

SCHEDULE A

AN ANNUAL BUDGET AND SUPPORTING DOCUMENTATION OF CHRIS HANI DISTRICT MUNICIPALITY

ANNUAL BUDGET OF

CHRIS HANI DISTRICT MUNICIPALITY

2011/12 TO 2013/14
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

Copies of this document can be viewed:

- In the foyers of all municipal buildings
- All public libraries within the municipality
 - At www.treasury.gov.za

Table of Contents

ANNEXURE	ERROR! BOOKMARK NOT DEFINED.
PART 1 – ANNUAL BUDGET	1
1.1 MAYOR’S REPORT.....	1
1.2 COUNCIL RESOLUTIONS	2
1.3 EXECUTIVE SUMMARY	3
1.4 OPERATING REVENUE FRAMEWORK	4
1.5 OPERATING EXPENDITURE FRAMEWORK.....	6
1.6 CAPITAL EXPENDITURE	9
1.7 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY.....	11
PART 2 – SUPPORTING DOCUMENTATION	28
2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS.....	28
2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP	31
2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS.....	36
2.4 OVERVIEW OF BUDGET RELATED-POLICIES.....	42
2.5 OVERVIEW OF BUDGET ASSUMPTIONS	42
2.6 OVERVIEW OF BUDGET FUNDING	43
2.7 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS.....	50
2.8 COUNCILLOR AND EMPLOYEE BENEFITS.....	52
2.9 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW.....	55
2.10 ANNUAL BUDGETS AND SDBIPs – INTERNAL DEPARTMENTS.....	62
2.11 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS	ERROR! BOOKMARK NOT DEFINED.
2.12 CAPITAL EXPENDITURE DETAILS	62
2.13 LEGISLATION COMPLIANCE STATUS.....	67
2.14 OTHER SUPPORTING DOCUMENTS.....	68
2.15 MUNICIPAL MANAGER’S QUALITY CERTIFICATE	76

List of Tables

Table 1 Consolidated Overview of the 2011/12 MTREF	4
Table 2 Summary of revenue classified by main revenue source.....	5
Table 3 Percentage growth in revenue by main revenue source	Error! Bookmark not defined.
Table 4 Operating Transfers and Grant Receipts.....	5
Table 5 Comparison of proposed rates to levied for the 2011/12 financial year	Error! Bookmark not defined.
Table 6 Proposed Water Tariffs	Error! Bookmark not defined.
Table 7 Comparison between current water charges and increases (Domestic)	Error! Bookmark not defined.
Table 8 Comparison between current electricity charges and increases (Domestic)..	Error! Bookmark not defined.

Table 9 Comparison between current sanitation charges and increases.....	Error! Bookmark not defined.
Table 10 Comparison between current sanitation charges and increases, single dwelling- houses...	Error! Bookmark not defined.
Table 11 Comparison between current waste removal fees and increases .	Error! Bookmark not defined.
Table 12 MBRR Table SA14 – Household bills.....	Error! Bookmark not defined.
Table 13 Summary of operating expenditure by standard classification item	7
Table 14 Operational repairs and maintenance	Error! Bookmark not defined.
Table 15 Repairs and maintenance per asset class.....	9
Table 16 2011/12 Medium-term capital budget per vote	10
Table 17 MBRR Table A1 - Budget Summary	12
Table 18 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification).....	14
Table 19 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)	15
Table 20 Surplus/(Deficit) calculations for the trading services	Error! Bookmark not defined.
Table 21 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)	16
Table 22 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source.....	17
Table 23 MBRR Table A6 - Budgeted Financial Position	20
Table 24 MBRR Table A7 - Budgeted Cash Flow Statement	22
Table 25 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation	23
Table 26 MBRR Table A9 - Asset Management.....	24
Table 27 MBRR Table A10 - Basic Service Delivery Measurement	26
Table 28 IDP Strategic Objectives	32
Table 29 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue	34
Table 30 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure.....	35
Table 31 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure.....	36
Table 32 MBRR Table SA7 - Measurable performance objectives.....	39
Table 33 MBRR Table SA8 - Performance indicators and benchmarks.....	40
Table 34 Credit rating outlook	Error! Bookmark not defined.
Table 35 Breakdown of the operating revenue over the medium-term	43
Table 36 Proposed tariff increases over the medium-term.....	Error! Bookmark not defined.
Table 37 MBRR SA15 – Detail Investment Information	Error! Bookmark not defined.
Table 38 MBRR SA16 – Investment particulars by maturity.....	Error! Bookmark not defined.
Table 39 Sources of capital revenue over the MTREF	45
Table 40 MBRR Table SA 17 - Detail of borrowings	Error! Bookmark not defined.
Table 41 MBRR Table SA 18 - Capital transfers and grant receipts	45
Table 42 MBRR Table A7 - Budget cash flow statement.....	46
Table 43 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation	47

Table 44 MBRR SA10 – Funding compliance measurement	48
Table 45 MBRR SA19 - Expenditure on transfers and grant programmes.....	50
Table 46 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds	51
Table 47 MBRR SA22 - Summary of councillor and staff benefits	52
Table 48 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)	54
Table 49 MBRR SA24 – Summary of personnel numbers	55
Table 50 MBRR SA25 - Budgeted monthly revenue and expenditure	56
Table 51 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote).....	57
Table 52 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification).....	58
Table 53 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)	59
Table 54 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)	60
Table 55 MBRR SA30 - Budgeted monthly cash flow.....	61
Table 56 Water Services Department - operating revenue by source, expenditure by type and total capital expenditure	Error! Bookmark not defined.
Table 57 Water Services Department – Performance objectives and indicators	Error! Bookmark not defined.
Table 58 MBRR SA 34a - Capital expenditure on new assets by asset class	62
Table 59 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class.....	Error! Bookmark not defined.
Table 60 MBRR SA34c - Repairs and maintenance expenditure by asset class.....	Error! Bookmark not defined.
Table 61 MBRR SA35 - Future financial implications of the capital budget	63
Table 62 MBRR SA36 - Detailed capital budget per municipal vote	65
Table 63 MBRR SA37 - Projects delayed from previous financial year	66
Table 64 MBRR Table SA1 - Supporting detail to budgeted financial performance	68
Table 65 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department).....	72
Table 66 MBRR Table SA3 – Supporting detail to Statement of Financial Position	73
Table 67 MBRR Table SA9 – Social, economic and demographic statistics and assumptions.....	Error! Bookmark not defined.
Table 68 MBRR SA32 – List of external mechanisms	Error! Bookmark not defined.

List of Figures

Figure 1 Main operational expenditure categories for the 2011/12 financial year	8
Figure 2 Capital Infrastructure Programme	Error! Bookmark not defined.
Figure 3 Expenditure by major type.....	Error! Bookmark not defined.
Figure 4 Depreciation in relation to repairs and maintenance over the MTREF	26
Figure 5 Planning, budgeting and reporting cycle	37
Figure 6 Definition of performance information concepts.....	38

Figure 7 Breakdown of operating revenue over the 2011/12 MTREF 44

Figure 8 Sources of capital revenue for the 2011/12 financial year 45

Figure 9 Growth in outstanding borrowing (long-term liabilities)..... **Error! Bookmark not defined.**

Figure 10 Cash and cash equivalents / Cash backed reserves and accumulated funds **Error! Bookmark not defined.**

Abbreviations and Acronyms

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

Part 1 – Annual Budget

1.1 Mayor's Report

In his Budget Speech during the State of District Address (SODA) on the 30th of May 2012, the Executive Mayor said: "We cannot expect to do the same old things and expect different results". In the Chris Hani District Municipality, we see the budget as instrument through which we manage public funds in a way that we improve the quality of life of our people. We see the budget as an instrument of development and we do this through planning, allocation, control and proper accounting for every cent entrusted to this local government.

The District Municipality Council adopted the 2011/2012 adjusted operating budget of R531 959 997.61 million. The 2012/13 operating budget amounts to R425, 341, 135; which represents a 7.31% decrease from previous year. Of this budget, a total of R142 172 390 is allocated to salaries and allowances which takes into account the salary increases and new vacant and unfilled positions; and a total of R143 885 018 is allocated to expenditure on grants and subsidies.

1.1.2 Income Projections and breakdowns

The projected operating income for the 2012/13 is approximately R425, 341, 135 million, the major sources of income are; Equitable share which constitutes 80.3% of the total income followed by Department of Transport grant which constitutes 6.38%, Investment income is 3.6 and DWAF Operating Income which is 3.9% and the remainder of the income is derived from MSIG, MIG, FMG and Other Income.

A total capital budget of R544 479.00 has been allocated to deal with issues of Bulk Infrastructure, Expanded Public Works Programmes and Rural Transport Development and is divided as follows:"

MIG Projects – 62.8%

RBIG Projects – 31%

EPWP – 2013 – 1.8%

EPWP – 2012 – 3%

Rural Transport - .03%

Accelerated community Infrastructure programmes – 0.8%

CHDM PROJECTS

Out of total operating expenditure of R425 341 135, an amount of 50 000 000 has been allocated to Local Municipalities and some departments within the district as listed below:

i.	Corporate Services	:	R3,5m
ii.	Health and Community Services	:	R4,2m
iii.	BTO	:	R2,2m
iv.	Strategic Services	:	R3m
v.	IPED	:	R4,5m
vi.	Technical Services	:	R10m
vii.	Education and Training	:	R2m
viii.	Youth business development fund	:	R1,5m

❖ Projects : LM's – allocation of funds to LM's : EPWP

Name of LM	Amount to be Transferred	Project type
1. Tsolwana : Hofmeyr	R3,5m	Beautification/ Greening/ Paving etc.
2. Inxuba Yethemba : Middleburg – Lusaka	R3m	Beautification/ Greening/ Paving, job creation etc
3. Sakhisizwe	R2m	Rural Development Sites
4. Engcobo : ward 17	R2m	Rural Development Sites
5. Intsika Yethu	R2m	Rural Development Sites
6. Emalahleni	R2,2	Sorghum/ beautification/ greening
7. Lukhanji	R2.5m	Beautification/ Greening/ Paving, job creation etc
8. Inkwanca	R1m	Beautification/ Greening/ Paving, job creation etc

1.2 Council Resolutions

On 30 May 2012 the Council of the Chris Hani District Municipality met in Hofmeyr to consider the annual budget of the municipality for the financial year 2012/13. The Council approved and adopted the following resolutions:

1. The Council of the Chris Hani District Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

- 1.1. The annual budget of the municipality for the financial year 2012/13 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18 on page 24;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19 on page 26;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21 on page 28; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 22 on page 30.

- 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 23 on page 32;
 - 1.2.2. Budgeted Cash Flows as contained in Table 24 on page 34;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 25 on page 34;
 - 1.2.4. Asset management as contained in Table 26 on page 36; and
 - 1.2.5. Basic service delivery measurement as contained in Table 27 on page 38.

1.3 Executive Summary

Remedial action such as cost cutting exercise, aligning of programmes to priority issues (CHDM turnaround objectives); and review of programmes in terms of our functional mandates must be undertaken.

The overall negative growth of 20% is attributed to reversal of the deficit that was budgeted for in 2011-2012 budgets. However employee related costs have increased by 10.2%, including Councillor Remuneration and General Expenses have decreased.

Headline Consumer Price Index (CPI) applied in the 2012/2013 MTREF is 5.9%, 5.3% and 4.9% respectively for the 3 year period. The levels are within the NT and SARB CPI projections (3% to 6% range). Budgetary allocations within the current financial year (2012/2013) were largely based on a CPI level of 5.9%.

Table 1 Consolidated Overview of the 2012/13 MTREF

R thousand	Adjustments Budget 2011/12	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Total Operating Revenue	501 202	425 341	437 509	469 480
Total Operating Expenditure	569 840	425 341	447 884	469 830
<i>(Surplus)/Deficit for the year</i>	<i>(68 637)</i>	<i>-</i>	<i>(10 375)</i>	<i>(351)</i>
Total Capital Expenditure	405 580	544 479	542 399	571 575

Total operating revenue for the 2012/13 financial year and the operating expenditure are R425 341 million resulting to a balanced budget with no surplus or deficit. For the two outer years, 2013/2014 and 2014/2015 operational revenue will increase by 1.053 and 1.049 per cent respectively, as per the NT guidelines.

The capital budget of R544 479 million for 2012/13 has increased when compared to the 2011/12 Adjustment Budget. The increase is due to various projects being rolled forward to 2012/2013 financial year.

