlog will have been very nearly eliminated.

Table 5 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

EC135 Intsika Yethu - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	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 - Standard	1									
<i>Governance and administration</i>		72 778	88 393	115 804	92 249	2 310	2 310	110 737	116 606	122 319
Executive and council		-	-	-	2 600	-	-	4 000	4 212	4 418
Budget and treasury office		72 778	88 393	115 804	89 649	2 310	2 310	106 737	112 394	117 901
Corporate services		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	1 025	230	230	417	439	461
Community and social services		-	-	-	825	230	230	417	439	461
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	200	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	27 152	332	332	32 586	34 454	36 175
Planning and development		-	-	-	1 197	200	200	105	111	116
Road transport		-	-	-	25 955	132	132	32 481	34 343	36 059
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		293	273	376	-	-	-	79 894	84 128	88 251
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	79 894	84 128	88 251
Waste water management		293	273	376	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	73 070	88 667	116 181	120 426	2 871	2 871	223 634	235 627	247 206
Expenditure - Standard										
<i>Governance and administration</i>		59 275	68 739	93 767	48 679	478	478	60 266	63 460	66 570
Executive and council		-	-	-	23 769	2 125	2 125	25 807	27 174	28 506
Budget and treasury office		28 170	27 814	40 599	16 639	(1 647)	(1 647)	22 747	23 953	25 126
Corporate services		31 105	40 924	53 168	8 272	-	-	11 713	12 333	12 938
<i>Community and public safety</i>		-	-	-	13 294	-	-	13 895	14 632	15 349
Community and social services		-	-	-	13 234	-	-	13 895	14 632	15 349
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	60	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		1 475	3 004	8 399	18 753	(91)	(91)	22 191	23 367	24 512
Planning and development		-	-	-	3 426	-	-	4 140	4 359	4 573
Road transport		1 475	3 004	8 399	15 327	(91)	(91)	18 051	19 008	19 939
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	36 794	38 744	40 643
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	36 794	38 744	40 643
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	60 749	71 743	102 167	80 726	386	386	133 147	140 204	147 074
Surplus/(Deficit) for the year		12 321	16 924	14 014	39 700	2 485	2 485	90 487	95 423	100 132

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

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 6 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

EC135 Intsika Yethu - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	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	1									
Vote 1 - Exco and Council		-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	2 600	-	-	4 000	4 212	4 418
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 4 - Infrastructure Planning and Development		293	273	400	25 955	132	132	32 481	34 343	36 059
Vote 5 - Community Services		-	-	-	1 025	230	230	417	439	461
Vote 6 - Budget and Treasury		72 778	88 393	115 804	89 649	2 310	2 310	106 737	112 394	117 901
Vote 7 - Local Economic Development		-	-	-	1 197	200	200	105	111	116
Vote 8 - Water Services		-	-	-	-	-	-	79 894	84 128	88 251
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	73 070	88 667	116 204	120 426	2 872	2 872	223 634	235 627	247 206
Expenditure by Vote to be appropriated	1									
Vote 1 - Exco and Council		9 639	10 269	10 877	16 127	(105)	(105)	17 957	18 909	19 835
Vote 2 - Municipal Manager		-	-	-	7 642	2 230	2 230	7 850	8 266	8 671
Vote 3 - Corporate Services		21 466	30 655	42 290	8 272	-	-	11 713	12 333	12 938
Vote 4 - Infrastructure Planning and Development		1 475	3 004	8 422	15 327	(91)	(91)	18 051	19 008	19 939
Vote 5 - Community Services		-	-	-	13 294	-	-	13 895	14 632	15 349
Vote 6 - Budget and Treasury		28 170	27 814	40 599	16 639	(1 647)	(1 647)	22 747	23 953	25 126
Vote 7 - Local Economic Development		-	-	-	3 426	-	-	4 140	4 359	4 573
Vote 8 - Water Services		-	-	-	-	-	-	36 794	38 744	40 643
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	60 749	71 743	102 190	80 726	386	386	133 147	140 204	147 074
Surplus/(Deficit) for the year	2	12 321	16 924	14 014	39 700	2 485	2 485	90 487	95 423	100 132

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

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 7 Surplus/(Deficit) calculations for the trading services

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Electricity									
Total Revenue (incl capital grants and transfers)	2,972,994	3,571,748	4,256,897	5,675,556	5,696,201	5,696,201	6,325,456	7,298,982	8,590,500
Operating Expenditure	2,448,438	2,729,799	3,701,651	4,118,600	4,307,348	4,307,348	5,406,037	6,507,439	7,961,178
Surplus/(Deficit) for the year	524,556	841,949	555,246	1,556,956	1,388,852	1,388,852	919,419	791,543	629,322
Percentage Surplus	18%	24%	13%	27%	24%	24%	15%	11%	7%
Water									
Total Revenue (incl capital grants and transfers)	1,171,991	1,382,402	1,592,818	1,599,662	1,609,662	1,609,662	1,984,563	2,333,215	2,293,850
Operating Expenditure	1,040,921	1,072,760	1,142,850	1,315,032	1,351,020	1,351,020	1,493,920	1,679,871	1,780,354
Surplus/(Deficit) for the year	176,650	221,747	382,858	621,889	464,931	464,931	336,207	343,450	367,396
Percentage Surplus	15%	16%	24%	39%	29%	29%	17%	15%	16%

- The electricity trading surplus is deteriorating over the 2011/12 MTREF from 15 per cent or R919 million in 2011/12 to 7 per cent by 2013/14. This is primarily as a result of the high increases in Eskom bulk purchases and the tariff setting policy of the municipality to buffer the impact of these increases on individual consumers.
- The surplus on the water account remains relatively constant over the MTREF translating into a surplus of 17 per cent, 15 per cent and 16 per cent for each of the respective financial years.
- Note that the surpluses on these trading accounts are utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, *and are not used to cross-subsidise other municipal services.*

Table 8 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

EC135 Intsika Yethu - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	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
Revenue By Source											
Property rates	2	1 074	1 618	3 402	3 276	-	-	-	4 500	4 739	4 971
Property rates - penalties & collection charges						2 510	2 510	2 510			
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	293	273	376	100	-	-	-	100	105	110
Service charges - other					255				85 231	89 748	94 146
Rental of facilities and equipment		608	668	428	22				300	316	331
Interest earned - external investments		2 386	1 553	693	150				300	316	331
Interest earned - outstanding debtors		127	91	523	300				100	105	110
Dividends received											
Fines		27	71	113	200				600	632	663
Licences and permits		504	668	1 257	75				105	111	116
Agency services					500	230	230	230	1 200	1 264	1 326
Transfers recognised - operational		67 658	81 117	99 033	80 694	132	132	132	90 976	94 601	99 331
Other revenue	2	394	2 608	10 356	8 919	-	-	-	8 761	9 225	9 677
Gains on disposal of PPE				23							
Total Revenue (excluding capital transfers and contributions)		73 070	88 667	116 204	94 491	2 871	2 871	2 871	192 173	201 161	211 112
Expenditure By Type											
Employee related costs	2	21 466	30 655	42 290	37 995	-	-	-	59 555	62 712	65 785
Remuneration of councillors		9 639	10 269	10 877	12 615				11 807	12 433	13 042
Debt impairment	3	2 819	7 062								
Depreciation & asset impairment	2	-	-	-	-	-	-	-	-	-	-
Finance charges		80	-	4							
Bulk purchases	2	-	-	352	-	-	-	-	-	-	-
Other materials	8	1 475	3 004	8 422					8 020	8 445	8 859
Contracted services		188	113	218	-	-	-	-	-	-	-
Transfers and grants		67 658	81 117	99 033	6 000	6 000	6 000	6 000	6 000	6 318	6 628
Other expenditure	4, 5	27 901	24 882	32 963	24 117	386	386	386	47 765	50 296	52 761
Loss on disposal of PPE											
Total Expenditure		128 408	152 860	201 223	80 726	6 386	6 386	6 386	133 147	140 204	147 074
Surplus/(Deficit)		(55 337)	(64 193)	(85 019)	13 765	(3 515)	(3 515)	(3 515)	59 026	60 957	64 039
Transfers recognised - capital					25 935				31 461	34 466	36 093
Contributions recognised - capital											
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		(55 337)	(64 193)	(85 019)	39 700	(3 515)	(3 515)	(3 515)	90 487	95 423	100 132
Taxation											
Surplus/(Deficit) after taxation		(55 337)	(64 193)	(85 019)	39 700	(3 515)	(3 515)	(3 515)	90 487	95 423	100 132
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(55 337)	(64 193)	(85 019)	39 700	(3 515)	(3 515)	(3 515)	90 487	95 423	100 132
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(55 337)	(64 193)	(85 019)	39 700	(3 515)	(3 515)	(3 515)	90 487	95 423	100 132

Table 9 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

EC135 Intsika Yethu - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	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
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Exco and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Infrastructure Planning and Development		-	23 675	26 028	2 900	-	-	-	42 161	-	-
Vote 5 - Community Services		-	3 150	3 150	2 200	2 481	2 481	2 481	2 316	-	-
Vote 6 - Budget and Treasury		-	1 776	5 181	-	-	-	-	-	-	-
Vote 7 - Local Economic Development		-	-	-	4 000	(430)	(430)	(430)	5 797	-	-
Vote 8 - Water Services		-	-	-	-	-	-	-	43 100	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	28 601	34 358	9 100	2 051	2 051	2 051	93 374	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Exco and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Infrastructure Planning and Development		-	-	-	29 750	302	302	302	31 641	-	-
Vote 5 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-
Vote 7 - Local Economic Development		-	-	-	850	-	-	-	-	-	-
Vote 8 - Water Services		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	30 600	302	302	302	31 641	-	-
Total Capital Expenditure - Vote		-	28 601	34 358	39 700	2 353	2 353	2 353	125 015	-	-
Capital Expenditure - Standard											
Governance and administration											
Executive and council		-	1 776	2 401	-	-	-	-	-	-	-
Budget and treasury office		-	1 776	2 216	-	-	-	-	-	-	-
Corporate services		-	-	185	-	-	-	-	-	-	-
Community and public safety											
Community and social services		-	-	-	2 200	2 481	2 481	2 481	2 316	2 438	2 558
Sport and recreation		-	-	-	2 200	-	-	-	2 316	2 438	2 558
Public safety		-	-	-	-	2 481	2 481	2 481	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services											
Planning and development		-	23 675	28 807	37 500	(430)	(430)	(430)	47 071	49 566	51 994
Road transport		-	23 675	28 807	4 850	(430)	(430)	(430)	4 910	5 170	5 424
Environmental protection		-	-	-	32 650	-	-	-	42 161	44 396	46 571
Trading services											
Electricity		-	-	-	-	-	-	-	43 100	45 384	47 608
Water		-	-	-	-	-	-	-	43 100	45 384	47 608
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
Other											
Other		-	3 150	3 150	-	-	-	-	32 528	-	-
Total Capital Expenditure - Standard	3	-	28 601	34 358	39 700	2 051	2 051	2 051	125 015	97 389	102 161
Funded by:											
National Government		-	-	-	25 935	-	-	-	31 461	33 269	34 932
Provincial Government		-	-	1 630	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		16 115	17 033	17 564	-	302	302	302	-	-	-
Transfers recognised - capital	4	16 115	17 033	19 194	25 935	302	302	302	31 461	33 269	34 932
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	13 765	-	-	-	93 554	64 120	67 229
Total Capital Funding	7	16 115	17 033	19 194	39 700	302	302	302	125 015	97 389	102 161