1.4 Operating Revenue Framework

The total estimated operating income for the 2012/13 financial year amounts to R425 341 135 which is generated from the sources below-

❖ Equitable share	R359,914,000
❖ MSIG	R 1,000,000
❖ MIG	R 3,000,000
❖ LG FMG	R 1,500,000
❖ DWAF Operating	R 16,878,000
❖ Dept of Transport	R 27,033,635
❖ Investment income	R 15,453,500
❖ Interest on debtors	R 12,000
❖ Other Income	R 550,000

The amount of R425, 341,135 reflects a decrease of 7.31% on the previous year's operating income.

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

Table 2 Summary of revenue classified by main revenue source

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
		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	-	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	79,366	70,844	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	41,913	-	-	-	-	-	-	-
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - other											
Rental of facilities and equipment		367	149	145	160	146	146				
Interest earned - external investments		25,340	21,053	25,181	25,454	22,954	22,954		15,454	16,273	17,070
Interest earned - outstanding debtors			9,208	14,566	12	12	12		12	13	13
Dividends received											
Fines											
Licences and permits											
Agency services											
Transfers recognised - operational		202,436	231,727	630,473	431,945	476,968	476,968		409,326	420,644	451,789
Other revenue	2	-	1,823	1,304	1,318	1,123	1,123	-	550	579	608
Gains on disposal of PPE		358	100								
Total Revenue (excluding capital transfers and contributions)		228,501	343,426	784,425	458,888	501,202	501,202	-	425,341	437,509	469,480

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.

Operating grants and transfers totals R409, 325, 635 for the 2012/13 financial year a slight decrease as compared to the R476, 968, 000 in the 2011/12 financial year and steadily increases to R420, 644, 000 by 2013/14 and R451, 789, 000 by 2014/15 respectively. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 3 Operating Transfers and Grant Receipts

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
		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:		148,888	198,379	229,278	354,860	354,860	354,860	382,292	392,178	421,928
Local Government Equitable Share		140,291	195,764	227,968	325,908	325,908	325,908	359,914	386,308	415,728
Finance Management		593	1,611	1,311	1,250	1,250	1,250	1,500	1,500	1,250
Municipal Systems Improvement		1,855	1,005	-	790	790	790	1,000	870	950
Water Services Operating Subsidy		6,148			7,512	7,512	7,512	16,878	-	-
EPWP Incentive					16,400	16,400	16,400			
MIG					3,000	3,000	3,000	3,000	3,500	4,000
Provincial Government:		42,322	50,365	42,305	15,831	35,355	35,355	27,034	28,466	29,861
Housing		17,459	13,996	4,523	1,241	1,241	1,241			
Sport and Recreation			406	8,455		5,987	5,987			
Health subsidy			13,996	6,759		5,627	5,627			
Roads & Public Works		24,863	21,968	22,568	14,590	22,500	22,500	27,034	28,466	29,861
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Other grant providers:		-	22,453	75,558	-	-	-	-	-	-
<i>Other Subsidies</i>			21,977	75,558						
<i>Agriculture</i>			476							
Total Operating Transfers and Grants	5	191,210	271,198	347,141	370,691	390,215	390,215	409,326	420,644	451,789

1.5 Operating Expenditure Framework

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

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

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

Table 4 Summary of operating expenditure by standard classification item

Description	Ret	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &			
		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
Expenditure By Type											
Employee related costs	2	–	116,493	142,941	135,131	132,433	132,433	–	142,172	149,707	157,043
Remuneration of councillors		4,991	5,543	6,655	7,286	7,009	7,009		6,668	7,022	7,366
Debt impairment	3	13,573	32,811	78,234							
Depreciation & asset impairment	2	–	82,632	88,971	3,085	3,085	3,085	–	3,085	3,248	3,407
Finance charges		545	2,506	4,084	1,398	1,398	1,398		2,000	2,106	2,209
Bulk purchases	2	2,863	12,644	12,076	10,104	5,000	5,000	–	5,230	5,507	5,777
Other materials	8				3,730	3,207	3,207				
Contracted services		122	306	40,671	400	400	400	–	2,796	2,944	3,088
Transfers and grants		253,700	134,726	148,084	171,285	258,038	258,038	–	144,160	151,801	159,239
Other expenditure	4, 5	111,860	120,085	69,933	126,469	159,271	159,271	–	119,229	125,549	131,700
Loss on disposal of PPE			47	4,393							
Total Expenditure		387,655	507,792	596,042	458,888	569,840	569,840	–	425,341	447,884	469,830

The amount of R425, 341, 135 total of operating expenditure, reflects a decrease of 7.31% on the previous year's operating expenditure. The budgeted allocation for employee related costs for the 2012/13 financial year totals R142 172 million, which equals 33.43 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 10 per cent for the 2012/13 financial year. An annual increase of 1.053 and 1.049 per cent respectively has been included in the two outer years of the MTREF. As part of the CHDM's cost reprioritization and cash management strategy proposed new positions have been significantly rationalized downwards, included to the budget for the 2012 /13 financial year are positions relating to critical and strategically important vacancies.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the CHDM's budget.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R3, 085 million for the 2012/13 financial and equates to 0.725 per cent of the total operating expenditure. GRAP 17 accounting standard have already been implemented and therefore all assets included onto the register and relevant depreciation is now accounted for in current years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges budgeted at R2 million for the 2012/13 and increases to R2, 106 million by 2013/14.

Bulk purchases are directly informed by the purchase of water from Department of Water Affairs and Forestry. The annual price increases have been factored into the budget and expenditures include distribution losses.

In the 2012/13 financial year, Contracted services expenditure totals R2, 796 million. For the two outer years growth has been limited to 1.053 and 1.049 per cent. Further details relating to contracted services can be seen in Table 64 MBRR SA1 (see page 100).

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has been identified as a critical area in which cost cutting exercise can be achieved. As a result, through this exercise, there has been a significant decrease in expenditure in the 2012/13 financial year of R119 229 as compared to the 2011/2012 of R159 271 by 33.58% and increase at rates of 1.053 and 1.049 Further details relating to contracted services can be seen in Table 64 MBRR SA1 (see page 100).

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

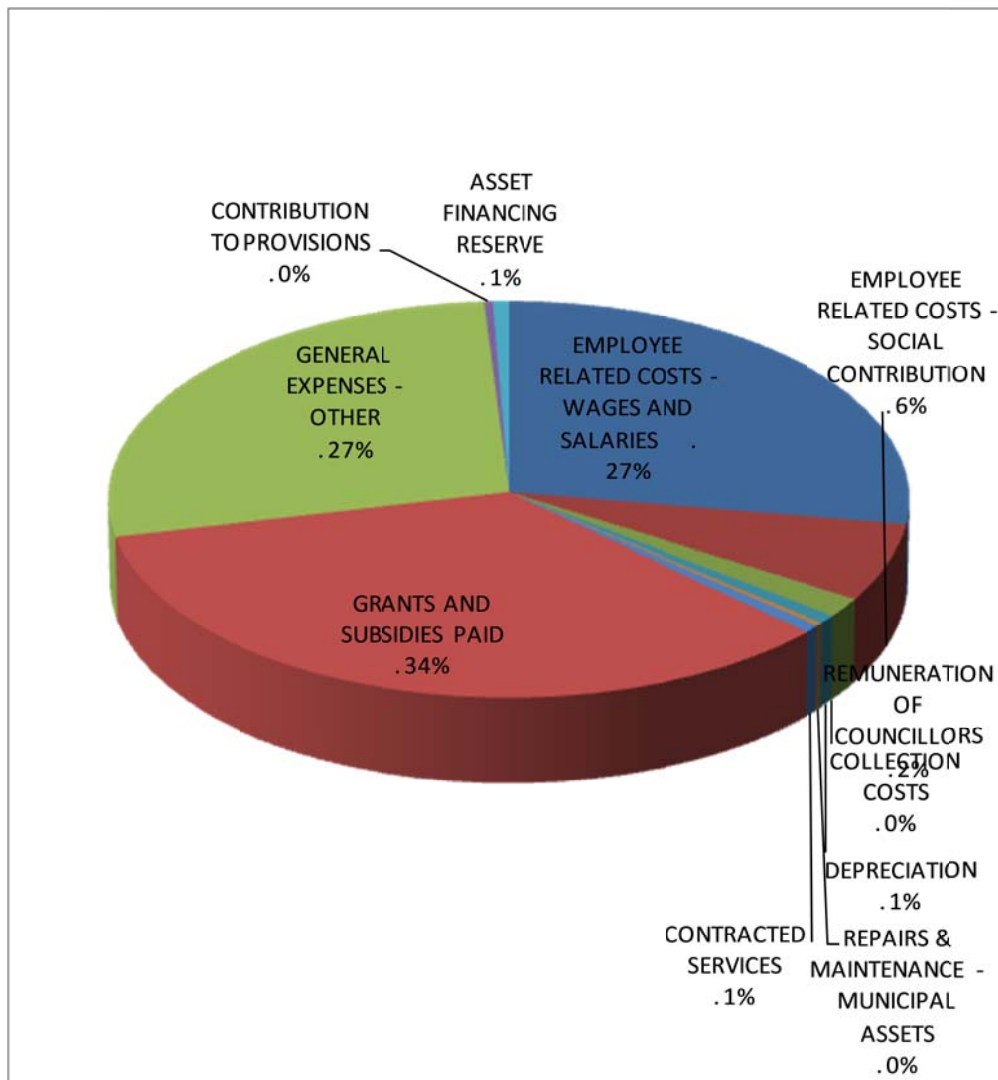


Figure 1 Main operational expenditure categories for the 2012/13 financial year

1.5.1 Repairs and maintenance

Table 5 Repairs and maintenance per asset class

Description	Re	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
		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
Depreciation & asset impairment	1		82 632	88 971	3 085	3 085	3 085	3 085	3 248	3 407
Repairs and maintenance expenditure by Asset Class/Sub-class										
<u>Infrastructure</u>		-	-	-	-	-	-	-	-	-
<u>Community</u>		-	-	-	-	-	-	-	-	-
<u>Heritage assets</u>		-	-	-	-	-	-	-	-	-
<u>Investment properties</u>		-	-	-	-	-	-	-	-	-
<u>Other assets</u>		-	24 018	11 837	3 730	-	-	1 030	1 085	1 138
Specialised vehicles	10	-	-	-	-	-	-	-	-	-
Plant & equipment								47	49	52
Furniture and other office equipment								73	77	81
Other Buildings								460	484	508
Other			24 018	11 837	3 730			450	474	497
<u>Agricultural assets</u>		-	-	-	-	-	-	-	-	-
<u>Biological assets</u>		-	-	-	-	-	-	-	-	-
<u>Intangibles</u>		-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	1	-	24 018	11 837	3 730	-	-	1 030	1 085	1 138

For the 2012/13 financial year, R1, 030 million of total repairs and maintenance will be spent by the District municipality on repairs and maintenance.

1.6 Capital expenditure

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

Table 6 2012/13 Medium-term capital budget per vote

Vote Description R thousand	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework					
	Original Budget	Adjusted Budget	%	Budget Year 2012/13	%	Budget Year +1 2013/14	%	Budget Year +2 2014/15	%
Capital expenditure - Municipal Vote									
Vote 1 - COUNCIL	250 000	-	-	-	0%	-	0%	-	0%
Vote 2 - MUNICIPAL MANAGER	-	-	-	-	0%	-	0%	-	0%
Vote 3 - BUDGET & TREASURY	-	-	-	-	0%	-	0%	-	0%
Vote 4 - COMMUNITY SERVICES	5 987	-	-	-	0%	-	0%	-	0%
Vote 5 - CORPORATE SERVICES	-	-	-	-	0%	-	0%	-	0%
Vote 6 - PLANNING & DEVELOPMENT	14 500	-	-	-	0%	-	0%	-	0%
Vote 7 - TECHNICAL SERVICES	395 292	395 292	100%	542 703	100%	540 534	100%	569 602	100%
Vote 8 - ROADS	7 910	-	-	1 776	0%	1 865	0%	1 973	0%
Capital single-year expenditure sub-tot	272 410	-	-	544 479	100%	542 399	100%	571 575	100%
Total Capital Expenditure	673 689	395 292	100%	544 479	100%	542 399	100%	571 575	100%

For 2012/13 financial year an amount of R542, 702, 000 million has been appropriated for the development of infrastructure which represents 99 per cent of the total capital budget. In the outer years capital expenditure amount totals to R540, 534, 000 and R569, 602, 000 respectively for each of the financial years 2013/2014 and 2014/2015. Municipal infrastructure Grant projects receives the highest allocation of R342, 243, 000 in 2012/13 which equates to 63.06 per cent followed by Bulk infrastructure Grant at 31.11 per cent, R169, 405, 000 and then EPWP at 4.83 per cent, R26, 235 000, Rural Transport R1, 776 000 at 0.33 per cent and finally Accelerated Community Infrastructure Grant for R4, 820,000 at 0.88 per cent.

Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management) on page 36. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages 88, 89 and 90). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Bulk supply and backlog eradication of water - R237, 143 million;
- Refurbishment and renewal of water network and upgrading sanitation – R279, 325 million;
- Integrated transportation system – R1.776 million;
- Extended Public works programmes – R26, 235, 000;

Furthermore pages 92 to 96 contain a detail breakdown of the capital budget per project over the medium-term.

1.7 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2012/13 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the District's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. 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.
3. Financial management reforms emphasises 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 District municipality has a balanced budget (no surplus/deficit budgeted for in the 2012/2013 financial year)
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Internally generated funds are 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 indicates that the necessary cash resources are available to fund the Capital Budget.

Table 8 MBRR 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										
<i>Governance and administration</i>		229,500	498,388	656,677	137,214	323,751	323,751	224,181	239,982	257,450
Executive and council		-	-	50	23,488	273,488	273,488	102,833	110,374	118,779
Budget and treasury office		229,500	498,238	656,627	101,821	38,372	38,372	69,932	74,421	79,280
Corporate services		-	149	-	11,904	11,890	11,890	51,416	55,187	59,390
<i>Community and public safety</i>		-	13,996	-	11,744	17,731	17,731	51,416	55,187	59,390
Community and social services		-	-	-	11,744	17,731	17,731	51,416	55,187	59,390
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	13,996	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	21,968	-	27,575	35,485	35,485	78,450	83,653	89,251
Planning and development		-	-	-	12,985	12,985	12,985	51,416	55,187	59,390
Road transport		-	21,968	-	14,590	22,500	22,500	27,034	28,466	29,861
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	88,574	127,747	282,355	683,274	683,274	615,773	601,086	634,965
Electricity		-	-	-	-	-	-	-	-	-
Water		-	88,574	(19,730)	282,355	683,274	683,274	446,368	426,062	464,293
Waste water management		-	-	147,477	-	-	-	169,405	175,024	170,672
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	229,500	622,925	784,425	458,888	1,060,241	1,060,241	969,820	979,908	1,041,055
Expenditure - Standard										
<i>Governance and administration</i>		67,565	72,895	161,389	107,893	111,241	111,241	108,879	114,650	120,268
Executive and council		26,828	37,839	9,841	27,801	27,349	27,349	33,068	34,821	36,527
Budget and treasury office		19,580	11,787	151,548	36,113	37,345	37,345	33,903	35,700	37,449
Corporate services		21,157	23,270	-	43,979	46,546	46,546	41,909	44,130	46,292
<i>Community and public safety</i>		19,525	29,151	23,860	39,173	46,314	46,314	39,797	41,907	43,960
Community and social services		-	-	5,515	39,173	46,314	46,314	39,797	41,907	43,960
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	4,669	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		19,525	29,151	13,676	-	-	-	-	-	-
<i>Economic and environmental services</i>		18,714	20,836	7,910	29,467	45,957	45,957	63,208	66,558	69,819
Planning and development		4,912	8,085	7,064	14,878	30,670	30,670	36,174	38,092	39,958
Road transport		13,657	12,751	846	14,590	15,287	15,287	27,034	28,466	29,861
Environmental protection		145	-	-	-	-	-	-	-	-
<i>Trading services</i>		104,165	184,124	269,917	282,355	405,897	405,897	213,456	224,770	235,783
Electricity		-	-	-	-	-	-	-	-	-
Water		78,590	176,996	241,180	282,355	405,897	405,897	213,456	224,770	235,783
Waste water management		25,575	7,128	28,736	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	143,832	-	-	-	-	-	-
Total Expenditure - Standard	3	209,969	307,006	606,908	458,888	609,409	609,409	425,341	447,884	469,830
Surplus/(Deficit) for the year		19,531	315,919	177,516	(0)	450,833	450,833	544,479	532,024	571,224

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

- 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.
- 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.

Table 9 MBRR 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 - COUNCIL		-	-	50	11,744	261,744	261,744	51,416	55,187	59,390
Vote 2 - MUNICIPAL MANAGER		-	-	-	11,744	11,744	11,744	51,416	55,187	59,390
Vote 3 - BUDGET & TREASURY		229,500	498,238	656,907	101,821	38,372	38,372	69,932	74,421	79,280
Vote 4 - COMMUNITY SERVICES		-	13,996	-	11,744	17,731	17,731	51,416	55,187	59,390
Vote 5 - CORPORATE SERVICES		-	149	145	11,904	11,890	11,890	51,416	55,187	59,390
Vote 6 - PLANNING & DEVELOPMENT		-	-	-	12,985	12,985	12,985	51,416	55,187	59,390
Vote 7 - TECHNICAL SERVICES		-	88,574	127,322	282,355	683,274	683,274	615,773	601,086	634,965
Vote 8 - ROADS		-	21,968	-	14,590	22,500	22,500	27,034	28,466	29,861
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	229,500	622,925	784,425	458,888	1,060,241	1,060,241	969,820	979,908	1,041,055
Expenditure by Vote to be appropriated	1									
Vote 1 - COUNCIL		9,987	12,500	9,841	16,202	13,579	13,579	15,725	16,558	17,370
Vote 2 - MUNICIPAL MANAGER		9,745	10,301	-	11,599	13,770	13,770	17,343	18,263	19,157
Vote 3 - BUDGET & TREASURY		11,323	11,786	151,548	36,113	37,345	37,345	33,903	35,700	37,449
Vote 4 - COMMUNITY SERVICES		38,700	41,022	23,860	39,173	46,314	46,314	39,797	41,907	43,960
Vote 5 - CORPORATE SERVICES		23,208	29,866	-	43,979	46,546	46,546	41,909	44,130	46,290
Vote 6 - PLANNING & DEVELOPMENT		6,505	7,032	7,064	14,878	30,670	30,670	36,174	38,092	39,960
Vote 7 - TECHNICAL SERVICES		103,356	187,345	269,917	282,355	405,897	405,897	213,456	224,770	235,783
Vote 8 - ROADS		7,145	7,154	846	14,590	15,287	15,287	27,034	28,466	29,861
Vote 9 - [NAME OF VOTE 9]		-	-	143,832	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	209,969	307,006	606,908	458,887	609,408	609,408	425,341	447,884	469,830
Surplus/(Deficit) for the year	2	19,531	315,919	177,516	0	450,833	450,833	544,479	532,024	571,224

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

1. 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 District municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 10 MBRR 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 &			
		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	1										
Revenue By Source											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	79,366	70,844	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	41,913	-	-	-	-	-	-	-
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - other											
Rental of facilities and equipment		367	149	145	160	146	146				
Interest earned - external investments		25,340	21,053	25,181	25,454	22,954	22,954		15,454	16,273	17,070
Interest earned - outstanding debtors			9,208	14,566	12	12	12		12	13	13
Dividends received											
Fines											
Licences and permits											
Agency services											
Transfers recognised - operational		202,436	231,727	630,473	431,945	476,968	476,968		409,326	420,644	451,789
Other revenue	2	-	1,823	1,304	1,318	1,123	1,123	-	550	579	608
Gains on disposal of PPE		358	100								
Total Revenue (excluding capital transfers and contributions)		228,501	343,426	784,425	458,888	501,202	501,202	-	425,341	437,509	469,480
Expenditure By Type											
Employee related costs	2	-	116,493	142,941	135,131	132,433	132,433	-	142,172	149,707	157,043
Remuneration of councillors		4,991	5,543	6,655	7,286	7,009	7,009		6,668	7,022	7,366
Debt impairment	3	13,573	32,811	78,234							
Depreciation & asset impairment	2	-	82,632	88,971	3,085	3,085	3,085	-	3,085	3,248	3,407
Finance charges		545	2,506	4,084	1,398	1,398	1,398		2,000	2,106	2,209
Bulk purchases	2	2,863	12,644	12,076	10,104	5,000	5,000	-	5,230	5,507	5,777
Other materials	8				3,730	3,207	3,207				
Contracted services		122	306	40,671	400	400	400	-	2,796	2,944	3,088
Transfers and grants		253,700	134,726	148,084	171,285	258,038	258,038	-	144,160	151,801	159,239
Other expenditure	4, 5	111,860	120,085	69,933	126,469	159,271	159,271	-	119,229	125,549	131,700
Loss on disposal of PPE			47	4,393							
Total Expenditure		387,655	507,792	596,042	458,888	569,840	569,840	-	425,341	447,884	469,830
Surplus/(Deficit)		(159,154)	(164,367)	188,382	0	(68,637)	(68,637)	-	0	(10,375)	(351)
Transfers recognised - capital		227,991	279,500		409,189	395,292			528,079	542,399	571,575
Contributions recognised - capital	6	-	-	-	264,500	250,000	-	-	16,400	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		68,837	115,133	188,382	673,690	576,655	(68,637)	-	544,479	532,024	571,224
Taxation											
Surplus/(Deficit) after taxation		68,837	115,133	188,382	673,690	576,655	(68,637)	-	544,479	532,024	571,224
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		68,837	115,133	188,382	673,690	576,655	(68,637)	-	544,479	532,024	571,224
Share of surplus/ (deficit) of associate	7				61,253						
Surplus/(Deficit) for the year		68,837	115,133	188,382	734,943	576,655	(68,637)	-	544,479	532,024	571,224

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

1. The total revenue is R425 341 million for the 2012/13 and reflects a decrease of 7.31% compared with the previous year's operating income and escalates to R437, 509 million and R469, 480 million by 2013/14 and 2014/15 respectively.
2. Revenue is generated from the following sources listed below:

❖ Equitable share	R359, 914, 000
❖ MSIG	R 1, 000, 000
❖ MIG	R 3, 000, 000
❖ LG FMG	R 1, 500, 000
❖ DWAF Operating	R 16, 878, 000
❖ Dept of Transport	R 27, 033, 635
❖ Investment Income	R 15, 453, 500
❖ Interest on Debtors	R 12, 000
❖ Other Income	R 550, 000

3. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.

4. The total estimated expenditure for the 2012/2013 financial year amounts to R 425, 341, 135 reflects a decrease of 7.31% compared to previous year and is derived from:

❖ Salaries and wages	R142, 172, 230
❖ Remuneration of Councillors	R 6, 668, 431
❖ Collection Cost	R 5,000
❖ Depreciation	R 3, 084, 800
❖ Interest paid	R 2, 000, 000
❖ Repairs and maintenance	R 1, 030, 238
❖ Bulk Purchases	R 5, 230, 000
❖ Contracted Services	R 2, 796, 000
❖ Grants and Subsidies	R144, 160, 218
❖ General Expenses	R 50, 361, 192
❖ Equitable Share funded programmes	R 50, 000, 000
❖ Conditional Grants programmes	R 13, 500, 000
❖ Asset Financing Reserve	R 2, 833, 025

Table 11 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
		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	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
Vote 3 - BUDGET & TREASURY		-	-	-	-	-	-	-	-	-	-
Vote 4 - COMMUNITY SERVICES		-	-	-	5 987	-	-	-	-	-	-
Vote 5 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 7 - TECHNICAL SERVICES		-	-	-	395 292	395 292	395 292	-	-	-	-
Vote 8 - ROADS		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	401 279	395 292	395 292	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - COUNCIL		-	84 331	116	250 000	-	-	-	-	-	-
Vote 2 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
Vote 3 - BUDGET & TREASURY		-	2 304 009	2 570 185	-	-	-	-	-	-	-
Vote 4 - COMMUNITY SERVICES		-	-	5 795	-	-	-	-	-	-	-
Vote 5 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - PLANNING & DEVELOPMENT		-	-	562	14 500	-	-	-	-	-	-
Vote 7 - TECHNICAL SERVICES		-	50 716	-	-	-	-	-	542 703	540 534	569 602
Vote 8 - ROADS		-	-	74	7 910	-	-	-	1 776	1 865	1 973
Capital single-year expenditure sub-total		-	2 439 055	2 576 732	272 410	-	-	-	544 479	542 399	571 575
Total Capital Expenditure - Vote		-	2 439 055	2 576 732	673 689	395 292	395 292	-	544 479	542 399	571 575
Capital Expenditure - Standard											
Governance and administration		7 714	2 388 340	2 570 301	250 000	-	-	-	-	608	637
Executive and council			84 331	116	250 000						239
Budget and treasury office		7 714	2 304 009	2 570 185							342
Corporate services											26
Community and public safety		5 987	-	5 795	5 987	-	-	-	-	1 934	2 029
Community and social services				5 795	5 987						1 934
Sport and recreation		5 987									
Public safety											
Housing											
Health											
Economic and environmental services		-	-	562	16 188	3 488	3 488	-	-	106	111
Planning and development				562	14 500	1 800	1 800			106	111
Road transport					1 688	1 688	1 688				
Environmental protection											
Trading services		220 823	50 716	-	393 604	402 092	402 092	-	544 479	539 751	568 797
Electricity											
Water		220 823	50 716		393 604	402 092	402 092			352	370
Waste water management								544 479	539 399		568 428
Waste management											
Other				74	7 910						
Total Capital Expenditure - Standard	3	234 523	2 439 055	2 576 732	673 689	405 580	405 580	-	544 479	542 399	571 575
Funded by:											
National Government		234 880	260 075		401 279	403 780	403 780		528 079	542 399	571 575
Provincial Government					7 910						
District Municipality											
Other transfers and grants						1 800	1 800		16 400		
Transfers recognised - capital	4	234 880	260 075	-	409 189	405 580	405 580	-	544 479	542 399	571 575
Public contributions & donations	5				44 000						
Borrowing	6										
Internally generated funds					220 500	250 000	250 000				
Total Capital Funding	7	234 880	260 075	-	673 689	655 580	655 580	-	544 479	542 399	571 575