Table 11 MBRR Table A7 - Budgeted Cash Flow Statement

EC135 Intsika Yethu - Table A7 Budgeted Cash Flows

Description	Ref	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 FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other	1	66 282	92 421	110 829	13 347	1 905	1 905	1 905	4 500	4 739	4 971
Government - operating					80 694	966	966	966	90 976	94 601	99 331
Government - capital	1				25 935				31 461	33 269	34 932
Interest		2 512	1 644	556	450				400	421	442
Dividends											
Payments											
Suppliers and employees		(54 789)	(64 763)	(96 449)	(80 726)	4 482	4 482	4 482	59 785	62 953	66 038
Finance charges		(80)		(4)							
Transfers and Grants	1				(5 000)		(5 000)	(5 000)			
NET CASH FROM/(USED) OPERATING ACTIVITIES		13 926	29 301	14 932	39 700	2 353	2 353	2 353	187 122	195 983	205 714
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE				23							
Decrease (Increase) in non-current debtors											
Decrease (Increase) other non-current receivables											
Decrease (increase) in non-current investments		16 666									
Payments											
Capital assets		(19 652)	(28 601)	(34 460)	(39 700)	(42 053)	(42 053)	(42 053)	92 487	97 389	102 161
NET CASH FROM/(USED) INVESTING ACTIVITIES		(2 985)	(28 601)	(34 437)	(39 700)	(42 053)	(42 053)	(42 053)	92 487	97 389	102 161
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing		3 873									
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing			(227)	6 085							
NET CASH FROM/(USED) FINANCING ACTIVITIES		3 873	(227)	6 085	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		14 813	473	(13 420)	-	(39 700)	(39 700)	(39 700)	279 608	293 371	307 874
Cash/cash equivalents at the year begin:	2	9 645	24 459	24 932					279 608	279 608	572 979
Cash/cash equivalents at the year end:	2	24 459	24 932	11 512		(39 700)	(39 700)	(39 700)	279 608	572 979	880 853

Table 12 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

EC135 Intsika Yethu - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	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	1	24 459	24 932	11 512	-	(39 700)	(39 700)	(39 700)	279 608	572 979	880 853
Other current investments > 90 days		2 524	2 857	828	-	49 775	49 775	49 775	(279 608)	(572 979)	(880 853)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		26 983	27 788	12 340	-	10 075	10 075	10 075	-	-	-
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(390 747)	(183 616)	(101 368)	-	(1 316)	(1 316)	(1 316)	-	-	-
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	430 051	228 328	127 722	3 700				3 907	4 103	
Total Application of cash and investments:		39 304	44 712	26 354	3 700	(1 316)	(1 316)	(1 316)	3 907	4 103	-
Surplus(shortfall)		(12 321)	(16 924)	(14 014)	(3 700)	11 391	11 391	11 391	(3 907)	(4 103)	-

Table 13 MBRR Table A9 - Asset Management

EC135 Intsika Yethu - Table A9 Asset Management

Description	Ref	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										
Total New Assets	1	-	28 601	34 416	34 550	34 550	34 550	47 071	49 706	52 175
Infrastructure - Road transport		-	-	-	25 935	25 935	25 935	31 461	33 269	34 932
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	23 675	26 028	7 300	7 300	7 300	10 700	11 267	11 819
Infrastructure		-	23 675	26 028	33 235	33 235	33 235	42 161	44 536	46 752
Community		-	3 150	3 150	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	1 776	5 181	1 315	1 315	1 315	-	-	-
Agricultural Assets		-	-	-	-	-	-	4 910	5 170	5 424
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	58	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	28 601	34 416	5 150	5 150	5 150	2 166	2 280	2 392
Infrastructure - Road transport		-	-	-	1 000	1 000	1 000	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	23 675	26 028	1 950	1 950	1 950	2 166	2 280	2 392
Infrastructure		-	23 675	26 028	2 950	2 950	2 950	2 166	2 280	2 392
Community		-	3 150	3 150	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	1 776	5 181	2 200	2 200	2 200	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	58	-	-	-	-	-	-
Total Capital Expenditure	4	-	-	-	26 935	26 935	26 935	31 461	33 269	34 932
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	47 350	52 055	9 250	9 250	9 250	12 866	13 548	14 211
Infrastructure		-	47 350	52 055	36 185	36 185	36 185	44 327	46 817	49 144
Community		-	6 300	6 299	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	3 552	10 362	3 515	3 515	3 515	-	-	-
Agricultural Assets		-	-	-	-	-	-	4 910	5 170	5 424
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	116	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	-	57 202	68 833	39 700	39 700	39 700	49 237	51 987	54 567
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	-	-	-	-	5 928	5 928	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	23 675	26 028	-	-	-	-	-	-
Infrastructure		-	23 675	26 028	-	5 928	5 928	-	-	-
Community		-	3 150	3 150	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	1 776	5 181	-	170 707	170 707	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	-	28 601	34 358	-	176 635	176 635	-	-	-
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment	3	-	-	-	-	-	-	-	-	-
Repairs and Maintenance by Asset Class		-	28 601	34 416	1 500	-	-	12 020	12 657	13 277
Infrastructure - Road transport		-	-	-	-	-	-	7 270	7 655	8 030
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	23 675	26 028	-	-	-	-	-	-
Infrastructure		-	23 675	26 028	-	-	-	7 270	7 655	8 030
Community		-	3 150	3 150	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6,7	-	1 776	5 239	1 500	-	-	4 750	5 002	5 247
TOTAL EXPENDITURE OTHER ITEMS		-	28 601	34 416	1 500	-	-	12 020	12 657	13 277
Renewal of Existing Assets as % of total capex		0.0%	50.0%	50.0%	13.0%	13.0%	13.0%	4.4%	4.4%	4.4%
Renewal of Existing Assets as % of deprecn*		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE		0.0%	100.0%	55.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal and R&M as a % of PPE		0.0%	200.0%	200.0%	0.0%	3.0%	3.0%	0.0%	0.0%	0.0%

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2012) a time schedule that sets out the process - to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 25 August 2012. Key dates applicable to the process were:

- **August 2010** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2012/13 MTREF;
- **November 2011** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **3 to 7 January 2012** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2012** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;

- **28 January 2011** - Council considers the 2010/11 Mid-year Review and Adjustments Budget;
- **February 2011** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2012/13 MTREF is revised accordingly;
- **25 March 2011** - Tabling in Council of the draft 2011/12 IDP and 2011/12 MTREF for public consultation;
- **April 2012** – Public consultation;
- **6 May 2012** - Closing date for written comments;
- **6 to 21 May 2012** – finalisation of the 2012/13 IDP and 2011/12 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **23 May 2012** - Tabling of the 2012/13 MTREF before Council for consideration and approval.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the fourth review of the IDP as adopted by Council in May 2006. It started in September 2010 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2011/12 MTREF in August.

The Municipality'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 Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2011/12 MTREF, based on the approved 2010/11 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2011/12 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2010/11 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2011/12 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 2011/12 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2010/11 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51 and 54 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The draft 2011/12 MTREF as tabled before Council on 25 March 2011 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries. In addition a further development of this year's consultation process included the launch of E-based consultation. E-mail notifications were sent to all organisations on the municipality's database, including ratepayer associations, community-based organisations and organised business. The opportunity to give electronic feedback was also communicated on the Municipality's website, and the Municipality's call centre was engaged in collecting inputs via e-mail, fax and SMS.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process from 13 to 29 April 2011, and included nine public briefing sessions. The applicable dates and venues were published in all the local newspapers and on average attendance of 200 was recorded per meeting. This is up on the previous year's process. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and imbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2011/12 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

- Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The Municipality is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;
- Several complaints were received regarding poor service delivery, especially waste removal backlogs and the state of road infrastructure;
- Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;
- Issues were raised regarding the payment of bonuses to senior managers;
- Remuneration packages of council officials were criticized as being very high, relative their private sector counterparts within the Municipality;
- The affordability of tariff increases, especially electricity, was raised on numerous occasions. This concern was also raised by organized business as an obstacle to economic growth;
- Pensioners cannot afford the tariff increases due to low annual pension increases; and
- During the community consultation process large sections of the community made it clear that they are not in favour of any further tariff increases to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed 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.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2011/12 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 14 IDP Strategic Objectives

2010/11 Financial Year	2011/12 MTREF
1. The provision of quality basic services and infrastructure	1. Provision of quality basic services and infrastructure
2. Acceleration of higher and shared economic growth and development	2. Economic growth and development that leads to sustainable job creation
3. Fighting of poverty, building clean, healthy, safe and sustainable communities	3.1 Fight poverty and build clean, healthy, safe and sustainable communities
	3.2 Integrated Social Services for empowered and sustainable communities
4. Fostering participatory democracy and adherence to Intsika Yethu principles through a caring, accessible and accountable service	4. Foster participatory democracy and Intsika Yethu principles through a caring, accessible and accountable service
5. Good governance, Financial viability and	5.1 Promote sound governance

institutional governance	5.2 Ensure financial sustainability
	5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide electricity;
 - Provide water;
 - Provide sanitation;
 - Provide waste removal;
 - Provide housing;
 - Provide roads and storm water;
 - Provide public transport;
 - Provide Municipality planning services; and
 - Maintaining the infrastructure of the Municipality.
2. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for the Municipality;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
 - Effective implementation of the Indigent Policy;
 - Working with the provincial department of health to provide primary health care services;
 - Extending waste removal services and ensuring effective Municipality cleansing;
 - Ensuring all waste water treatment works are operating optimally;
 - Working with strategic partners such as SAPS to address crime;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
 - Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Intsika Yethu principles through a caring, accessible and accountable service by:

- Optimising effective community participation in the ward committee system; and
- Implementing Intsika Yethu in the revenue management strategy.