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

1. Table A5 is a breakdown of the capital programmes in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at R544, 479 million for the 2012/13 financial year and remains relatively constant over the MTREF at levels of R542, 399 million and slight increase to R571, 575 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the District. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital and provincial grants and transfers and internally generated funds from current year surpluses. For 2012/13, capital transfers totals R544, 479 million, reflecting a decrease of 19.2 % on previous years expenditure.
6. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 12 MBRR Table A6 - Budgeted Financial Position

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &			
		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											
Current assets											
Cash		254,766				383,193	383,193		385,308		
Call investment deposits	1	-	342,085	383,193	-	-	-	-	-	-	-
Consumer debtors	1	-	14,540	30,091	-	-	-	-	-	-	-
Other debtors		32,577	14,375	17,400		30,091	30,091		(8,640)		
Current portion of long-term receivables		8				17,400	17,400		169		
Inventory	2		10	4,201		4,201	4,201		4,201		
Total current assets		287,350	371,011	434,885	-	434,885	434,885	-	381,038	-	-
Non current assets											
Long-term receivables						(13)	(13)				
Investments											
Investment property		-	-								
Investment in Associate											
Property, plant and equipment	3	254,950	2,439,055	2,576,027	2,974,404	2,974,404	2,974,404	-	2,971,068	2,971,053	2,971,040
Agricultural											
Biological											
Intangible			1,182	705	705	705	705		1,410		
Other non-current assets											
Total non current assets		254,950	2,440,237	2,576,732	2,975,109	2,975,096	2,975,096	-	2,972,477	2,971,053	2,971,040
TOTAL ASSETS		542,301	2,811,248	3,011,617	2,975,109	3,409,981	3,409,981	-	3,353,515	2,971,053	2,971,040
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	974	1,024	1,075	519	1,075	1,075	-	2,000	2,118	2,222
Consumer deposits											
Trade and other payables	4	151,351	276,497	299,537	457,595	243,536	243,536	-	14,251	-	-
Provisions		5,939	1,841	1,950		1,950	1,950		1,950		
Total current liabilities		158,264	279,362	302,561	458,114	246,561	246,561	-	18,200	2,118	2,222
Non current liabilities											
Borrowing		7,660	6,633	5,583	-	5,582	5,582	-	5,554	-	-
Provisions		20,502	24,029	23,937	21,346	23,937	23,937	-	-	-	-
Total non current liabilities		28,161	30,662	29,520	21,346	29,519	29,519	-	5,554	-	-
TOTAL LIABILITIES		186,426	310,024	332,081	479,460	276,080	276,080	-	23,754	2,118	2,222
NET ASSETS	5	355,875	2,501,224	2,679,535	2,495,649	3,133,901	3,133,901	-	3,329,761	2,968,935	2,968,818
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		355,875	2,501,224	2,679,934	2,765,340	2,765,340	2,765,340		2,765,340	3,259,963	3,259,963
Reserves	4	-	-	-	-	-	-		-	-	-
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	355,875	2,501,224	2,679,934	2,765,340	2,765,340	2,765,340	-	2,765,340	3,259,963	3,259,963

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes (SA3 which can be found on page 102) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 13 MBRR Table A7 - Budgeted Cash Flow Statement

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
		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		484,539			294,000	251,269	251,269		550	579	608
Government - operating	1		422,633	800,494	369,450	476,968	476,968		409,326	420,644	451,789
Government - capital	1				403,202	403,780	403,780		544,479	542,399	571,575
Interest		25,340	21,053	25,181	25,466	22,966	22,966		15,466	16,285	17,083
Dividends											
Payments											
Suppliers and employees		(355,868)	(138,691)	(548,999)	(281,879)	(310,115)	(310,115)		(276,096)	(290,729)	(304,975)
Finance charges		(487)	(2,506)	(4,084)	(356)	(356)	(356)		(2,000)	(2,106)	(2,209)
Transfers and Grants	1				(171,285)	(171,285)	(171,285)		(144,160)	(151,801)	(159,239)
NET CASH FROM/(USED) OPERATING ACTIVITIES		153,525	302,489	272,591	638,597	673,226	673,226	-	547,564	535,272	574,632
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		522	82								
Decrease (increase) in non-current debtors											
Decrease (increase) other non-current receivables		110									
Decrease (increase) in non-current investments			8								
Payments											
Capital assets		(121,412)	(214,285)	(230,459)	(673,689)	(405,580)	(405,580)		(544,479)	(542,399)	(571,575)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(120,779)	(214,195)	(230,459)	(673,689)	(405,580)	(405,580)	-	(544,479)	(542,399)	(571,575)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing		(927)	(974)	(1,024)	(1,037)						
NET CASH FROM/(USED) FINANCING ACTIVITIES		(927)	(974)	(1,024)	(1,037)	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		31,818	87,319	41,108	(36,130)	267,646	267,646	-	3,085	(7,127)	3,057
Cash/cash equivalents at the year begin:	2	222,947	254,765	342,085	383,193	383,193	383,193	383,193	383,193	386,278	379,151
Cash/cash equivalents at the year end:	2	254,765	342,085	383,193	347,063	650,839	650,839	383,193	386,278	379,151	382,208

Table 14 MBRR 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 &		
		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	254,765	342,085	383,193	347,063	650,839	650,839	383,193	386,278	379,151	382,208
Other current investments > 90 days		0	0	0	(347,063)	(267,646)	(267,646)	(383,193)	(970)	(379,151)	(382,208)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		254,766	342,085	383,193	-	383,193	383,193	-	385,308	-	-
Application of cash and investments											
Unspent conditional transfers		128,151	179,118	203,416	288,581	151,416	151,416	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(42,929,129)	97,379	96,120	169,014	(5,807,761)	(5,807,761)	-	22,706	-	-
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(42,800,978)	276,497	299,537	457,595	(5,656,345)	(5,656,345)	-	22,706	-	-
Surplus(shortfall)		43,055,743	65,587	83,656	(457,595)	6,039,538	6,039,538	-	362,603	-	-

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The approved 2012/13 MTREF provide for a net cash increase of R3, 085 million for the 2012/13 financial year resulting in an overall projected cash position of R386, 278 million at year end.

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. As part of the budgeting and planning guidelines that informed the compilation of the 2012/13 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 15 MBRR Table A9 - Asset Management

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

Table 16 MBRR Table A10 - Basic Service Delivery Measurement

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Household service targets (000)									
Water:									
Piped water inside dwelling	429	525	620	659	659	659	695	730	764
Piped water inside yard (but not in dwelling)	125	106	86	73	73	73	62	52	45
Using public tap (at least min.service level)	113	58	3	1	1	1	1	0	0
Other water supply (at least min.service level)	4	2	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	671	690	709	733	733	733	758	783	809
Using public tap (< min.service level)	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	16	10	4	3	3	3	2	1	1
No water supply	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	16	10	4	3	3	3	2	1	1
Total number of households	687	700	713	736	736	736	760	784	810
Sanitation/sewage:									
Flush toilet (connected to sewerage)	490	509	528	555	555	555	584	612	642
Flush toilet (with septic tank)	12	12	12	11	11	11	11	11	10
Chemical toilet	10	10	10	9	9	9	9	9	8
Pit toilet (ventilated)	139	134	130	126	126	126	122	118	115
Other toilet provisions (> min.service level)	21	21	22	23	23	23	23	24	25
<i>Minimum Service Level and Above sub-total</i>	672	686	701	725	725	725	749	774	800
Bucket toilet	5	5	4	4	4	4	3	3	2
Other toilet provisions (< min.service level)	-	-	-	-	-	-	-	-	-
No toilet provisions	10	9	8	8	8	8	7	7	7
<i>Below Minimum Service Level sub-total</i>	15	14	12	11	11	11	11	10	9
Total number of households	687	700	713	736	736	736	760	784	810
Energy:									
Electricity (at least min.service level)	483	503	523	535	535	535	549	561	579
Electricity - prepaid (min.service level)	126	132	138	149	149	149	162	175	190
<i>Minimum Service Level and Above sub-total</i>	609	635	661	685	685	685	710	737	769
Electricity (< min.service level)	-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)	-	-	-	-	-	-	-	-	-
Other energy sources	78	65	53	51	51	51	49	47	41
<i>Below Minimum Service Level sub-total</i>	78	65	53	51	51	51	49	47	41
Total number of households	687	700	713	736	736	736	760	784	810
Refuse:									
Removed at least once a week	518	555	591	630	630	630	665	697	728
<i>Minimum Service Level and Above sub-total</i>	518	555	591	630	630	630	665	697	728
Removed less frequently than once a week	11	25	39	42	42	42	45	48	51
Using communal refuse dump	14	9	4	3	3	3	2	1	1
Using own refuse dump	100	79	58	46	46	46	36	28	23
Other rubbish disposal	4	2	1	0	0	0	0	0	0
No rubbish disposal	38	29	20	15	15	15	12	9	7
<i>Below Minimum Service Level sub-total</i>	168	145	122	106	106	106	95	87	81
Total number of households	687	700	713	736	736	736	760	784	810
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	671	690	709	733	733	733	758	783	809
Sanitation (free minimum level service)	42	47	53	90	90	90	90	95	105
Electricity/other energy (50kwh per household per month)	42	47	53	90	90	90	90	95	105
Refuse (removed at least once a week)	42	47	53	90	90	90	90	95	105
Cost of Free Basic Services provided (R'000)									
Water (6 kilolitres per household per month)	169,092	223,560	255,240	296,755	296,755	296,755	300,168	338,256	379,080
Sanitation (free sanitation service)	4,106	5,002	6,314	10,316	10,316	10,316	12,583	14,363	17,283
Electricity/other energy (50kwh per household per month)	18,560	23,466	29,251	64,590	64,590	64,590	78,580	95,470	121,558
Refuse (removed once a week)	10,060	12,411	16,072	31,710	31,710	31,710	34,570	39,403	47,471
Total cost of FBS provided (minimum social package)	201,819	264,440	306,877	403,370	403,370	403,370	425,901	487,493	565,392
Highest level of free service provided									
Property rates (R value threshold)	10,000	10,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (Rand per household per month)	15	15	16	18	18	18	20	22	24
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	85	85	85	85	85	85	85	85	85
Revenue cost of free services provided (R'000)									
Property rates (R15 000 threshold rebate)	6,197	6,736	7,204	13,730	13,730	13,730	15,107	17,228	20,756
Property rates (other exemptions, reductions and rebates)	54,870	59,357	64,840	123,566	123,566	123,566	135,959	155,054	186,800
Water	197,552	258,662	294,699	371,929	371,929	371,929	382,881	432,604	492,747
Sanitation	7,998	8,508	10,317	19,686	19,686	19,686	21,845	24,936	30,006
Electricity/other energy	22,305	24,742	34,740	80,136	80,136	80,136	95,364	115,862	147,522
Refuse	10,494	11,223	14,545	28,697	28,697	28,697	31,285	35,659	42,960
Municipal Housing - rental rebates	-	-	-	-	-	-	-	-	-
Housing - top structure subsidies	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total revenue cost of free services provided (total social package)	299,414	369,228	426,345	637,743	637,743	637,743	682,441	781,343	920,790

Explanatory notes to Table A10 - Basic Service Delivery Measurement

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 2011) 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 2011. Key dates applicable to the process were:

- **August 2011** – 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 2011/12 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 2012** - Council considers the 2011/12 Mid-year Review and Adjustments Budget;

- **February 2012** - 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 2012** - Tabling in Council of the draft 2012/13 IDP and 2012/13 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 2012/13 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

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 2012/13 MTREF, based on the approved 2011/12 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 2012/13 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 2011/12 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 2012/13 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2012/13 MTREF:

- Policy priorities and strategic objectives
- Asset maintenance
- Performance trends
- The approved 2011/12 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 58 and 59 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The draft 2012/13 MTREF as tabled before Council on 27 March 2012 for community consultation was published on the municipality's website, and hard copies were made available municipal notice boards and various libraries.

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 2012, 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 2012/13 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:

- Several complaints were received regarding delays in 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;

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 District, 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 District 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:

- 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);
- 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 17 IDP Strategic Objectives

2010/11 Financial Year	2011/12 MTREF
1. The provision of quality basic services and infrastructure	1. To ensure continuous supply of water services
2. Acceleration of higher and shared economic growth and development	2. To provide a well maintained and accessible road
4. Fostering participatory democracy and adherence to Batho Pele principles through a caring, accessible and accountable service	3. To ensure that service delivery is intergrated
5. Good governance, Financial viability and institutional governance	4. To provide job creation through EPWP

In order to ensure integrated and focused service delivery between all spheres of government it was important for the District 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:
 - o Provide water;
 - o Provide sanitation;
 - o Provide housing;
 - o Provide roads and storm water;
 - o Provide public transport;and
 - o Maintaining the infrastructure of the District.
2. Economic growth and development that leads to sustainable job creation by:
 - o Ensuring the is a clear structural plan for the District;
 - o Ensuring planning processes function in accordance with set timeframes;
 - o 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:
 - o Working with the provincial department of health to provide primary health care services;
 - o Ensuring all waste water treatment works are operating optimally;
 - o Ensuring save working environments by effective enforcement of building and health regulations;
 - o 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 Batho Pele principles through a caring, accessible and accountable service by:
- Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele 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 District. The five-year programme responds to the development challenges and opportunities faced by the District identifying the key performance areas to achieve the five the strategic objectives mentioned above.

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

Table 18 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

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
R thousand												
CHDM 1: To ensure an effective, efficient and co-ordinated Financial Management that enables CHDM to deliver its mandate	Improve Asset and Financial accounting information and transaction			229,500	498,238	656,907	101,821	38,372	38,372	69,932	74,421	79,280
	Safeguard municipal investments and cash flows											
	Co-ordinate the implementation of demand management											
CHDM 2: To consistently create an enabling environment for Economic growth, rural development and employment opportunities	To facilitate and coordinate Agricultural development to stimulate economic growth			-	-	-	12,985	12,985	12,985	51,416	55,187	59,390
	To ensure promotion and development of Tourism within the Chris Hani District Municipality and the preservation of Heritage resources											
	To implement sector programmes to grow SMME's and to promote Urban/ Rural renewal to attract investors for economic Development											
CHDM 3: To ensure the provision of basic services in a well structured, efficient and integrated manner.	To construct, upgrade and maintain roads, storm water systems and associated structures to acceptable standards.			-	124,687	127,467	308,849	717,664	717,664	745,639	739,926	783,605
	To implement water conservation and demand management strategies											
	To prevent mitigate and respond to effects of disasters and facilitate post disaster recovery											
	To provide quality municipal health and environmental management services											
CHDM 4: To establish and maintain a skilled labour force guided by policies to function optimally towards the delivery of services to communities.	Integrate ICT business processes and systems											
	Implementation of knowledge management strategy											
CHDM 5: To encourage the involvement and collaboration of Communities and stakeholders through working together to achieve good governance in an integrated manner.	To ensure the effectiveness of risk management and internal audit function in achieving clean administration			-	-	-	11,744	11,744	11,744	51,416	55,187	59,390
	To mitigate risk of fraud and corruption through availability and implementation of policies											
	To facilitate the effectiveness of the oversight functions within the municipality through availability and implementation of roles and responsibilities policy			-	-	50	11,744	261,744	261,744	51,416	55,187	59,390
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	229,500	622,925	784,424	447,144	1,042,510	1,042,510	969,820	979,908	1,041,055

Table 19 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted 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	
R thousand													
CHDM 1: To ensure an effective, efficient and co-ordinated Financial Management that enables CHDM to deliver its mandate	Improve Asset and Financial accounting information and transaction Safeguard municipal investments and cash flows Co-ordinate the implementation of demand management			11,323	11,786	151,548	36,113	37,345	37,345	33,903	35,700	37,449	
CHDM 2: To consistently create an enabling environment for Economic growth, rural development and employment opportunities	To facilitate and coordinate Agricultural development to stimulate economic growth To ensure promotion and development of Tourism within the Chris Hani District Municipality and the preservation of Heritage resources To implement sector programmes to grow SMME's and to promote Urban/ Rural renewal to attract investors for economic Development			6,505	7,032	7,064	14,878	30,670	30,670	36,174	38,092	39,958	
CHDM 3: To ensure the provision of basic services in a well structured, efficient and intergrated manner.	To construct, upgrade and maintain roads, storm water systems and associated structures to acceptable standards. To implement water conservation and demand management strategies To prevent mitigate and respond to effects of disasters and facilitate post disaster recovery To provide quality municipal health and environmental management services			149,201	235,521	294,623	336,117	467,498	467,498	280,287	295,143	309,605	
CHDM 4: To establish and maintain a skilled labour force guided by policies to function optimally towards the delivery of services to communities.	Intergrate ICT business processes and systems Implementation of knowledge management strategy			23,208	29,866	-	43,979	46,546	46,546	41,909	44,130	46,292	
CHDM 5: To encourage the involvement and collaboration of Communities and stakeholders through working together to achieve good governance in an intergrated manner.	To ensure the effectiveness of risk management and internal audit function in achieving clean administration To mitigate risk of fraud and corruption through availability and implementation of policies To facilitate the effectiveness of the oversight functions within the municipality through availability and implementation of roles and responsibilities policy			19,732	22,801	153,673	27,801	27,349	27,349	33,068	34,821	36,527	
Allocations to other priorities													
Total Expenditure				1	209,969	307,006	606,908	458,887	609,408	609,408	425,341	447,884	469,831

Table 20 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &			
			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												
CHDM 1: To ensure continuous supply of water services	To explore and implement the most viable water service provision	A							186,583	175,024	170,672	
CHDM 2: To provide a well maintained and accessible roads	To explore and implement the viability of combining all existing roads units within the CHDM	B							344,019	363,055	396,083	
CHDM 3: To ensure that service delivery is intergrated	Ensuring development and coordination of infrastructure plans	C							4,042	4,320	4,820	
CHDM 4: To maximise job creation through EPWP	Implementation of EPWP principles	D							9,835	-	-	
		E										
		F										
		G										
		H										
		I										
		J										
		K										
		L										
		M										
		N										
		O										
		P										
Allocations to other priorities		3										
Total Capital Expenditure		1	-	-	-	-	-	-	544,479	542,399	571,575	

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 District 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:

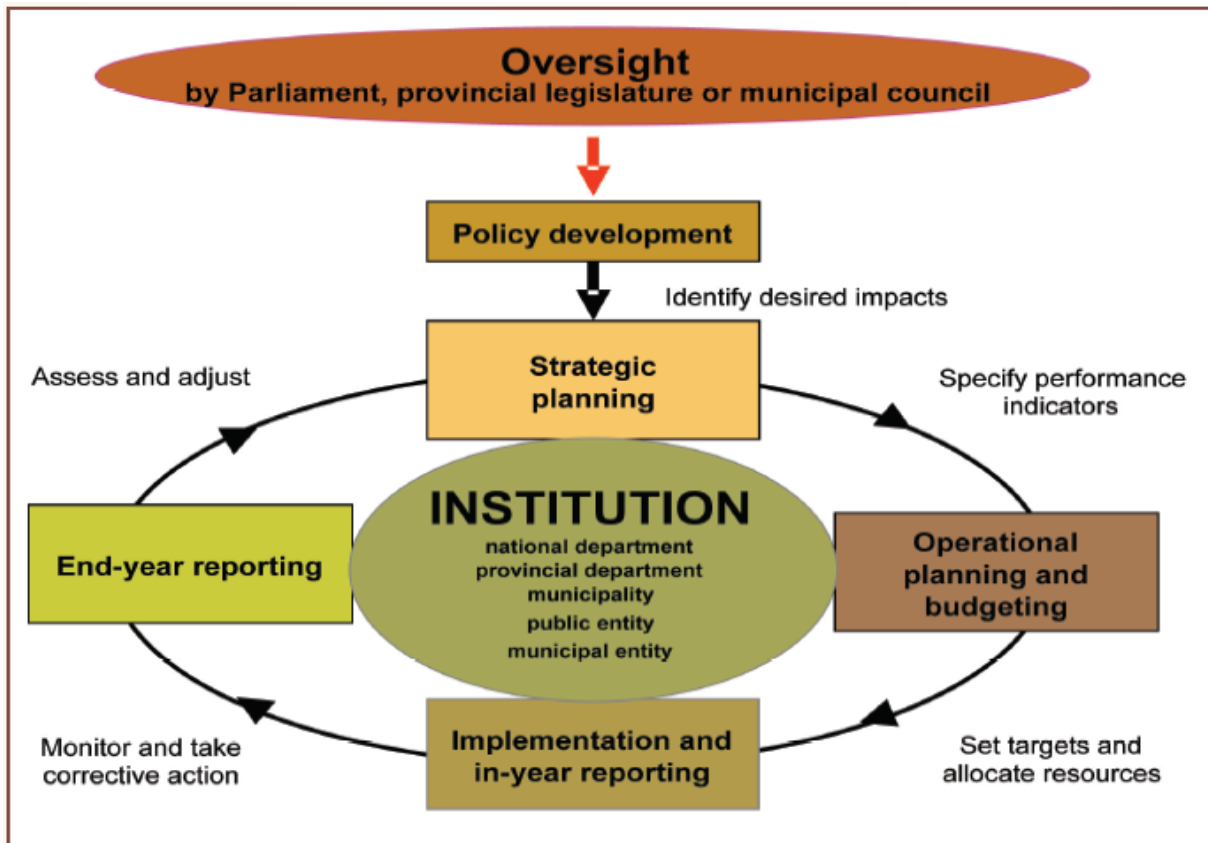


Figure 2 Planning, budgeting and reporting cycle

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

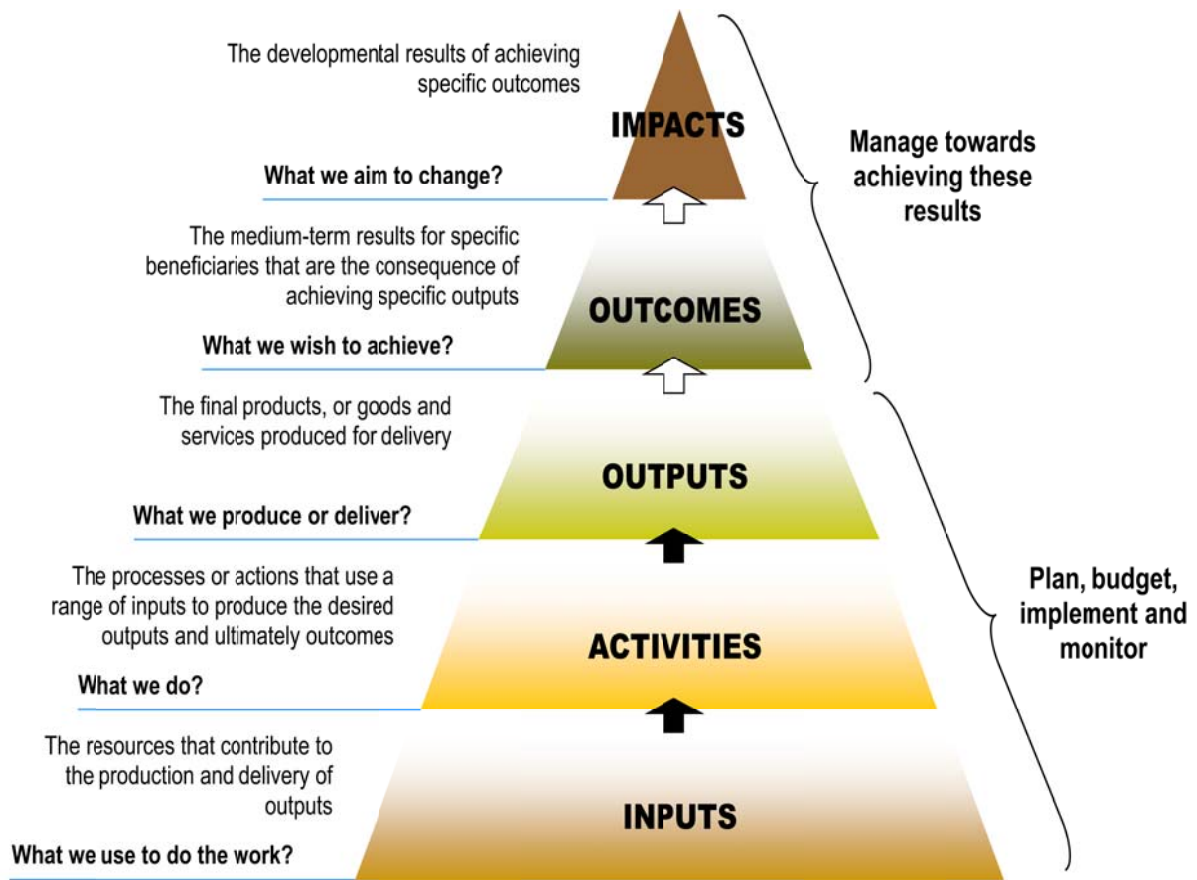


Figure 3 Definition of performance information concepts

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

Table 21 MBRR Table SA7 - Measurable performance objectives

Description	Unit of measurement	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
Public Works: Roads and Stormwater										
Function - Roads										
Sub-function - Eradication of Backlogs										
<i>Reduce roads backlogs</i>	Kilometer	40	71	70	98	65	65	79	87	88
Sub-function - Roads Maintained										
<i>Surfaced roads resurfaced/rehabilitated</i>	Kilometer	587	486	214	126	145	145	122	141	130
Sub-function - Roads for growth										
<i>New roads to be constructed</i>	Kilometer	38	50	30	17	16	16	35	30	23
Function - Stormwater										
Sub-function - Reduction of backlog										
<i>Stormwater drainage to reduce backlogs</i>	Kilometer	74	89	50	20	24	24	87	68	82
Sub-function - Stormwater for growth										
<i>Stormwater drainage to stimulate growth</i>	Kilometer	34	50	24	5	10	10	24	19	16
Public Works: Water and Sanitation										
Function - Water										
Sub-function - Eradication of water backlogs										
<i>Households provided with a water connection</i>	Number	942	11,168	10,935	13,400	11,289	11,289	3,700	3,200	3,550
<i>New bulk water pipelines</i>	Meters	2,500	9,135	9,235	10,500	10,032	10,032	3,300	3,450	3,200
New internal water pipelines	Meters	5,762	30,024	28,913	32,500	27,892	27,892	5,500	6,400	6,200
Sub-function - Maintenance of water infrastructure										
<i>Upgrade & replace of bulk water pipelines</i>	Meters	2,035	10,109	12,332	14,500	13,890	13,890	5,150	42,000	17,890
Upgrade & replace of internal water pipelines	Meters	100,419	287,362	198,745	245,000	204,789	204,789	98,520	115,380	120,400
Function - Sanitation										
Sub-function - Eradication of sanitation backlog										
<i>Households provided with a sanitation connection</i>	Number	1,473	1,217	1,385	2,000	1,852	1,820	26,500	27,500	28,500
<i>New bulk sewer pipelines</i>	Meters	1,125	1,089	1,645	2,500	1,980	1,980	2,000	2,500	2,500
New internal sewer pipelines	Meters	3,134	3,259	3,568	6,800	4,850	4,850	86,000	25,000	25,000
Sub-function - Maintenance of sanitation infrastructure										
<i>Upgrade & replace of bulk sewer pipelines</i>	Meters	8,851	6,597	6,325	7,500	6,345	6,345	15,400	16,500	17,500
Upgrade & replace of internal sewer pipelines	Meters	18,041	47,425	46,458	54,500	52,120	52,120	95,720	115,980	121,000
Public Works: Energy and Electricity										
Function - Electricity										
Sub-function - Provide higher levels of electricity										
<i>Houses electrified to eradicate backlogs</i>	Households	420,812	19,011	19,870	23,500	22,140	22,140	24,500	25,000	25,500
Sub-function - New Connections										
<i>Completed and occupied houses electrified to cater for growth</i>	Households	523	562	602	750	723	723	600	750	850
Sub-function - Access to alternative energy sources										
<i>Areas provided with access to alternative energy sources</i>	Households	-	70	78	1,500	1,235	1,235	1,500	1,800	2,000
Sub-function - Provide public lighting										
<i>New street lights as per ward</i>	Wards	1,235	1,655	1,689	1,750	1,563	1,563	2,000	2,200	2,300
Sub-function - Provide public lighting										
<i>High masts lights per ward</i>	Wards	13	18	19	25	23	23	25	25	25
Sub-function - Maintain electricity infrastructure										
<i>Electricity repairs and maintenance</i>	% Repaired	11.0%	10.5%	10.2%	14.0%	10.8%	10.8%	11.5%	12.0%	12.5%

Table 22 MBRR 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
<u>Borrowing Management</u>											
Credit Rating	Interest & Principal Paid /Operating Expenditure	0.4%	0.7%	0.9%	0.5%	0.2%	0.2%	0.0%	0.5%	0.5%	0.5%
Capital Charges to Operating Expenditure	Finance charges & Repayment of borrowing /Own Revenue	5.6%	3.1%	3.3%	9.0%	5.8%	5.8%	0.0%	12.5%	12.5%	12.5%
Capital Charges to Own Revenue	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure											
<u>Safety of Capital</u>											
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%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	18	13	14	-	18	18	-	20.9	-	-
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	18	13	14	-	18	18	-	20.9	-	-
Liquidity Ratio	Monetary Assets/Current Liabilities	16	12	13	-	16	16	-	21.2	-	-
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	14.3%	8.4%	6.1%	0.0%	9.5%	9.5%	0.0%	-2.0%	0.0%	0.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'M' FMA' s 65(e))	9.1%	28.5%	25.1%	48.7%	14.2%	14.2%	0.0%	3.7%	0.0%	0.0%
Creditors to Cash and Investments											
<u>Other Indicators</u>											
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)	0.0%	33.9%	18.2%	29.4%	26.4%	26.4%	0.0%	33.4%	34.2%	33.5%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	2.0%	15%	0.8%	16%	0.0%	0.0%		35.0%	35.8%	35.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	7.0%	15%	0.8%	0.0%	0.0%		0.2%	0.2%	0.2%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.2%	24.8%	11.9%	10%	0.9%	0.9%	0.0%	12%	12%	12%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	12	4.3	5.8	12	12	12	-	10	10	10
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	8866.7%	36.4%	42.1%	0.0%	32472.4%	32472.4%	0.0%	0.0%	0.0%	0.0%

2.3.1 Providing clean water and managing waste water

The District municipality is the Water Services Authority for the entire district in terms of the Water Services Act, 1997 and acts as water services provider.

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.

2.4 Budget related-policies

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

The following are budget related policies are still under review;

- 2.4.1 Review of credit control and debt collection procedures/policies
- 2.4.2 Asset Management, Infrastructure Investment and Funding Policy
- 2.4.3 Budget Adjustment Policy
- 2.4.4 Supply Chain Management Policy
- 2.4.5 Budget and Virement Policy
- 2.4.6 Cash Management and Investment Policy

2.5 Overview of budget assumptions

2.5.1 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2011/12 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on District's residents and businesses;
- The impact of municipal cost drivers;
- The increase in the cost of remuneration as anticipated at 10.00% after negotiations with SALGA

2.5.2 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 District engages in a number of financing arrangements to minimise its interest rate costs and risk.

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:

Table 23 Breakdown of the operating revenue over the medium-term

Description R thousand	2012/13 Medium Term Revenue & Expenditure Framework					
	Budget Year 2012/13		Budget Year +1 2013/14		Budget Year +2 2014/15	Budget Year +2 2014/15
Revenue By Source						
Interest earned - external investments	15,454	4%	16,273	4%	17,070	4%
Interest earned - outstanding debtors	12	0%	13		13	0%
Transfers recognised - operational	409,326	96%	420,644	96%	451,789	96%
Other revenue	550	0%	579	0%	608	0%
Gains on disposal of PPE						
Total Revenue (excluding capital transfers and contributions)	425,341	100%	437,509	100%	469,480	100%
Total Expenditure	425,341		447,884		469,830	
Surplus/(Deficit) for the year	0		(10,375)		(351)	

The following graph is a breakdown of the operational revenue per main category for the 2012/13 financial year.

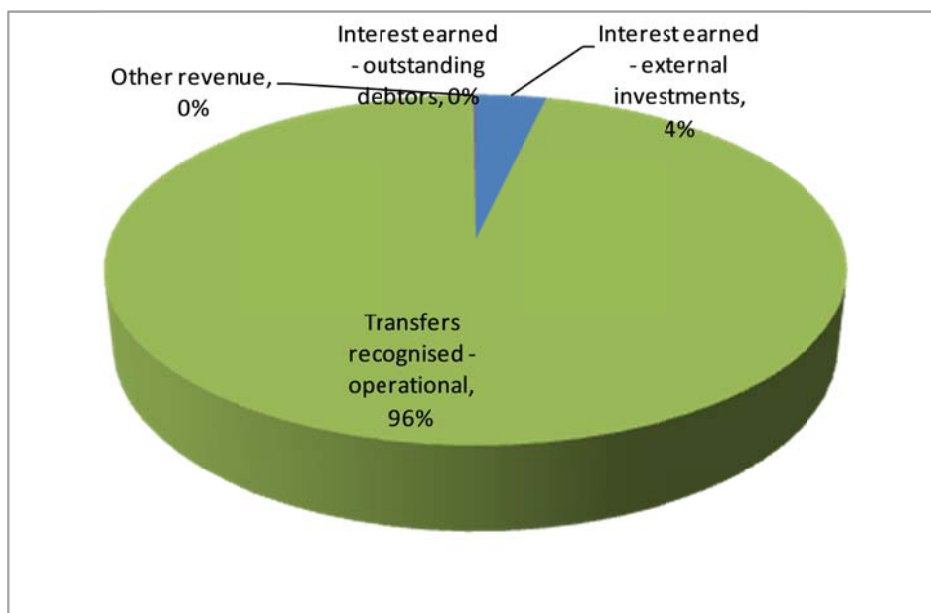


Figure 4 Breakdown of operating revenue over the 2012/13 MTREF

The total estimated Operating Income for the 2012/2013 financial year amounts to R425, 341, 135 which is generated from:

Equitable Share	R359, 914, 000
MSIG	R 1, 000, 000
MIG	R 3, 000, 000
LG FMG	R 1, 500, 000
DWAF Operating	R 16, 878, 000
Dept of Transport	<u>R 27, 033, 635</u>
Transfers Recognised Operational	<u>R409, 325, 635</u>
Investment Income	R 15, 453, 500
Interest on Debtors	R 12, 000
Other Income	R 550, 000

The amount of R425, 341, 135 reflects a decrease of 7.31% as compared to the previous years operating income. Council tariffs are to increase by 6% in the 2012/2013 financial year.

2.6.2 Medium-term outlook: capital revenue

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

Table 24 Sources of capital revenue over the MTREF

Vote Description R thousand	2012/13 Medium Term Revenue & Expenditure Framework							
	Adjusted Budget	Pre-audit outcome	Budget Year 2012/13		Budget Year +1 2013/14		Budget Year +2 2014/15	
Funded by:								
National Government	403 780	62%	528 079	97%	542 399	100%	571 575	100%
Provincial Government								
District Municipality								
Other transfers and grants	1 800	0%	16 400	3%				
Transfers recognised - capital	405 580	-	544 479	-	542 399	-	571 575	
Public contributions & donations								
Borrowing								
Internally generated funds	250 000	38%						
Total Capital Funding	655 580	100%	544 479	100%	542 399	100%	571 575	100%

Figure 5 Sources of capital revenue for the 2012/13 financial year

Capital grants and receipts equates to 100 per cent of the total funding source with an amount of R544 479 million. The two outer years are at R542 300 for 2013/2014 and R571 575 for 2014/2015 financial years respectively.