5.1 Promote sound governance through:

- Publishing the outcomes of all tender processes on the municipal website

5.2 Ensure financial sustainability through:

- Reviewing the use of contracted services
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and

- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2011/12 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 15 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand										
Provide quality basic services and infrastructure	Provision of electricity; water; sanitation; waste removal; housing; roads and storm water; public transport; city planning services; and maintaining the infrastructure of the City.	4,403,313	5,011,093	6,030,318	6,817,098	7,473,078	7,473,078	8,754,242	10,065,468	11,608,691
Economic growth and development that leads to sustainable job creation	Ensuring there is a clear structural plan for the City; ensuring planning processes function in accordance with set timeframes and facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.	179,620	214,046	250,136	289,187	309,397	309,397	406,333	424,117	462,837
Fight poverty and build clean, healthy, safe sustainable communities as well as ensure integrated social services for empowered and sustainable communities	Effective implementation of the Indigent Policy; working with the provincial department of health to provide primary health care services; extending waste removal services and ensuring effective city cleansing; ensuring all waste water treatment works are operating optimally; working with strategic partners such as SAPS to address crime; ensuring safe working environments by effective enforcement of building and health regulations; promote viable, sustainable communities through proper zoning; and promote environmental sustainability by protecting wetlands and key open spaces.	264,988	437,350	357,294	487,095	457,647	457,647	560,580	607,994	638,937
Foster Participatory democracy and Batho Pele through caring, accessible and accountable service	Optimising effective community participation in the ward committee system; and the implementation Batho Pele in the revenue management strategy	26,119	26,586	40,690	33,504	33,987	33,987	37,687	40,744	42,994
Promote sound governance, financial sustainability and optimal institutional transformation	Publishing the outcomes of all tender processes on the municipal website; reviewing the use of contracted services; continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan; and review of the organizational structure to optimize the use of personnel	3,285,205	3,862,249	4,176,382	5,557,567	4,837,317	4,837,317	5,379,775	5,959,411	6,582,822
Total Revenue (excluding capital transfers and contributions)		8,159,246	9,551,324	10,854,820	13,184,451	13,111,426	13,111,426	15,138,618	17,097,734	19,336,281

Table 16 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

EC135 Intsika Yethu - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	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
To facilitate economic development and poverty alleviation	Economic growth and development						7 702					
To improve financial reporting	Good governance						8 272					
To facilitate reduction in current backlogs	Planning and Development Control						13 234					
Support to Council political leadership	Intergovernmental relations						15 327					
To establish and maintain effective intergovernmental relations							16 639					
By developing and implementing employment equity plan	Functional Administration						16 127					
To facilitate economic development and poverty alleviation	Economic growth and development						3 426					
Allocations to other priorities												
Total Expenditure				1	-	-	-	80 726	-	-	-	-

Table 17 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

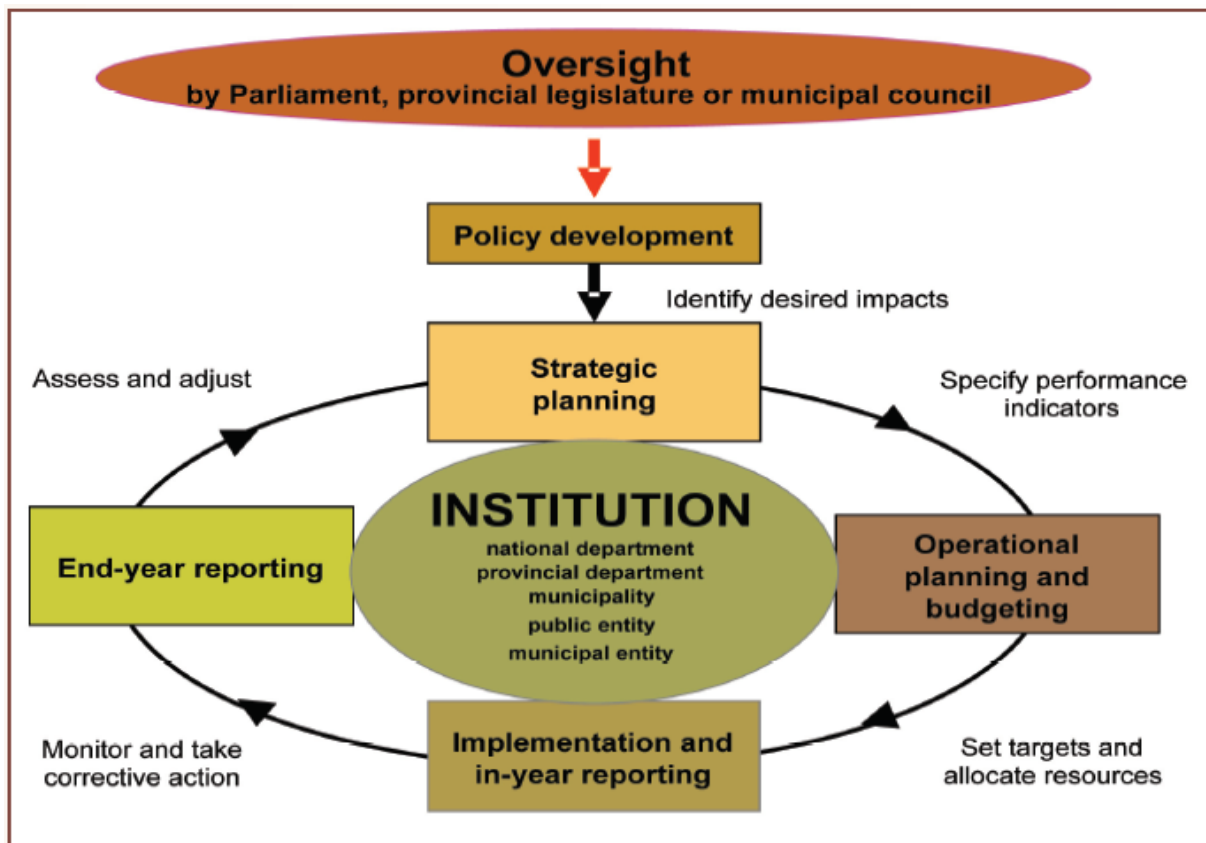


Figure 1 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

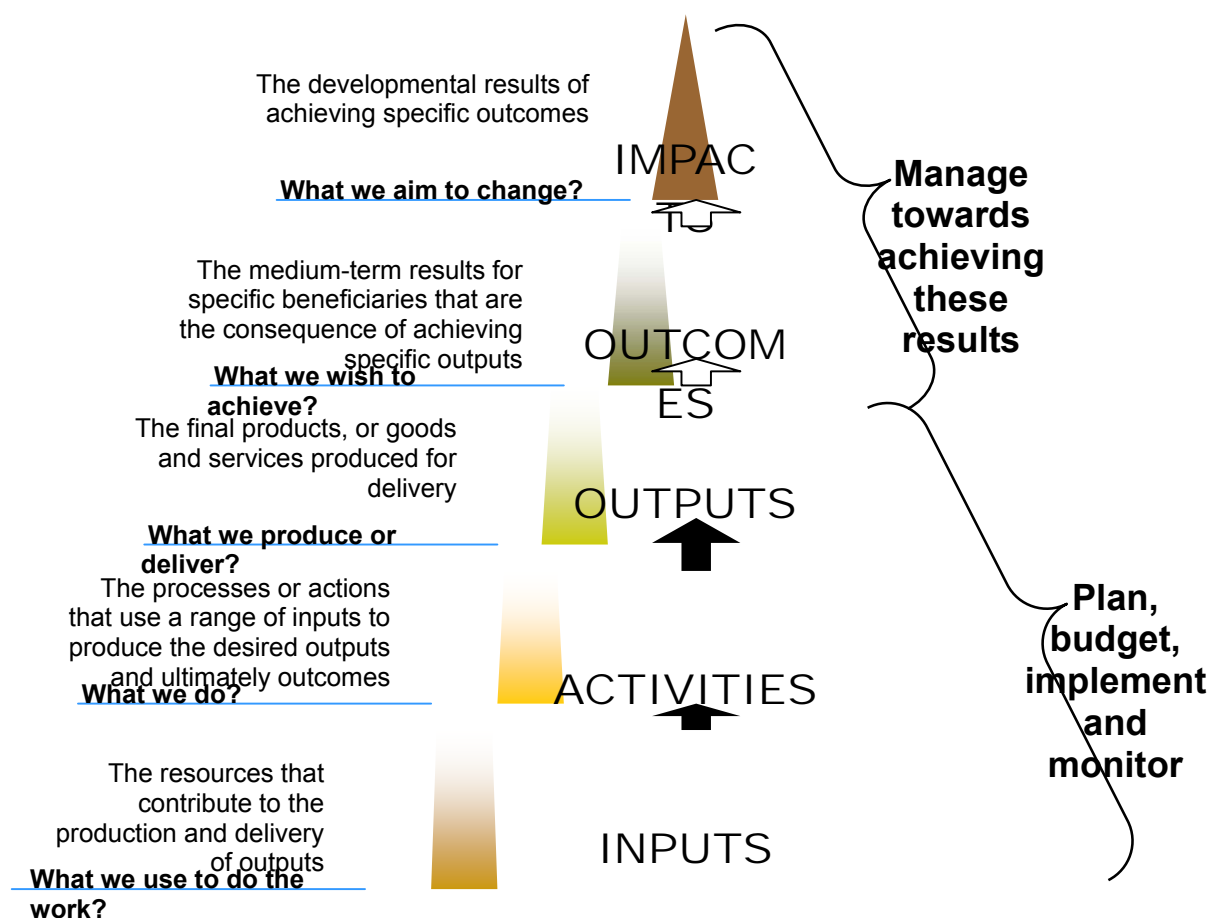


Figure 2 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 18 MBRR Table SA7 - Measurable performance objectives

The following table sets out the municipalities main performance objectives and benchmarks for the 2011/12 MTREF.

Table 19 MBRR Table SA8 - Performance indicators and benchmarks

EC135 Intsika Yethu - Supporting 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	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.1%	0.1%	-3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	1.5%	3.0%	-35.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	-24.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	11.5	3.6	2.5	-	4.2	4.2	4.2	-	-	-
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	11.5	3.6	2.5	-	4.2	4.2	4.2	-	-	-
Liquidity Ratio	Monetary Assets/Current Liabilities	6.9	2.5	1.0	-	3.5	3.5	3.5	-	-	-
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		2190.1%	1541.0%	673.5%	97.8%	69.6%	69.6%	69.6%	4.5%	4.5%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			2190.1%	1541.0%	673.5%	97.8%	69.6%	69.6%	69.6%	4.5%	4.5%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	24.7%	14.2%	14.4%	0.0%	65.9%	65.9%	65.9%	0.0%	0.0%	0.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		15.3%	44.4%	100.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Indicators											
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source										
Employee costs	Employee costs/(Total Revenue - capital revenue)	29.4%	34.6%	36.4%	40.2%	0.0%	0.0%	0.0%	31.0%	31.2%	31.2%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	47.6%	50.7%	49.6%	53.6%	0.0%	0.0%		37.1%	37.4%	37.3%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	32.3%	29.6%	1.6%	0.0%	0.0%		6.3%	6.3%	6.3%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	2.9	(1.4)	38.2	-	-	-	6.8	240.3	241.2	253.0
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	912.0%	493.5%	398.5%	0.0%	75.4%	75.4%	75.4%	0.0%	0.0%	0.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	2.6	2.2	0.8	-	(77.4)	(77.4)	(77.4)	33.7	65.5	96.0

2.3.1 Performance indicators and benchmarks

2.3.1.1 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, Intsika Yethu Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans.

The following financial performance indicators have formed part of the compilation of the 2011/12 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. While this ratio is decreasing over the MTREF from 22.1 per cent to 18.5 per cent in 2013/14, it needs to be noted that the increased capital grants and transfers has contributed to the decrease and must not be considered a measure on borrowing capacity in isolation of other ratios and measures.
- *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 has steadily increased from 7 per cent in 2007/08 to 8.2 per cent in 2010/11. This increase can be attributed to the raising of loans to fund portions of the capital programme. It is estimated that the cost of borrowing as a percentage of the operating expenditure will reach 9.7 per cent in 2011/12 and will then decrease to 8.8 per cent at the end of the MTREF. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality has reached its prudential borrowing limits.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is 64 per cent which substantiates the above mentioned statement that the Municipality has reached its prudential borrowing limits.

The Municipality's debt profile provides some interesting insights on the Municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

The Municipality has raised mainly amortising loans over the past five years, hence effectively 'front-loading' its debt service costs. This is reflected in the Municipality's debt service profile, which predicts large debt service costs between 2012 and 2018. Debt service costs are expected to peak in 2018 due to the redemption of the last few term loans held by the Municipality.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality 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. As part of the compilation of the 2012/13 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

2.3.1.2 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. During the 2009/10 financial year the ratio deteriorated to a level 107.5 per cent. As part of the planning guidelines that informed the compilation of the 2011/12 MTREF ensuring proper cash-backing of reserves and funds has been considered a prudent financial sustainability objective, hence the steady decrease from 91.1 per cent in the 2011/12 financial year to 79.2 per cent in 2013/14.

- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. Between 2007/08 and 2010/11 the gearing ratio peaked at 55.7 per cent. This was primarily a result of the increased borrowing levels and decreasing funds and reserves. While the gearing ratio increases to 61.2 per cent in the 2011/12 financial year, the medium term strategy is to steadily reduce the gearing ratio to a level that does not exceed 50 per cent as a prudential limit, hence, over the 2011/12 MTREF the ratio decreases to 54 per cent by 2013/14.

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2011/12 MTREF the current ratio is 1.2 in the 2011/12 financial year and 1.1 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *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. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2010/11 financial year the ratio was 0.2 and as part of the financial planning strategy it has been increased to 0.3 in the 2011/12 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

2.3.1.4 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.

2.3.1.5 Creditors Management

- The Municipality 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 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

2.3.1.6 Other Indicators

- The electricity distribution losses have been managed downwards from 12 per cent in the 2010/11 financial year to 10 per cent over the MTREF. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity by rolling out smart metering systems, including prepaid meters.

- The water distribution losses have been significantly reduced from 27.6 per cent in 2009/10 to 20 per cent in 2010/11. This has been achieved with the introduction of a water leakage report and action centre. The intention is to further rollout additional depots within the Municipality to further leverage from the efficiency that the centre offers. It is planned to further reduce distribution losses from 20 per cent in 2011/12 to 18 per cent by 2013/14.
- Employee costs as a percentage of operating revenue continues to decrease over the MTREF. 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.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

2.3.2 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 Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2011/12 financial year 90 000 registered indigents have been provided for in the budget with this figured increasing to 105 000 by 2013/14. In terms of the Municipality's indigent policy registered households are entitled to 6kℓ free water, 50 kwh of electricity, 6 kℓ sanitation and free waste removal equivalent to 85ℓ once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 38.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

2.3.3 Providing clean water and managing waste water

The Municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. Approximately 71 per cent of the Municipality's bulk water needs are provided directly by Rand Water in the form of purified water. The remaining 29 per cent is generated from the Municipality's own water sources, such as boreholes and small dams.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

Rand Water and the Municipality were awarded Blue Drop status in 2010/11, indicating that the Municipality's drinking water is of exceptional quality. The Intsika Yethu Water Treatment Plant was awarded the best medium sized drinking water treatment works by the Department of Water Affairs.

Of the 8 waste water treatment works, two were awarded Green Drop status in 2010/11, indicating that these two plants consistently meet waste water treatment standards of exceptional quality. The remaining 6 plants will require renewals/upgrading to meet the minimum Green Drop certification standards. This has been prioritised as part of the 2011/12 medium term capital budget.

The following is briefly the main challenges facing the Municipality in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and
- There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that have been taken to address these challenges:

- Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
- The filling of vacancies has commenced and the Waste Water Division will embark on an in-house training programme, especially for operational personnel;
- The Electricity Division is to install dedicated power supply lines to the plants; and
- The Division is working in consultation with the Department of Water Affairs to address catchment management.

2.4 Overview of budget related-policies

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

2.4.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in October 2008 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration

process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2011/12 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 95 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

2.4.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.4.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

2.4.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in September 2007. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

2.4.5 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget and Virement Policy was approved by Council in August 2009 and was amended on 16 February 2011 in respect of both Operating and Capital Budget Fund Transfers.

2.4.6 Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy was amended by Council in January 2011. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

2.4.7 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

2.4.8 Financial Modelling and Scenario Planning Policy

The Financial Modelling and Scenario Planning Policy has directly informed the compilation of the 2011/12 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The model and scenario planning outcomes are taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Approved 2010/11 Adjustments Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

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

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

2.5 Overview of budget assumptions

2.5.1 External factors

Domestically, after five years of strong growth, during which about two million jobs were created, our economy shrank by an estimated 1.8 per cent last year and about 900 000 people lost their jobs. It is expected that recovery from this deterioration will be slow and uneven, and that growth for 2011 will be 2.3 per cent rising to 3.6 per cent by 2012.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

2.5.2 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 2011/12 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipality'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 27.7 per cent of total operating expenditure in the 2011/11 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget. The wage agreement SALGBC concluded with the municipal workers unions on 31 July 2009 as well as the categorisation and job evaluation wage curves collective agreement signed on 21 April 2010 must be noted.

2.5.3 Credit rating outlook

Table 20 Credit rating outlook

Security class	Currency	Rating	Annual rating 2009/10	Previous Rating
Short term	Rand	Prime -1	20 April 2010	Prime -1
Long-term	Rand	Aa3	20 April 2010	Aa3
Outlook	Rand	Negative	20 April 2010	Negative

The rating definitions are:

- Short term : Prime – 1
Short-Term Debt Ratings (maturities of less than one year)
Prime-1 (highest quality)
- Long-term : Aa3
Defined as high-grade. “Aa” rated are judged to be of high quality and are subject to very low credit risk.

2.5.4 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 Municipality engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simpliMunicipality the 2011/12 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2012/13 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

2.5.5 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (95 per cent) of annual billings. Cash flow is assumed to be 95 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.6 Growth or decline in 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 Municipality, 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.

2.5.7 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2009 and shall remain in force until 30 June 2012. Year three is an across the board increase of 8.54 per cent.

2.5.8 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;
- Enhancing education and 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.

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

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2011/12 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

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

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 95 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

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

Table 21 MBRR Table SA 17 - Detail of borrowings

EC135 Intsika Yethu - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	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										
Long-Term Loans (annuity/reducing balance)					800					
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities		3 681	3 524	9 343						
Municipality sub-total	1	3 681	3 524	9 343	800	-	-	-	-	-

Table 22 MBRR Table SA 18 - Capital transfers and grant receipts

EC135 Intsika Yethu - Supporting Table SA18 Transfers and grant receipts

Description	Ref	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:	1, 2									
Operating Transfers and Grants										
National Government:		43 449	58 358	71 276	80 694	-	-	90 976	94 601	99 331
Local Government Equitable Share										
Local Government Equitable Share		42 464	56 858	69 276	78 404			88 676	92 256	96 869
Finance Management		250	1 000	1 250	1 500			1 500	1 500	1 575
Municipal Systems Improvement		735	500	750	790			800	845	887
Other transfers/grants [insert description]										
Provincial Government:		5 586	-	1 630	-	-	-	-	-	-
IEC Project		5 586	-	1 630						
District Municipality:		2 008	4 829	5 705	-	-	-	-	-	-
Chris Hani District		2 008	4 829	5 705						
Other grant providers:		500	898	2 857	-	-	-	-	-	-
LG SETA: LED Grant:		500	898	2 857						
Total Operating Transfers and Grants	5	51 543	64 084	81 469	80 694	-	-	90 976	94 601	99 331
Capital Transfers and Grants										
National Government:		16 115	17 033	17 564	25 935	-	-	31 461	33 269	34 932
Municipal Infrastructure Grant (MIG)		16 115	17 033	17 564	25 935			31 461	33 269	34 932
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
Chris Hani District										
Other grant providers:		-	-	-	-	-	-	-	-	-
LG SETA: LED Grant:										
Total Capital Transfers and Grants	5	16 115	17 033	17 564	25 935	-	-	31 461	33 269	34 932
TOTAL RECEIPTS OF TRANSFERS & GRANTS		67 658	81 117	99 033	106 629	-	-	122 437	127 870	134 263

2.6.2 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if 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 and management. 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 provide 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).

Table 23 MBRR Table A7 - Budget cash flow statement

EC135 Intsika Yethu - Table A7 Budgeted Cash Flows

Description	Ref	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 FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other	1	66 282	92 421	110 829	13 347	1 905	1 905	1 905	4 500	4 739	4 971
Government - operating	1				80 694	966	966	966	90 976	94 601	99 331
Government - capital					25 935				31 461	33 269	34 932
Interest		2 512	1 644	556	450				400	421	442
Dividends											
Payments											
Suppliers and employees		(54 789)	(64 763)	(96 449)	(80 726)	4 482	4 482	4 482	59 785	62 953	66 038
Finance charges		(80)		(4)							
Transfers and Grants	1					(5 000)	(5 000)	(5 000)			
NET CASH FROM/(USED) OPERATING ACTIVITIES		13 926	29 301	14 932	39 700	2 353	2 353	2 353	187 122	195 983	205 714
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE				23							
Decrease (Increase) in non-current debtors											
Decrease (increase) other non-current receivables											
Decrease (increase) in non-current investments		16 666									
Payments											
Capital assets		(19 652)	(28 601)	(34 460)	(39 700)	(42 053)	(42 053)	(42 053)	92 487	97 389	102 161
NET CASH FROM/(USED) INVESTING ACTIVITIES		(2 985)	(28 601)	(34 437)	(39 700)	(42 053)	(42 053)	(42 053)	92 487	97 389	102 161
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing		3 873									
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing			(227)	6 085							
NET CASH FROM/(USED) FINANCING ACTIVITIES		3 873	(227)	6 085	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		14 813	473	(13 420)	-	(39 700)	(39 700)	(39 700)	279 608	293 371	307 874
Cash/cash equivalents at the year begin:		9 645	24 459	24 932					279 608	279 608	572 979
Cash/cash equivalents at the year end:	2	24 459	24 932	11 512		(39 700)	(39 700)	(39 700)	279 608	572 979	880 853

The above table shows that cash and cash equivalents of the Municipality were largely depleted between the 2008/09 and 2010/11 financial year.

2.6.3 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. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years

there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 24 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

EC135 Intsika Yethu - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	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	1	24 459	24 932	11 512	-	(39 700)	(39 700)	(39 700)	279 608	572 979	880 853
Other current investments > 90 days		2 524	2 857	828	-	49 775	49 775	49 775	(279 608)	(572 979)	(880 853)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		26 983	27 788	12 340	-	10 075	10 075	10 075	-	-	-
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(390 747)	(183 616)	(101 368)	-	(1 316)	(1 316)	(1 316)	-	-	-
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	430 051	228 328	127 722	3 700	-	-	-	3 907	4 103	-
Total Application of cash and investments:		39 304	44 712	26 354	3 700	(1 316)	(1 316)	(1 316)	3 907	4 103	-
Surplus(shortfall)		(12 321)	(16 924)	(14 014)	(3 700)	11 391	11 391	11 391	(3 907)	(4 103)	-

From the above table it can be seen that the cash and investments available total R26,354 million in the 2011/12 financial year and progressively increase, including the projected cash and cash equivalents as determined in the cash flow forecast.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.