Table 25 MBRR Table SA 18 - Capital transfers and grant receipts

Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
	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 Transfers and Grants									
National Government:	-	143 075	204 892	401 279	395 292	395 292	528 079	542 399	571 575
Municipal Infrastructure Grant (MIG)		137 997	200 310	281 604	281 604	281 604	342 243	360 690	394 110
Regional Bulk Infrastructure				112 000	112 000	112 000	169 405	175 024	170 672
Rural Transport Services and Infrastructure		5 078	4 582	1 688	1 688	1 688	1 776	1 865	1 973
EPWP/ Accelerated Comm Infrastru Prog				5 987			4 820	4 820	4 820
EPWP							9 835		
Provincial Government:	-	37	66	7 910	-	-	-	-	-
Roads and Public Works		37	66	7 910					
District Municipality:	-	-	-	-	-	-	-	-	-
[insert description]									
Other grant providers:	-	1 435	492	-	-	-	-	-	-
Other Subsidies		1 435	492						
Total Capital Transfers and Grants	-	144 547	205 450	409 189	395 292	395 292	528 079	542 399	571 575

2.6.3 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 26 MBRR Table A7 - Budget cash flow statement

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
		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		484 539			294 000	251 269	251 269		550	579	608
Government - operating	1		422 633	800 494	369 450	476 968	476 968		409 326	420 644	451 789
Government - capital	1				403 202	403 780	403 780		544 479	542 399	571 575
Interest		25 340	21 053	25 181	25 466	22 966	22 966		15 466	16 285	17 083
Payments											
Suppliers and employees		(355 868)	(138 691)	(548 999)	(281 879)	(310 115)	(310 115)		(276 096)	(290 729)	(304 975)
Finance charges		(487)	(2 506)	(4 084)	(356)	(356)	(356)		(2 000)	(2 106)	(2 209)
Transfers and Grants	1				(171 285)	(171 285)	(171 285)		(144 160)	(151 801)	(159 239)
NET CASH FROM/(USED) OPERATING ACTIVITIES		153 525	302 489	272 591	638 597	673 226	673 226	-	547 564	535 272	574 632
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		522	82								
Decrease (increase) other non-current receivables		110									
Decrease (increase) in non-current investments			8								
Payments											
Capital assets		(121 412)	(214 285)	(230 459)	(673 689)	(405 580)	(405 580)		(544 479)	(542 399)	(571 575)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(120 779)	(214 195)	(230 459)	(673 689)	(405 580)	(405 580)	-	(544 479)	(542 399)	(571 575)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Payments											
Repayment of borrowing		(927)	(974)	(1 024)	(1 037)						
NET CASH FROM/(USED) FINANCING ACTIVITIES		(927)	(974)	(1 024)	(1 037)	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		31 818	87 319	41 108	(36 130)	267 646	267 646	-	3 085	(7 127)	3 057
Cash/cash equivalents at the year begin:	2	222 947	254 765	342 085	383 193	383 193	383 193	383 193	383 193	386 278	379 151
Cash/cash equivalents at the year end:	2	254 765	342 085	383 193	347 063	650 839	650 839	383 193	386 278	379 151	382 208

The above table shows cash and cash equivalents of the District municipality moving from a positive cash balance of R3, 085 million to an anticipated deficit of R7, 127 million and again a positive cash balance of R3, 057 with the approved 2012/13 MTREF.

2.6.4 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 27 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

R thousand		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											
	1	254 765	342 085	383 193	347 063	650 839	650 839	383 193	386 278	379 151	382 208
		0	0	0	(347 063)	(267 646)	(267 646)	(383 193)	(970)	(379 151)	(382 208)
	1	-	-	-	-	-	-	-	-	-	-
		254 766	342 085	383 193	-	383 193	383 193	-	385 308	-	-
Application of cash and investments											
		128 151	179 118	203 416	288 581	151 416	151 416	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
	2										
	3	(42 929 129)	97 379	96 120	169 014	(5 807 761)	(5 807 761)	-	22 706	-	-
	4	-	-	-	-	-	-	-	-	-	-
	5										
		(42 800 978)	276 497	299 537	457 595	(5 656 345)	(5 656 345)	-	22 706	-	-
		43 055 743	65 587	83 656	(457 595)	6 039 538	6 039 538	-	362 603	-	-

From the above table it can be seen that the cash and investments available total R385 308 in the 2012/13 financial year and nothing anticipated for the two outer years.

- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors.

2.6.5 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 28 MBRR SA10 – Funding compliance measurement

Description	MFMA section	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
		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	254 765	342 085	383 193	347 063	650 839	650 839	383 193	386 278	379 151	382 208
Cash + investments at the yr end less applications - R'000	18(1)b	43 055 743	65 587	83 656	(457 595)	6 039 538	6 039 538	-	362 603	-	-
Cash year end/monthly employee/supplier payments	18(1)b	46.3	16.0	14.7	11.1	16.6	16.6	-	13.2	12.3	11.8
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	68 837	115 133	188 382	673 690	576 655	(68 637)	-	544 479	532 024	571 224
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	N.A.	(6.0%)	36.1%	(106.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	131848.1%	0.0%	0.0%	19728.4%	19615.2%	19615.2%	0.0%	97.9%	97.9%	97.9%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	3693.5%	41.3%	69.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital payments % of capital expenditure	18(1)c:19	0.0%	8.8%	8.9%	100.0%	102.6%	102.6%	0.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (ex cl. transfers)	18(1)c	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Gov L. legislated/gazetted allocations	18(1)a								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	(11.3%)	64.2%	(100.0%)	0.0%	0.0%	(100.0%)	(117.8%)	(100.0%)	0.0%
Long term receivables % change - incr(decr)	18(1)a	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	(100.0%)	(100.0%)	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(v-i)	0.0%	1.0%	0.5%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asset renewal % of capital budget	20(1)(v-i)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

2.6.5.1 Cash/cash equivalent position

The District'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. The forecasted cash and cash equivalents for the 2012/13 MTREF shows R386, 278 million, R379, 151 and R382, 208 for each respective financial year.

2.6.5.2 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.

2.6.5.3 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 District 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.

2.6.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient 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. .

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.

2.6.5.5 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.

2.6.5.6 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 District municipality has budgeted for all transfers.

2.6.5.7 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. A detail of the District's strategy pertaining to asset management and repairs and maintenance is contained in Table 60 MBRR SA34C on page 90.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 29 MBRR SA19 - Expenditure on transfers and grant programmes

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
	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:									
Operating expenditure of Transfers and Grants									
National Government:	148 887	198 380	229 279	354 860	354 860	354 860	382 292	391 678	420 928
Local Government Equitable Share	140 291	195 764	227 968	325 908	325 908	325 908	359 914	386 308	415 728
Finance Management	593	1 611	1 311	1 250	1 250	1 250	1 500	1 500	1 250
Municipal Systems Improvement	1 855	1 005		790	790	790	1 000	870	950
Water Services Operating Subsidy	6 148			7 512	7 512	7 512	16 878	-	-
EPWP Incentive				16 400	16 400	16 400			
MIG				3 000	3 000	3 000	3 000	3 000	3 000
Provincial Government:	42 322	50 365	42 305	15 831	35 355	35 355	27 034	27 034	27 034
Housing	17 459	13 996	4 523	1 241	1 241	1 241			
Sport and Recreation		406	8 455		5 987	5 987			
Health subsidy		13 996	6 759		5 627	5 627			
Roads & Public Works	24 863	21 968	22 568	14 590	22 500	22 500	27 034	27 034	27 034
District Municipality:	-	-	-	-	-	-	-	-	-
Other grant providers:	-	20 047	75 558	-	-	-	-	-	-
<i>Other Subsidies</i>		20 047	75 558						
Total operating expenditure of Transfers and Grants:	191 209	268 793	347 141	370 691	390 215	390 215	409 326	418 712	447 962
Capital expenditure of Transfers and Grants									
National Government:	-	143 075	204 892	401 279	395 292	395 292	528 079	542 899	571 575
Municipal Infrastructure Grant (MIG)		137 997	200 310	281 604	281 604	281 604	342 243	361 190	394 110
Regional Bulk Infrastructure				112 000	112 000	112 000	169 405	175 024	170 672
Rural Transport Services and Infrastructure		5 078	4 582	1 688	1 688	1 688	1 776	1 865	1 973
EPWP/ Accelerated Comm Infrastru Prog				5 987					
EPWP							14 655	4 820	4 820
Provincial Government:	-	37	66	7 910	-	-	-	-	-
Roads and Public Works		37	66	7 910					
District Municipality:	-	-	-	-	-	-	-	-	-
Other grant providers:	-	1 435	492	-	-	-	-	-	-
<i>Other Subsidies</i>		1 435	492						
Total capital expenditure of Transfers and Grants	-	144 547	205 450	409 189	395 292	395 292	528 079	542 899	571 575
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	191 209	413 339	552 591	779 880	785 507	785 507	937 405	961 611	1 019 537

2.8 Councillor and employee benefits

Table 31 MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited	Audited	Audited	Original	Adjusted	Full Year	Budget Year	Budget Year	Budget Year
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages					4 696			4 961	5 224	5 480
Pension and UIF Contributions									-	-
Medical Aid Contributions					791				-	-
Motor Vehicle Allowance		1 324	1 427	1 540	1 525			1 449	1 525	1 600
Cellphone Allowance					274			259	273	286
Housing Allowances										
Other benefits and allowances		3 302	3 565	5 116						
Sub Total - Councillors		4 626	4 991	6 655	7 286	-	-	6 668	7 022	7 366
% increase	4		7.9%	33.3%	9.5%	(100.0%)	-	-	5.3%	4.9%
Senior Managers of the Municipality	2									
Basic Salaries and Wages								3 230	3 401	3 567
Pension and UIF Contributions								607	639	670
Medical Aid Contributions								270	284	298
Overtime										
Performance Bonus								7 671	8 077	8 473
Motor Vehicle Allowance	3							1 364	1 437	1 507
Cellphone Allowance	3							121	127	133
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		-	-	-	-	-	-	13 262	13 965	14 649
% increase	4		-	-	-	-	-	-	5.3%	4.9%
Other Municipal Staff										
Basic Salaries and Wages								87 426	92 060	96 571
Pension and UIF Contributions								16 002	16 851	17 676
Medical Aid Contributions								6 076	6 398	6 711
Overtime									-	-
Performance Bonus									-	-
Motor Vehicle Allowance	3							12 204	12 851	13 481
Cellphone Allowance	3							1 320	1 390	1 458
Housing Allowances	3							2 145	2 259	2 369
Other benefits and allowances	3							3 107	3 272	3 432
Payments in lieu of leave									-	-
Long service awards								629	662	695
Post-retirement benefit obligations	6								-	-
Sub Total - Other Municipal Staff		-	-	-	-	-	-	128 910	135 743	142 394
% increase	4		-	-	-	-	-	-	5.3%	4.9%
Total Parent Municipality		4 626	4 991	6 655	7 286	-	-	148 841	156 729	164 409
Sub Total - Board Members of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
Total Municipal Entities		-	-	-	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS		4 626	4 991	6 655	7 286	-	-	148 841	156 729	164 409
% increase	4		7.9%	33.3%	9.5%	(100.0%)	-	-	5.3%	4.9%
TOTAL MANAGERS AND STAFF	5	-	-	-	-	-	-	142 172	149 707	157 043

Table 32 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		298 418	28 519	215 330			542 266
Chief Whip			285 962	32 593	207 420			525 975
Executive Mayor			404 616	56 402	246 971			707 990
Deputy Executive Mayor								-
Executive Committee								-
Total for all other councillors			3 972 004	160 192	759 572			4 891 769
Total Councillors	8	-	4 961 000	277 706	1 429 294			6 668 000
Senior Managers of the Municipality	5							
Municipal Manager (MM)			715 876	191 586	285 665	1 172 946		2 366 073
HOD: Financial Services			663 443	151 083	259 619	1 087 040		2 161 186
HOD: Corporate Services			663 443	151 083	259 619	1 087 040		2 161 186
HOD: Health and Community			663 443	151 083	259 619	1 087 040		2 161 186
HOD: Technical services			663 443	151 083	259 619	1 087 040		2 161 186
HOD: Local Economic Development			663 443	151 083	259 619	1 087 040		2 161 186
								-
Total Senior Managers of the Municipality	8	-	4 033 092	947 003	1 583 760	6 608 145		13 172 000
Total for municipal entities	8	-	-	-	-	-		-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION		-	8 994 092	1 224 709	3 013 054	6 608 145		19 840 000

Table 33 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers Number	2009/10			Current Year 2010/11			Budget Year 2011/12		
	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)	152	-	152	152	-	152	152	-	152
Board Members of municipal entities	-	-	-	-	-	-	-	-	-
Municipal employees									
Municipal Manager and Senior Managers	51	33	18	51	33	18	51	33	18
Other Managers	162	162	-	162	162	-	192	192	12
Professionals	430	413	-	430	430	-	570	469	979
<i>Finance</i>	37	36	-	37	37	-	37	37	74
<i>Spatial/town planning</i>	76	78	-	76	76	-	86	86	172
<i>Information Technology</i>	7	7	-	7	7	-	42	42	84
<i>Roads</i>	74	80	-	74	74	-	78	64	142
<i>Electricity</i>	192	177	-	192	192	-	192	192	384
<i>Water</i>	38	32	-	38	38	-	69	42	111
<i>Sanitation</i>	-	-	-	-	-	-	-	-	-
<i>Refuse</i>	6	3	-	6	6	-	6	6	12
<i>Other</i>	197	192	-	197	197	-	301	301	-
Technicians	673	678	-	673	673	-	1,000	869	60
<i>Finance</i>	95	102	-	95	95	-	95	95	32
<i>Spatial/town planning</i>	103	112	-	103	103	-	399	296	4
<i>Information Technology</i>	20	21	-	20	20	-	20	20	-
<i>Roads</i>	68	66	-	68	68	-	84	71	13
<i>Electricity</i>	225	223	-	225	225	-	225	225	-
<i>Water</i>	71	64	-	71	71	-	86	71	11
<i>Sanitation</i>	-	-	-	-	-	-	-	-	-
<i>Refuse</i>	91	90	-	91	91	-	91	91	-
<i>Other</i>	1,394	1,368	-	1,394	1,394	-	1,723	1,102	-
Clerks (Clerical and administrative)	2,154	2,036	-	2,154	2,154	-	2,120	1,620	-
Service and sales workers	1,834	1,853	-	1,834	1,834	-	2,130	1,834	-
Skilled agricultural and fishery workers	77	65	-	77	77	-	77	77	-
Craft and related trades	1,258	1,246	-	1,258	1,258	-	1,600	1,120	-
Plant and Machine Operators	846	849	-	846	846	-	1,023	880	-
Elementary Occupations	7,793	3,661	-	7,793	4,043	3,750	12,004	5,210	4,421
TOTAL PERSONNEL NUMBERS	17,021	12,556	170	17,021	13,101	3,920	22,883	13,707	5,642
% increase	-	-	-	-	4.3%	2,205.9%	34.4%	4.6%	43.9%
Total municipal employees headcount	-	12,556	-	-	13,101	-	-	13,707	-
Finance personnel headcount	-	605	-	-	632	-	-	661	-
Human Resources personnel headcount	-	532	-	-	541	-	-	549	-