2.6.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All 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 25 MBRR SA10 – Funding compliance measurement

EC135 Intsika Yethu Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	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	1	24 459	24 932	11 512	-	(39 700)	(39 700)	(39 700)	279 608	572 979	880 853
Cash + investments at the yr end less applications - R'000	18(1)b	2	(12 321)	(16 924)	(14 014)	(3 700)	11 391	11 391	11 391	(3 907)	(4 103)	-
Cash year end/monthly employee/supplier payments	18(1)b	3	2.6	2.2	0.8	-	(77.4)	(77.4)	(77.4)	33.7	65.5	96.0
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(55 337)	(64 193)	(85 019)	39 700	(3 515)	(3 515)	(3 515)	90 487	95 423	100 132
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	32.3%	93.8%	(9.9%)	(36.9%)	(6.0%)	(6.0%)	3473.6%	(0.7%)	(1.1%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	2190.1%	1541.0%	673.5%	97.8%	69.6%	69.6%	69.6%	4.5%	4.5%	4.5%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	110.1%	167.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital payments % of capital expenditure	18(1)c:19	8	0.0%	100.0%	100.3%	100.0%	1787.3%	1787.3%	1787.3%	(74.0%)	0.0%	0.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	(24.0%)	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	10	-	-	-	-	-	-	-	0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(29.9%)	32.7%	(100.0%)	0.0%	0.0%	0.0%	(100.0%)	0.0%	0.0%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(v)	13	0.0%	100.0%	55.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asset renewal % of capital budget	20(1)(v)	14	0.0%	100.0%	100.2%	13.0%	218.9%	218.9%	0.0%	1.7%	0.0%	0.0%

2.6.4.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. 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.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

2.6.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 25. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.4.3 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 Municipality 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 such as rate boycotts. Notably, the ratio has been falling significantly for the period 2007/08 to 2010/11, moving from 0.9 to (0.1) with the adopted 2010/11 MTREF. As part of the 2011/12 MTREF the municipalities improving cash position causes the ratio to move upwards to 1.0 and then reduces slightly to 0.9 for the outer years. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

2.6.4.4 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.

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

2.6.4.5 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 (which is currently 3 - 6 per cent). 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 9.4, 8.9 and 9.0 per cent for the respective financial year of the 2011/12 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 9 per cent, with the increase in electricity at 19 per cent 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. This trend will have to be carefully monitored and managed with the implementation of the budget.

2.6.4.6 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 95.2, 95.3 and 95.6 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 95 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. 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.

2.6.4.7 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 4.1, 4.0 and 4.0 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.6.4.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.6.4.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 63.6, 49.5 and 58.3 per cent of own funded capital. Further details relating to the borrowing strategy of the Municipality can be found on 66.

2.6.4.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

2.6.4.11 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtors accounts within 30 days.

2.6.4.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance is contained in Table 60 MBRR SA34C on page 90.

2.6.4.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR SA34b on page 89.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 26 MBRR SA19 - Expenditure on transfers and grant programmes

EC135 Intsika Yethu - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	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
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		43 449	58 358	71 276	80 694	-	-	90 976	94 601	99 331
Local Government Equitable Share					78 404			88 676	92 256	96 869
Local Government Equitable Share		42 464	56 858	69 276				1 500	1 500	1 575
Finance Management		250	1 000	1 250	1 500			800	845	887
Municipal Systems Improvement		735	500	750	790					
Other transfers/grants [insert description]										
Provincial Government:		5 586	-	1 630	-	-	-	-	-	-
IEC Project		5 586	-	1 630						
District Municipality:		2 008	4 829	5 705	-	-	-	-	-	-
Chris Hani District		2 008	4 829	5 705						
Other grant providers:		500	898	2 857	-	-	-	-	-	-
LG SETA: LED Grant:		500	898	2 857						
Total operating expenditure of Transfers and Grants:		51 543	64 084	81 469	80 694	-	-	90 976	94 601	99 331
Capital expenditure of Transfers and Grants										
National Government:		16 115	17 033	17 564	25 935	-	-	31 461	33 269	34 932
Municipal Infrastructure Grant (MIG)		16 115	17 033	17 564	25 935			31 461	33 269	34 932
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
Chris Hani District										
Other grant providers:		-	-	-	-	-	-	-	-	-
LG SETA: LED Grant:										
Total capital expenditure of Transfers and Grants		16 115	17 033	17 564	25 935	-	-	31 461	33 269	34 932
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		67 658	81 117	99 033	106 629	-	-	122 437	127 870	134 263

2.8 Councillor and employee benefits

Table 28 MBRR SA22 - Summary of councillor and staff benefits

EC135 Intsika Yethu - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	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
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		7 077	7 225	6 526	8 950			8 386	8 831	9 263
Pension and UIF Contributions										
Medical Aid Contributions										
Motor Vehicle Allowance					2 983			2 795	2 943	3 087
Cellphone Allowance					681			626	659	691
Housing Allowances										
Other benefits and allowances		2 562	3 044	4 351						
Sub Total - Councillors		9 639	10 269	10 877	12 615	-	-	11 807	12 433	13 042
% increase	4		6.5%	5.9%	16.0%	(100.0%)	-	-	5.3%	4.9%
Senior Managers of the Municipality										
Basic Salaries and Wages		1 970	2 338	3 185	5 216			5 738	6 042	6 338
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus		507	285	287						
Motor Vehicle Allowance										
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances		1 224	1 407	1 029						
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
Sub Total - Senior Managers of Municipality		3 700	4 031	4 501	5 216	-	-	5 738	6 042	6 338
% increase	4		8.9%	11.7%	15.9%	(100.0%)	-	-	5.3%	4.9%
Other Municipal Staff										
Basic Salaries and Wages		15 132	20 754	24 777	22 504			38 518	40 559	42 547
Pension and UIF Contributions		952	1 688	2 399	3 936			5 900	6 212	6 517
Medical Aid Contributions					1 367			2 063	2 172	2 279
Overtime					1 003			348	366	384
Performance Bonus					283			3 351	3 528	3 701
Motor Vehicle Allowance				536	1 137			1 751	1 844	1 934
Cellphone Allowance					84			270	284	298
Housing Allowances								340	358	376
Other benefits and allowances		3 289	5 339	11 052	2 465			1 275	1 343	1 409
Payments in lieu of leave										
Long service awards								2	2	2
Post-retirement benefit obligations		2 093	2 875	3 526						
Sub Total - Other Municipal Staff		21 466	30 655	42 290	32 779	-	-	53 817	56 670	59 446
% increase	4		42.8%	38.0%	(22.5%)	(100.0%)	-	-	5.3%	4.9%
Total Parent Municipality		34 805	44 955	57 669	50 609	-	-	71 362	75 145	78 827
			29.2%	28.3%	(12.2%)	(100.0%)	-	-	5.3%	4.9%
Board Members 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										
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
Sub Total - Board Members of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
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	4		-	-	-	-	-	-	-	-
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	4		-	-	-	-	-	-	-	-
Total Municipal Entities		-	-	-	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS		34 805	44 955	57 669	50 609	-	-	71 362	75 145	78 827
% increase	4		29.2%	28.3%	(12.2%)	(100.0%)	-	-	5.3%	4.9%
TOTAL MANAGERS AND STAFF	5	25 166	34 686	46 792	37 995	-	-	59 555	62 712	65 785

Table 29 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

EC135 Intsika Yethu - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum	No.		1.				2.
Councillors	3						
Speaker	4						-
Chief Whip							-
Executive Mayor							-
Deputy Executive Mayor							-
Executive Committee							-
Total for all other councillors		8 386 200		3 420 968			11 807 168
Total Councillors	8	-	8 386 200	-	3 420 968		11 807 168
Senior Managers of the Municipality	5						
Municipal Manager (MM)		625 826	104 305	312 914			1 043 045
Chief Finance Officer		563 381	93 897	281 691			938 969
							-
							-
							-
<i>List of each official with packages >= senior manager</i>							
Director -Infrastructure		563 381	93 897	281 691			938 969
Director -Community services		563 381	93 897	281 691			938 969
Director -Corporate Services		563 381	93 897	281 691			938 969
Director -LED		563 381	93 897	281 691			938 969
							-
							-
							-
							-
							-
							-
							-
Total Senior Managers of the Municipality	8	-	3 442 731	573 790	1 721 369	-	5 737 890
A Heading for Each Entity	6.7						
List each member of board by designation							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
Total for municipal entities	8	-	-	-	-	-	-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION		-	11 828 931	573 790	5 142 337	-	17 545 058

(Note that National Treasury has deliberately left the above table blank so as not to appear to be setting benchmarks for acceptable remuneration levels for the relevant positions. Municipalities MUST, however, provide the required information as applicable to their municipalities)

Table 30 MBRR SA24 – Summary of personnel numbers

EC135 Intsika Yethu - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	Ref	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)		42			42			42		
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3	6			6			6		
Other Managers	7	13						13		
Professionals					4	4		28	28	
<i>Finance</i>					4	4		4	4	
<i>Spatial/town planning</i>										
<i>Information Technology</i>										
<i>Roads</i>								5	5	
<i>Electricity</i>										
<i>Water</i>										
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>								19	19	
Technicians								107	107	
<i>Finance</i>										
<i>Spatial/town planning</i>										
<i>Information Technology</i>										
<i>Roads</i>										
<i>Electricity</i>								1	1	
<i>Water</i>										
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>								106	106	
Clerks (Clerical and administrative)								49	49	
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
TOTAL PERSONNEL NUMBERS		61	-	-	52	4	-	245	184	-
% increase					(14.8%)	-	-	371.2%	4 500.0%	-
Total municipal employees headcount	6									
Finance personnel headcount	8									
Human Resources personnel headcount	8									

2.9 Monthly targets for revenue, expenditure and cash flow

Table 31 MBRR SA25 - Budgeted monthly revenue and expenditure

EC135 Intsika Yethu - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	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				900	900	900	900	900						4 500	4 739	4 971
Property rates - penalties & collection charges														-	-	-
Service charges - electricity revenue														-	-	-
Service charges - water revenue														-	-	-
Service charges - sanitation revenue														-	-	-
Service charges - refuse revenue		8	8	8	8	8	8	8	8	8	8	8	8	100	105	110
Service charges - other		9 724	9 724	9 724	9 724	9 724	9 724	9 724	9 724	9 724	9 724	9 724	(21 737)	85 231	89 748	94 146
Rental of facilities and equipment		25	25	25	25	25	25	25	25	25	25	25	25	300	316	331
Interest earned - external investments		25	25	25	25	25	25	25	25	25	25	25	25	300	316	331
Interest earned - outstanding debtors		8	8	8	8	8	8	8	8	8	8	8	8	100	105	110
Dividends received														-	-	-
Fines		50	50	50	50	50	50	50	50	50	50	50	50	600	632	663
Licences and permits		9	9	9	9	9	9	9	9	9	9	9	9	105	111	116
Agency services		100	100	100	100	100	100	100	100	100	100	100	100	1 200	1 264	1 326
Transfers recognised - operational		31 858				29 559				29 559			0	90 976	94 601	99 331
Other revenue		730	730	730	730	730	730	730	730	730	730	730	731	8 761	9 225	9 677
Gains on disposal of PPE														-	-	-
Total Revenue (excluding capital transfers and contributions)		42 538	10 680	11 580	11 580	41 139	11 580	11 580	10 680	40 239	10 680	10 680	(20 781)	192 173	201 161	211 112
Expenditure By Type																
Employee related costs		4 963	4 963	4 963	4 963	4 963	4 963	4 963	4 963	4 963	4 963	4 963	4 962	59 555	62 712	65 785
Remuneration of councillors		984	984	984	984	984	984	984	984	984	984	984	984	11 807	12 433	13 042
Debt impairment														-	-	-
Depreciation & asset impairment														-	-	-
Finance charges														-	-	-
Bulk purchases														-	-	-
Other materials													8 020	8 020	8 445	8 859
Contracted services														-	-	-
Transfers and grants		500	500	500	500	500	500	500	500	500	500	500	500	6 000	6 318	6 628
Other expenditure		3 980	3 980	3 980	3 980	3 980	3 980	3 980	3 980	3 980	3 980	3 980	3 980	47 765	50 296	52 761
Loss on disposal of PPE														-	-	-
Total Expenditure		10 427	10 427	10 427	10 427	10 427	10 427	10 427	10 427	10 427	10 427	10 427	18 446	133 147	140 204	147 074
Surplus/(Deficit)		32 110	252	1 152	1 152	30 711	1 152	1 152	252	29 811	252	252	(39 227)	59 026	60 957	64 039
Transfers recognised - capital		10 487				10 487				10 487				31 461	34 466	36 093
Contributions recognised - capital														-	-	-
Contributed assets														-	-	-
Surplus/(Deficit) after capital transfers & contributions		42 597	252	1 152	1 152	41 198	1 152	1 152	252	40 298	252	252	(39 227)	90 487	95 423	100 132
Taxation														-	-	-
Attributable to minorities														-	-	-
Share of surplus/ (deficit) of associate														-	-	-
Surplus/(Deficit)	1	42 597	252	1 152	1 152	41 198	1 152	1 152	252	40 298	252	252	(39 227)	90 487	95 423	100 132

Table 32 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

EC135 Intsika Yethu - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	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 Vote																
Vote 1 - Exco and Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		333	333	333	333	333	333	333	333	333	333	333	333	4 000	4 212	4 418
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Infrastructure Planning and Development		10 572	85	85	85	10 572	85	85	85	10 572	85	85	85	32 481	34 343	36 059
Vote 5 - Community Services		35	35	35	35	35	35	35	35	35	35	35	35	417	439	461
Vote 6 - Budget and Treasury		8 895	8 895	8 895	8 895	8 895	8 895	8 895	8 895	8 895	8 895	8 895	8 894	106 737	112 394	117 901
Vote 7 - Local Economic Development		9	9	9	9	9	9	9	9	9	9	9	9	105	111	116
Vote 8 - Water Services		6 658	6 658	6 658	6 658	6 658	6 658	6 658	6 658	6 658	6 658	6 658	6 658	79 894	84 128	88 251
Vote 9 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote		26 501	16 014	16 014	16 014	26 501	16 014	16 014	16 014	26 501	16 014	16 014	16 014	223 634	235 627	247 206
Expenditure by Vote to be appropriated																
Vote 1 - Exco and Council		1 496	1 496	1 496	1 496	1 496	1 496	1 496	1 496	1 496	1 496	1 496	1 497	17 957	18 909	19 835
Vote 2 - Municipal Manager		654	654	654	654	654	654	654	654	654	654	654	654	7 850	8 266	8 671
Vote 3 - Corporate Services		976	976	976	976	976	976	976	976	976	976	976	976	11 713	12 333	12 938
Vote 4 - Infrastructure Planning and Development		1 504	1 504	1 504	1 504	1 504	1 504	1 504	1 504	1 504	1 504	1 504	1 505	18 051	19 008	19 939
Vote 5 - Community Services		1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 170	1 027	13 895	14 632	15 349
Vote 6 - Budget and Treasury		1 896	1 896	1 896	1 896	1 896	1 896	1 896	1 896	1 896	1 896	1 896	1 896	22 747	23 953	25 126
Vote 7 - Local Economic Development		345	345	345	345	345	345	345	345	345	345	345	345	4 140	4 359	4 573
Vote 8 - Water Services		3 066	3 066	3 066	3 066	3 066	3 066	3 066	3 066	3 066	3 066	3 066	3 066	36 794	38 744	40 643
Vote 9 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote		11 107	11 107	11 107	11 107	11 107	11 107	11 107	11 107	11 107	11 107	11 107	10 964	133 147	140 204	147 074
Surplus/(Deficit) before assoc.		15 394	4 907	4 907	4 907	15 394	4 907	4 907	4 907	15 394	4 907	4 907	5 050	90 487	95 423	100 132
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	15 394	4 907	4 907	4 907	15 394	4 907	4 907	4 907	15 394	4 907	4 907	5 050	90 487	95 423	100 132

Table 33 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

EC135 Intsika Yethu - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	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>		9 228	9 228	9 228	9 228	9 228	9 228	9 228	9 228	9 228	9 228	9 228	9 228	110 737	116 606	122 319
Executive and council		333	333	333	333	333	333	333	333	333	333	333	333	4 000	4 212	4 418
Budget and treasury office		8 895	8 895	8 895	8 895	8 895	8 895	8 895	8 895	8 895	8 895	8 895	8 894	106 737	112 394	117 901
Corporate services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		35	35	35	35	35	35	35	35	35	35	35	35	417	439	461
Community and social services		35	35	35	35	35	35	35	35	35	35	35	35	417	439	461
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		2 716	2 716	2 716	2 716	2 716	2 716	2 716	2 716	2 716	2 716	2 716	2 716	32 586	34 454	36 175
Planning and development		9	9	9	9	9	9	9	9	9	9	9	9	105	111	116
Road transport		2 707	2 707	2 707	2 707	2 707	2 707	2 707	2 707	2 707	2 707	2 707	2 707	32 481	34 343	36 059
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		6 658	6 658	6 658	6 658	6 658	6 658	6 658	6 658	6 658	6 658	6 658	6 658	79 894	84 128	88 251
Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water		6 658	6 658	6 658	6 658	6 658	6 658	6 658	6 658	6 658	6 658	6 658	6 658	79 894	84 128	88 251
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Standard		18 636	18 636	18 636	18 636	18 636	18 636	18 636	18 636	18 636	18 636	18 636	18 636	223 634	235 627	247 206
Expenditure - Standard																
<i>Governance and administration</i>		4 057	4 057	4 057	4 057	4 057	4 057	4 057	4 057	4 057	4 057	4 057	15 644	60 266	63 460	66 570
Executive and council		1 981	1 981	1 981	1 981	1 981	1 981	1 981	1 981	1 981	1 981	1 981	4 019	25 807	27 174	28 506
Budget and treasury office		1 387	1 387	1 387	1 387	1 387	1 387	1 387	1 387	1 387	1 387	1 387	7 495	22 747	23 953	25 126
Corporate services		689	689	689	689	689	689	689	689	689	689	689	4 130	11 713	12 333	12 938
<i>Community and public safety</i>		1 108	1 108	1 108	1 108	1 108	1 108	1 108	1 108	1 108	1 108	1 108	1 710	13 895	14 632	15 349
Community and social services		1 103	1 103	1 103	1 103	1 103	1 103	1 103	1 103	1 103	1 103	1 103	1 765	13 895	14 632	15 349
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		5	5	5	5	5	5	5	5	5	5	5	(55)	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		1 563	1 563	1 563	1 563	1 563	1 563	1 563	1 563	1 563	1 563	1 563	5 001	22 191	23 367	24 512
Planning and development		286	286	286	286	286	286	286	286	286	286	286	999	4 140	4 359	4 573
Road transport		1 277	1 277	1 277	1 277	1 277	1 277	1 277	1 277	1 277	1 277	1 277	4 002	18 051	19 008	19 939
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-	36 794	36 794	38 744	40 643
Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-	36 794	36 794	38 744	40 643
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard		6 727	6 727	6 727	6 727	6 727	6 727	6 727	6 727	6 727	6 727	6 727	59 148	133 147	140 204	147 074
Surplus/(Deficit) before assoc.		11 909	11 909	11 909	11 909	11 909	11 909	11 909	11 909	11 909	11 909	11 909	(40 512)	90 487	95 423	100 132
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	11 909	11 909	11 909	11 909	11 909	11 909	11 909	11 909	11 909	11 909	11 909	(40 512)	90 487	95 423	100 132

Table 34 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

EC135 Intsika Yethu - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	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	1															
Vote 1 - Exco and Council																
Vote 2 - Municipal Manager																
Vote 3 - Corporate Services																
Vote 4 - Infrastructure Planning and Development		3 513	3 513	3 513	3 513	3 513	3 513	3 513	3 513	3 513	3 513	3 513	3 513	42 161	-	-
Vote 5 - Community Services		183	183	183	183	183	183	183	183	183	183	183	299	2 316	-	-
Vote 6 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Local Economic Development		333	333	333	333	333	333	333	333	333	333	333	2 130	5 797	-	-
Vote 8 - Water Services		3 592	3 592	3 592	3 592	3 592	3 592	3 592	3 592	3 592	3 592	3 592	3 592	43 100	-	-
Vote 9 -																
Vote 10 -																
Vote 11 -																
Vote 12 -																
Vote 13 -																
Vote 14 -																
Vote 15 -																
Capital multi-year expenditure sub-total	2	7 622	7 622	7 622	7 622	7 622	7 622	7 622	7 622	7 622	7 622	7 622	9 535	93 374	-	-
Single-year expenditure to be appropriated																
Vote 1 - Exco and Council																
Vote 2 - Municipal Manager																
Vote 3 - Corporate Services																
Vote 4 - Infrastructure Planning and Development													31 641	31 641	-	-
Vote 5 - Community Services																
Vote 6 - Budget and Treasury																
Vote 7 - Local Economic Development																
Vote 8 - Water Services																
Vote 9 -																
Vote 10 -																
Vote 11 -																
Vote 12 -																
Vote 13 -																
Vote 14 -																
Vote 15 -																
Capital single-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	31 641	31 641	-	-
Total Capital Expenditure	2	7 622	7 622	7 622	7 622	7 622	7 622	7 622	7 622	7 622	7 622	7 622	41 176	125 015	-	-

Table 35 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

EC135 Intsika Yethu - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	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	1															
<i>Governance and administration</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Executive and council																
Budget and treasury office																
Corporate services																
<i>Community and public safety</i>		193	193	193	193	193	193	193	193	193	193	193	193	193	2 316	2 438
Community and social services		193	193	193	193	193	193	193	193	193	193	193	193	193	2 316	2 438
Sport and recreation																
Public safety																
Housing																
Health																
<i>Economic and environmental services</i>		3 923	3 923	3 923	3 923	3 923	3 923	3 923	3 923	3 923	3 923	3 923	3 923	3 923	47 071	49 566
Planning and development		409	409	409	409	409	409	409	409	409	409	409	409	409	4 910	5 170
Road transport		3 513	3 513	3 513	3 513	3 513	3 513	3 513	3 513	3 513	3 513	3 513	3 513	3 513	42 161	44 396
Environmental protection																
<i>Trading services</i>		3 592	3 592	3 592	3 592	3 592	3 592	3 592	3 592	3 592	3 592	3 592	3 592	3 592	43 100	45 384
Electricity																
Water		3 592	3 592	3 592	3 592	3 592	3 592	3 592	3 592	3 592	3 592	3 592	3 592	3 592	43 100	45 384
Waste water management																
Waste management																
<i>Other</i>																
Total Capital Expenditure - Standard	2	7 707	7 707	7 707	7 707	7 707	7 707	7 707	7 707	7 707	7 707	7 707	7 707	40 235	125 015	97 389

Table 36 MBRR SA30 - Budgeted monthly cash flow

EC135 Intsika Yethu - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	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															
Cash Receipts By Source													1		
Property rates			900	900	900	900	900						4 500	4 739	4 971
Property rates - penalties & collection charges													-		
Service charges - electricity revenue													-		
Service charges - water revenue													-		
Service charges - sanitation revenue													-		
Service charges - refuse revenue		9	9	9	9	9	9	9	9	9	9	9	100	105	110
Service charges - other		7 748	7 748	7 748	7 748	7 748	7 748	7 748	7 748	7 748	7 748	7 748	85 231	89 748	94 146
Rental of facilities and equipment		27	27	27	27	27	27	27	27	27	27	27	300	316	331
Interest earned - external investments		27	27	27	27	27	27	27	27	27	27	27	300	316	331
Interest earned - outstanding debtors		9	9	9	9	9	9	9	9	9	9	9	100	105	110
Dividends received													-		
Fines		55	55	55	55	55	55	55	55	55	55	55	600	632	663
Licences and permits		10	10	10	10	10	10	10	10	10	10	10	105	111	116
Agency services		109	109	109	109	109	109	109	109	109	109	109	1 200	1 264	1 326
Transfer receipts - operational		31 858			29 559				29 559			0	90 976	94 601	99 331
Other revenue		796	796	796	796	796	796	796	796	796	796	796	8 761	9 225	9 677
Cash Receipts by Source	-	40 649	9 691	9 691	39 250	9 691	9 691	8 791	38 350	8 791	8 791	8 790	192 173	201 161	211 112
Other Cash Flows by Source															
Transfer receipts - capital		10 487				10 487				10 487			31 461	33 269	34 932
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	-	51 136	9 691	9 691	39 250	20 178	9 691	8 791	38 350	19 278	8 791	8 790	223 634	234 430	246 045
Cash Payments by Type															
Employee related costs	3 166	4 963	4 963	4 963	4 963	4 963	4 963	4 963	4 963	4 963	4 963	6 760	59 555	62 711	65 784
Remuneration of councillors	1 051	984	984	984	984	984	984	984	984	984	984	917	11 807	12 433	13 042
Finance charges													-		
Bulk purchases - Electricity													-		
Bulk purchases - Water & Sewer													-		
Other materials													-		
Contracted services													-		
Transfers and grants - other municipalities													-		
Transfers and grants - other													-		
Other expenditure	2 510	4 480	4 480	4 480	4 480	4 480	4 480	4 480	4 480	4 480	4 480	12 471	59 785	62 953	66 038
Cash Payments by Type	6 727	10 427	10 427	10 427	10 427	10 427	10 427	10 427	10 427	10 427	10 427	20 147	131 147	138 097	144 864
Other Cash Flows/Payments by Type															
Capital assets													-		
Repayment of borrowing													-		
Other Cash Flows/Payments													-		
Total Cash Payments by Type	6 727	10 427	10 427	10 427	10 427	10 427	10 427	10 427	10 427	10 427	10 427	20 147	131 147	138 097	144 864
NET INCREASE/(DECREASE) IN CASH HELD	(6 727)	40 708	(737)	(737)	28 822	9 750	(737)	(1 637)	27 922	8 850	(1 637)	(11 357)	92 487	96 333	101 181
Cash/cash equivalents at the month/year begin:		(6 727)	33 981	33 245	32 508	61 330	71 081	70 344	68 708	96 630	105 480	103 844	-	92 487	188 820
Cash/cash equivalents at the month/year end:	(6 727)	33 981	33 245	32 508	61 330	71 081	70 344	68 708	96 630	105 480	103 844	92 487	92 487	188 820	290 000

2.10 Annual budgets and SDBIPs – internal departments

2.11 Contracts having future budgetary implications

In terms of the Municipality'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.

2.12 Capital expenditure details

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

Table 37 MBRR SA 34a - Capital expenditure on new assets by asset class

EC135 Intsika Yethu - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	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		-	23 675	26 028	33 235	33 235	33 235	42 161	44 536	46 752
Infrastructure - Road transport		-	-	-	25 935	25 935	25 935	31 461	33 269	34 932
<i>Roads, Pavements & Bridges</i>					25 935	25 935	25 935	31 461	33 269	34 932
<i>Storm water</i>										
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
<i>Generation</i>										
<i>Transmission & Reticulation</i>										
<i>Street Lighting</i>										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
<i>Dams & Reservoirs</i>										
<i>Water purification</i>										
<i>Reticulation</i>										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
<i>Reticulation</i>										
<i>Sewerage purification</i>										
Infrastructure - Other		-	23 675	26 028	7 300	7 300	7 300	10 700	11 267	11 819
<i>Waste Management</i>					250	250	250	150	158	166
<i>Transportation</i>	2				1 900	1 900	1 900	2 000	2 106	2 209
<i>Gas</i>										
<i>Other</i>	3		23 675	26 028	5 150	5 150	5 150	8 550	9 003	9 444
Community		-	3 150	3 150	-	-	-	-	-	-
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other			3 150	3 150						
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		-	1 776	5 181	1 315	1 315	1 315	-	-	-
General vehicles				1 290						
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment					300	300	300			
Computers - hardware/equipment				185	1 015	1 015	1 015			
Furniture and other office equipment				926						
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings				2 780						
Other Land										
Surplus Assets - (Investment or Inventory)										
Other			1 776							
Agricultural assets		-	-	-	-	-	-	4 910	5 170	5 424
<i>Goat improvement project</i>								3 410	3 591	3 767
<i>Wool improvement project</i>								1 500	1 580	1 657
Biological assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Intangibles		-	-	58	-	-	-	-	-	-
Computers - software & programming				58						
Other (<i>list sub-class</i>)										
Total Capital Expenditure on new assets	1	-	28 601	34 416	34 550	34 550	34 550	47 071	49 706	52 175
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										

Table 38 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

EC135 Intsika Yethu - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	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 renewal of existing assets by Asset Class/Sub-class										
Infrastructure		-	23 675	26 028	2 950	2 950	2 950	2 166	2 280	2 392
Infrastructure - Road transport		-	-	-	1 000	1 000	1 000	-	-	-
<i>Roads, Pavements & Bridges</i>										
<i>Storm water</i>					1 000	1 000	1 000			
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
<i>Generation</i>										
<i>Transmission & Reticulation</i>										
<i>Street Lighting</i>										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
<i>Dams & Reservoirs</i>										
<i>Water purification</i>										
<i>Reticulation</i>										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
<i>Reticulation</i>										
<i>Sewerage purification</i>										
Infrastructure - Other		-	23 675	26 028	1 950	1 950	1 950	2 166	2 280	2 392
<i>Waste Management</i>					1 950	1 950	1 950	2 166	2 280	2 392
<i>Transportation</i>										
<i>Gas</i>										
<i>Other</i>			23 675	26 028						
Community		-	3 150	3 150	-	-	-	-	-	-
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses										
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing										
Other			3 150	3 150						
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other										
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		-	1 776	5 181	2 200	2 200	2 200	-	-	-
General vehicles				1 290						
Specialised vehicles				-						
Plant & equipment										
Computers - hardware/equipment				185						
Furniture and other office equipment				926						
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings				2 780	1 000	1 000	1 000			
Other Land										
Surplus Assets - (Investment or Inventory)										
Other			1 776		1 200	1 200	1 200			
Agricultural assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Biological assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Intangibles		-	-	58	-	-	-	-	-	-
Computers - software & programming										
Other (<i>list sub-class</i>)				58						
Total Capital Expenditure on renewal of existing assets	1	-	28 601	34 416	5 150	5 150	5 150	2 166	2 280	2 392
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										
Ambulances										
Renewal of Existing Assets as % of total capex		0.0%	50.0%	50.0%	13.0%	13.0%	13.0%	4.4%	4.4%	4.4%
Renewal of Existing Assets as % of deprecn*		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Table 39 MBRR SA34c - Repairs and maintenance expenditure by asset class

EC135 Intsika Yethu - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	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
Repairs and maintenance expenditure by Asset Class/Sub-class	1									
Infrastructure		-	23 675	26 028	-	-	-	7 270	7 655	8 030
Infrastructure - Road transport		-	-	-	-	-	-	7 270	7 655	8 030
<i>Roads, Pavements & Bridges</i>								7 270	7 655	8 030
<i>Storm water</i>										
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
<i>Generation</i>										
<i>Transmission & Reticulation</i>										
<i>Street Lighting</i>										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
<i>Dams & Reservoirs</i>										
<i>Water purification</i>										
<i>Reticulation</i>										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
<i>Reticulation</i>										
<i>Sewerage purification</i>										
Infrastructure - Other		-	23 675	26 028	-	-	-	-	-	-
<i>Waste Management</i>										
<i>Transportation</i>	2									
<i>Gas</i>										
<i>Other</i>	3		23 675	26 028						
Community		-	3 150	3 150	-	-	-	-	-	-
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency	7									
Security and policing										
Buses										
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other			3 150	3 150						
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		-	1 776	5 181	1 500	-	-	4 750	5 002	5 247
General vehicles				1 290	1 500			2 600	2 738	2 872
Specialised vehicles										
Plant & equipment										
Computers - hardware/equipment				185						
Furniture and other office equipment				926						
Abattoirs										
Markets										
Civic Land and Buildings							2 150	2 264	2 375	
Other Buildings				2 780						
Other Land										
Surplus Assets - (Investment or Inventory)										
Other			1 776							
Agricultural assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Biological assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Intangibles		-	-	58	-	-	-	-	-	-
Computers - software & programming										
Other (<i>list sub-class</i>)				58						
Total Repairs and Maintenance Expenditure	1	-	28 601	34 416	1 500	-	-	12 020	12 657	13 277
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										
Ambulances										
RAM as a % of PPE		0.0%	100.0%	55.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
March 2011 expenditure		0.0%	18.7%	17.1%	1.9%	0.0%	0.0%	9.0%	9.0%	9.0%

Table 40 MBRR SA35 - Future financial implications of the capital budget

EC135 Intsika Yethu - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	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	1							
Vote 1 - Exco and Council		-	-	-				
Vote 2 - Municipal Manager		-	-	-				
Vote 3 - Corporate Services		-	-	-				
Vote 4 - Infrastructure Planning and Development		73 802	-	-				
Vote 5 - Community Services		2 316	-	-				
Vote 6 - Budget and Treasury		-	-	-				
Vote 7 - Local Economic Development		5 797	-	-				
Vote 8 - Water Services		43 100	-	-				
Vote 9 -		-	-	-				
Vote 10 -		-	-	-				
Vote 11 -		-	-	-				
Vote 12 -		-	-	-				
Vote 13 -		-	-	-				
Vote 14 -		-	-	-				
Vote 15 -		-	-	-				
<i>List entity summary if applicable</i>								
Total Capital Expenditure		125 015	-	-	-	-	-	-
Future operational costs by vote	2							
Vote 1 - Exco and Council		17 030	17 932	17 864				
Vote 2 - Municipal Manager		8 070	8 498	8 466				
Vote 3 - Corporate Services		8 735	9 198	9 163				
Vote 4 - Infrastructure Planning and Development		16 185	17 043	16 978				
Vote 5 - Community Services		14 038	14 782	14 726				
Vote 6 - Budget and Treasury		17 571	18 502	18 432				
Vote 7 - Local Economic Development		3 618	3 810	3 795				
Vote 8 - Water Services								
Vote 9 -								
Vote 10 -								
Vote 11 -								
Vote 12 -								
Vote 13 -								
Vote 14 -								
Vote 15 -								
<i>List entity summary if applicable</i>								
Total future operational costs		85 247	89 765	89 424	-	-	-	-
Future revenue by source	3							
Property rates		4 500	4 752	4 990				
Property rates - penalties & collection charges								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue		100	106	111				
Service charges - other								
Rental of facilities and equipment		1 200	1 267	1 331				
<i>List other revenues sources if applicable</i>		217 834	228 608	240 039				
<i>List entity summary if applicable</i>								
Total future revenue		223 634	234 733	246 470	-	-	-	-
Net Financial Implications		(13 372)	(144 969)	(157 047)	-	-	-	-

Table 41 MBRR SA36 - Detailed capital budget per municipal vote

EC135 Intsika Yethu - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	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	Ward location	New or renewal
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>																
Land fill site				SNC-23					1 950	1 833	1 950	2 046	2 154	2 260		Renewal
Waste equipment				snc-24					250	650	250	150	158	166		Renewal
Road block trailer									650		650	120	126	13		Renewal
Genetic Improvement				ED&P-16					200		200					
Mshanyana Dryland Project				ED&P-16					1 100	1 100	1 100					
Mahlubini				ED&P-16					600		600					
Intsika grain				ED&P-16					100		100					
Hydrof				ED&P-16					200		200					
Famers Project				ED&P-16					100	75	100					
Local Tourism Organisation				ED&P-20					100	120	100					
Lubisi Dam Project				ED&P-20					800		800					
Marketing				ED&P-20					500	400	500					
Tourism SMME				ED&P-20					100	200	100					
SMME Support Initiatives				ED&P-20					200	300						
Income Generating Programmes				ED&P-20					200	2 900						
Rehabilitation of Stomwater				IC-44					1 000	2 500						
Parent Capital expenditure	1											2 316	2 438	2 439		
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									10 078	6 650	2 316	2 438	2 439			

Table 42 MBRR SA37 - Projects delayed from previous financial year

EC135 Intsika Yethu - Supporting Table SA37 Projects delayed from previous financial year/s

Municipal Vote/Capital project	Ref. 1,2	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to complete Year	Current Year 2011/12		2012/13 Medium Term Revenue & Expenditure Framework		
								Original Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand												
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>				<i>Examples</i>	<i>Examples</i>							
Land fill site		Land fill site					1 833	1 950	1 950	2 046	2 154	2 260
Waste equipment		Waste equipment					650	250	250	150	158	166
Road block trailer		Road block trailer						650	650	120	126	13

2.13 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 progressively improved and includes monthly published financial performance on the Municipal website.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Of the five interns one has been appointed permanently from June 2011.
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 and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2010/11 MTREF in May 2010 directly aligned and informed by the 2011/12 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.
8. 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.

2.14 Other supporting documents

Table 43 MBRR Table SA1 - Supporting detail to budgeted financial performance

EC135 Intsika Yethu - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	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											
REVENUE ITEMS:											
Property rates											
Total Property Rates	6	1 074	1 618	3 402	3 276				4 500	4 739	4 971
<i>less Revenue Foregone</i>											
Net Property Rates		1 074	1 618	3 402	3 276	-	-	-	4 500	4 739	4 971
Service charges - electricity revenue											
Total Service charges - electricity revenue	6										
<i>less Revenue Foregone</i>											
Net Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-
Service charges - water revenue											
Total Service charges - water revenue	6										
<i>less Revenue Foregone</i>											
Net Service charges - water revenue		-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue											
Total Service charges - sanitation revenue	6										
<i>less Revenue Foregone</i>											
Net Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue											
Total refuse removal revenue	6	293	273	376	100				100	105	110
Total landfill revenue											
<i>less Revenue Foregone</i>											
Net Service charges - refuse revenue		293	273	376	100	-	-	-	100	105	110
Other Revenue by source											
SARS					8 919				8 761	9 225	9 677
Cemetry											
Service charges											
Pound fees											
Pound Auction charges											
Toilet fees											
Sports fields											
Tender receipts											
Business licences											
Equipment hire											
Chair hire											
Other	3	394	2 608	10 356							
Total 'Other' Revenue	1	394	2 608	10 356	8 919	-	-	-	8 761	9 225	9 677
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	15 132	20 754	24 777	27 721				44 256	46 601	48 885
Pension and UIF Contributions		952	1 688	2 777	5 739				5 900	6 212	6 517
Medical Aid Contributions					1 360				2 063	2 172	2 279
Overtime		453	384	968	1 137				348	366	384
Performance Bonus		1 157	1 312	1 434	10				3 351	3 528	3 701
Motor Vehicle Allowance		290	327	536	1 822				1 751	1 844	1 934
Cellphone Allowance									270	284	298
Housing Allowances					206				340	358	376
Other benefits and allowances		1 390	3 196	7 364					1 275	1 343	1 409
Payments in lieu of leave				909							
Long service awards		-	119						2	2	2
Post-retirement benefit obligations	4	2 093	2 875	3 526							
<i>sub-total</i>	5	21 466	30 655	42 290	37 995	-	-	-	59 555	62 712	65 785
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	21 466	30 655	42 290	37 995	-	-	-	59 555	62 712	65 785
Contributions recognised - capital											
<i>List contributions by contract</i>											
Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment											
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE	10										
Total Depreciation & asset impairment	1	-	-	-	-	-	-	-	-	-	-
Bulk purchases											
Electricity Bulk Purchases				352							
Water Bulk Purchases											
Total bulk purchases	1	-	-	352	-	-	-	-	-	-	-
Transfers and grants											
Cash transfers and grants		67 658	81 117	99 033	6 000	6 000	6 000	6 000	6 000	6 318	6 628
Non-cash transfers and grants		-	-	-	-	-	-	-	-	-	-
Total transfers and grants	1	67 658	81 117	99 033	6 000	6 000	6 000	6 000	6 000	6 318	6 628
Contracted services											
<i>List services provided by contract</i>											
Red Guard Security		188	113	218							

**Table 64 MBRR Table SA1 - Supporting detail to budgeted financial performance
(Continued)**

Table 44 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

EC135 Intsika Yethu - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - Exco and Council	Vote 2 - Municipal Manager	Vote 3 - Corporate Services	Vote 4 - Infrastructure Planning and Development	Vote 5 - Community Services	Vote 6 - Budget and Treasury	Vote 7 - Local Economic Development	Vote 8 - Water Services	Vote 9 -	Vote 10 -	Vote 11 -	Vote 12 -	Vote 13 -	Vote 14 -	Vote 15 -	Total
R thousand	1																
Revenue By Source																	
Property rates							4 500										4 500
Property rates - penalties & collection charges																	-
Service charges - electricity revenue																	-
Service charges - water revenue																	-
Service charges - sanitation revenue																	-
Service charges - refuse revenue						100											100
Service charges - other						217											217
Rental of facilities and equipment																	-
Interest earned - external investments																	-
Interest earned - outstanding debtors							100										100
Dividends received																	-
Fines																	-
Licences and permits																	-
Agency services							1 200										1 200
Other revenue			4 000		1 020	100	9 961	105									15 186
Transfers recognised - operational					31 461		90 976		79 894								202 331
Gains on disposal of PPE																	-
Total Revenue (excluding capital transfers and contribution)		-	4 000	-	32 481	417	106 737	105	79 894	-	-	-	-	-	-	-	223 634
Expenditure By Type																	
Employee related costs			5 223	7 267	7 530	12 708	7 185	3 725	15 917								59 555
Remuneration of councillors		11 807															11 807
Debt impairment																	-
Depreciation & asset impairment																	-
Finance charges																	-
Bulk purchases																	-
Other materials																	-
Contracted services																	-
Transfers and grants																	-
Other expenditure		6 150	2 627	4 446	10 521	1 187	15 562	415	20 877								61 785
Loss on disposal of PPE																	-
Total Expenditure		17 957	7 850	11 713	18 051	13 895	22 747	4 140	36 794	-	-	-	-	-	-	-	133 147
Surplus/(Deficit)		(17 957)	(3 850)	(11 713)	14 430	(13 478)	83 989	(4 035)	43 100	-	-	-	-	-	-	-	90 487
Transfers recognised - capital					(31 461)												(31 461)
Contributions recognised - capital																	-
Contributed assets																	-
Surplus/(Deficit) after capital transfers & contributions		(17 957)	(3 850)	(11 713)	(17 031)	(13 478)	83 989	(4 035)	43 100	-	-	-	-	-	-	-	59 026

Table 45 MBRR Table SA3 – Supporting detail to Statement of Financial Position

EC135 Intsika Yethu - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	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											
ASSETS											
Call investment deposits											
Call deposits < 90 days		209									
Other current investments > 90 days		2 315	2 857	2 405							
Total Call investment deposits	2	2 524	2 857	2 405	-	-	-	-	-	-	-
Consumer debtors											
Consumer debtors		6 488	10 186	3 864							
Less: Provision for debt impairment											
Total Consumer debtors	2	6 488	10 186	3 864	-	-	-	-	-	-	-
Debt impairment provision											
Balance at the beginning of the year											
Contributions to the provision			1 148								
Bad debts written off			2 819								
Balance at end of year		-	3 967	-	-	-	-	-	-	-	-
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)			28 601	61 697							
Leases recognised as PPE											
Less: Accumulated depreciation											
Total Property, plant and equipment (PPE)	2	-	28 601	61 697	-	-	-	-	-	-	-
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities		192	122	349							
Total Current liabilities - Borrowing		192	122	349	-	-	-	-	-	-	-
Trade and other payables											
Trade and other creditors		3 734	11 064	11 518							
Unspent conditional transfers											
VAT											
Total Trade and other payables	2	3 734	11 064	11 518	-	-	-	-	-	-	-
Non current liabilities - Borrowing											
Borrowing		3 681	3 524	9 343							
Finance leases (including PPP asset element)											
Total Non current liabilities - Borrowing	4	3 681	3 524	9 343	-	-	-	-	-	-	-
Provisions - non-current											
Retirement benefits											
List other major provision items											
Refuse landfill site rehabilitation											
Other				3 134							
Total Provisions - non-current		-	-	3 134	-	-	-	-	-	-	-
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		53 935	37 527	53 567							
GRAP adjustments		(18 633)									
Restated balance		35 302	37 527	53 567	-	-	-	-	-	-	-
Surplus/(Deficit)		(55 337)	(64 193)	(85 019)	39 700	(3 515)	(3 515)	(3 515)	90 487	95 423	100 132
Appropriations to Reserves		2 226	16 040	14 014							
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
Accumulated Surplus/(Deficit)	1	(17 810)	(10 626)	(17 438)	39 700	(3 515)	(3 515)	(3 515)	90 487	95 423	100 132
Reserves											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
Total Reserves	2	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	(17 810)	(10 626)	(17 438)	39 700	(3 515)	(3 515)	(3 515)	90 487	95 423	100 132

Table 46 MBRR SA32 – List of external mechanisms

EC135 Intsika Yethu - Supporting Table SA32 List of external mechanisms

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
		Number			R thousand
Red Guard Security			Security Services	continuous	
Gestetner			Photocopying machine		120
Indwe Risk			Insurance for municipal assets		
Nashua Tsomo			Photocopying machine		28
Gestetner FIN			Photocopying machine		4
Nashua aficio (traffic)			Photocopying machine		12

2.15 Municipal manager's quality certificate

I, municipal manager of Intsika Yethu Municipality, hereby certify that the draft budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the draft budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal manager of Intsika Yethu Municipality (EC135)

Signature _____

Date _____