2.9 Monthly targets for revenue, expenditure and cash flow

Table 34 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure		
		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																
Interest earned - external investments		1 279	1 279	1 279	1 279	1 279	1 279	1 279	1 279	1 279	1 279	1 386	15 454	16 273	17 070	
Interest earned - outstanding debtors		1	1	1	1	1	1	1	1	1	1	1	12	13	13	
Transfers recognised - operational		255 383	3 474	3 474	3 474	3 474	3 474	3 474	122 224	3 474	3 474	451	409 326	420 644	451 789	
Other revenue		46	46	46	46	46	46	46	46	46	46	46	550	579	608	
Total Revenue (excluding capital transfers and contributions)		256 709	4 800	4 800	4 800	4 800	4 800	4 800	4 800	123 550	4 800	4 800	1 884	425 341	437 509	469 480
Expenditure By Type																
Employee related costs		10 936	10 936	10 936	10 936	10 936	21 873	10 936	10 936	10 936	10 936	10 936	142 172	149 707	157 043	
Remuneration of councillors		556	556	556	556	556	556	556	556	556	556	556	6 668	7 022	7 366	
Depreciation & asset impairment												3 085	3 085	3 248	3 407	
Finance charges				1 000					1 000				-	2 106	2 209	
Bulk purchases		436	436	436	436	436	436	436	436	436	436	436	5 230	5 507	5 777	
Other materials													-	-	-	
Contracted services		45	45	45	45	45	45	45	45	45	45	2 305	2 796	2 944	3 088	
Transfers and grants		15 139	15 139	15 139	15 139	15 139	15 139	15 139	15 139	15 139	15 139	(22 369)	144 160	151 801	159 239	
Other expenditure		6 620	6 620	6 620	6 620	6 620	6 620	6 620	6 620	6 620	6 620	46 412	119 229	125 549	131 700	
Loss on disposal of PPE													-	-	-	
Total Expenditure		33 731	33 731	34 731	33 731	33 731	44 668	33 731	33 731	34 731	33 731	33 731	41 361	425 341	447 884	469 830
Surplus/(Deficit)		222 978	(28 931)	(29 931)	(28 931)	(28 931)	(39 868)	(28 931)	(28 931)	88 819	(28 931)	(28 931)	(39 477)	0	(10 375)	(351)
Transfers recognised - capital													528 079	528 079	542 399	571 575
Contributions recognised - capital													16 400	16 400	-	-
Contributed assets													-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		222 978	(28 931)	(29 931)	(28 931)	(28 931)	(39 868)	(28 931)	(28 931)	88 819	(28 931)	(28 931)	505 002	544 479	532 024	571 224
Surplus/(Deficit)	1	222 978	(28 931)	(29 931)	(28 931)	(28 931)	(39 868)	(28 931)	(28 931)	88 819	(28 931)	(28 931)	505 002	544 479	532 024	571 224

Table 35 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure		
		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 - COUNCIL		17 138				17 139				17 139			0	51 416	55 187	59 390
Vote 2 - MUNICIPAL MANAGER		17 138				17 139				17 139			0	51 416	55 187	59 390
Vote 3 - BUDGET & TREASURY		23 310				23 311				23 311			(0)	69 932	74 421	79 280
Vote 4 - COMMUNITY SERVICES		17 138				17 139				17 139			0	51 416	55 187	59 390
Vote 5 - CORPORATE SERVICES		17 138				17 139				17 139			0	51 416	55 187	59 390
Vote 6 - PLANNING & DEVELOPMENT		17 138				17 139				17 139			0	51 416	55 187	59 390
Vote 7 - TECHNICAL SERVICES		99 088				112 589				17 139	386 957		0	615 773	601 086	634 965
Vote 8 - ROADS		2 252	2 252	2 252	2 252	2 252	2 252	2 252	2 252	2 252	2 252	4 514	(0)	27 034	28 466	29 861
Total Revenue by Vote		210 340	2 252	2 252	2 252	223 847	2 252	2 252	2 252	128 397	389 209	4 514	1	969 820	979 908	1 041 055
Expenditure by Vote to be appropriated																
Vote 1 - COUNCIL		1 412	1 412	1 412	1 412	1 412	1 412	1 412	1 412	1 412	1 412	1 412	193	15 725	16 558	17 370
Vote 2 - MUNICIPAL MANAGER		1 445	1 445	1 445	1 445	1 445	1 445	1 445	1 445	1 445	1 445	1 445	1 448	17 343	18 263	19 157
Vote 3 - BUDGET & TREASURY		2 825	2 825	2 825	2 825	2 825	2 825	2 825	2 825	2 825	2 825	2 825	2 828	33 903	35 700	37 449
Vote 4 - COMMUNITY SERVICES		3 316	3 316	3 316	3 316	3 316	3 316	3 316	3 316	3 316	3 316	3 316	3 321	39 797	41 907	43 960
Vote 5 - CORPORATE SERVICES		3 492	3 492	3 492	3 492	3 492	3 492	3 492	3 492	3 492	3 492	3 492	3 497	41 909	44 130	46 290
Vote 6 - PLANNING & DEVELOPMENT		3 015	3 015	3 015	3 015	3 015	3 015	3 015	3 015	3 015	3 015	3 015	3 009	36 174	38 092	39 960
Vote 7 - TECHNICAL SERVICES		17 788	17 788	17 788	17 788	17 788	17 788	17 788	17 788	17 788	17 788	17 788	17 788	213 456	224 770	235 783
Vote 8 - ROADS		2 253	2 253	2 253	2 253	2 253	2 253	2 253	2 253	2 253	2 253	2 253	2 252	27 034	28 466	29 861
Total Expenditure by Vote		35 546	35 546	35 546	35 546	35 546	35 546	35 546	35 546	35 546	35 546	35 546	34 337	425 341	447 884	469 830
Surplus/(Deficit) before assoc.		174 794	(33 294)	(33 294)	(33 294)	188 301	(33 294)	(33 294)	(33 294)	92 851	353 663	(31 032)	(34 336)	544 479	532 024	571 224
Surplus/(Deficit)	1	174 794	(33 294)	(33 294)	(33 294)	188 301	(33 294)	(33 294)	(33 294)	92 851	353 663	(31 032)	(34 336)	544 479	532 024	571 224

Table 36 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure			
		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>		74 726	-	-	-	74 728	-	-	-	74 728	-	-	(0)	224 181	239 982	257 450	
Executive and council		34 278				34 278				34 278			(0)	102 833	110 374	118 779	
Budget and treasury office		23 310				23 311				23 311			(0)	69 932	74 421	79 280	
Corporate services		17 138				17 139				17 139			0	51 416	55 187	59 390	
<i>Community and public safety</i>		17 138	-	-	-	17 139	-	-	-	17 139	-	-	0	51 416	55 187	59 390	
Community and social services		17 138				17 139				17 139			0	51 416	55 187	59 390	
<i>Economic and environmental services</i>		19 390	2 252	2 252	2 252	19 391	2 252	2 252	2 252	19 391	2 252	2 252	2 262	78 450	83 653	89 251	
Planning and development		17 138				17 139				17 139			0	51 416	55 187	59 390	
Road transport		2 252	2 252	2 252	2 252	2 252	2 252	2 252	2 252	2 252	2 252	2 252	2 262	27 034	28 466	29 861	
<i>Trading services</i>		168 060	-	-	-	168 060	-	-	-	168 060	111 592	-	0	615 773	601 086	634 965	
Water		111 592				111 592				111 592	111 592		0	446 368	426 062	464 293	
Waste water management		56 468				56 468				56 468			0	169 405	175 024	170 672	
Total Revenue - Standard		279 314	2 252	2 252	2 252	279 318	2 252	2 252	2 252	279 318	113 844	2 252	2 262	969 820	979 908	1 041 055	
			2 252	2 252	2 252	347 874	2 252	2 252	2 252	347 874	113 844	2 252					
Expenditure - Standard																	
<i>Governance and administration</i>		9 174	9 174	9 174	9 174	9 174	9 174	9 174	9 174	9 174	9 174	9 174	7 965	108 879	114 650	120 268	
Executive and council		2 857	2 857	2 857	2 857	2 857	2 857	2 857	2 857	2 857	2 857	2 857	1 641	33 068	34 821	36 527	
Budget and treasury office		2 825	2 825	2 825	2 825	2 825	2 825	2 825	2 825	2 825	2 825	2 825	2 828	33 903	35 700	37 449	
Corporate services		3 492	3 492	3 492	3 492	3 492	3 492	3 492	3 492	3 492	3 492	3 492	3 497	41 909	44 130	46 292	
<i>Community and public safety</i>		3 316	3 316	3 316	3 316	3 316	3 316	3 316	3 316	3 316	3 316	3 316	3 321	39 797	41 907	43 960	
Community and social services		3 316	3 316	3 316	3 316	3 316	3 316	3 316	3 316	3 316	3 316	3 316	3 321	39 797	41 907	43 960	
<i>Economic and environmental services</i>		5 268	5 268	5 268	5 268	5 268	5 268	5 268	5 268	5 268	5 268	5 268	5 262	63 208	66 558	69 819	
Planning and development		3 015	3 015	3 015	3 015	3 015	3 015	3 015	3 015	3 015	3 015	3 015	3 009	36 174	38 092	39 958	
Road transport		2 253	2 253	2 253	2 253	2 253	2 253	2 253	2 253	2 253	2 253	2 253	2 252	27 034	28 466	29 861	
Environmental protection													-	-	-	-	
<i>Trading services</i>		17 788	17 788	17 788	17 788	17 788	17 788	17 788	17 788	17 788	17 788	17 788	17 788	213 456	224 770	235 783	
Water		17 788	17 788	17 788	17 788	17 788	17 788	17 788	17 788	17 788	17 788	17 788	17 788	213 456	224 770	235 783	
Total Expenditure - Standard		35 546	35 546	35 546	35 546	35 546	35 546	35 546	35 546	35 546	35 546	35 546	34 337	425 341	447 884	469 830	
Surplus/(Deficit) before assoc.		243 768	(33 294)	(33 294)	(33 294)	243 772	(33 294)	(33 294)	(33 294)	243 772	78 298	(33 294)	(32 075)	544 479	532 024	571 224	
Share of surplus/ (deficit) of associate		16 400											(16 400)	-	-	-	
Surplus/(Deficit)	1	260 168	(33 294)	(33 294)	(33 294)	243 772	(33 294)	(33 294)	(33 294)	243 772	78 298	(33 294)	(48 475)	544 479	532 024	571 224	

Table 37 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure		
		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 - COUNCIL													-	-	-	-
Vote 2 - MUNICIPAL MANAGER													-	-	-	-
Vote 3 - BUDGET & TREASURY													-	-	-	-
Vote 4 - COMMUNITY SERVICES													-	-	-	-
Vote 5 - CORPORATE SERVICES													-	-	-	-
Vote 6 - PLANNING & DEVELOPMENT													-	-	-	-
Vote 7 - TECHNICAL SERVICES													-	-	-	-
Vote 8 - ROADS													-	-	-	-
Capital multi-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated																
Vote 1 - COUNCIL													-	-	-	-
Vote 2 - MUNICIPAL MANAGER													-	-	-	-
Vote 3 - BUDGET & TREASURY													-	-	-	-
Vote 4 - COMMUNITY SERVICES													-	-	-	-
Vote 5 - CORPORATE SERVICES													-	-	-	-
Vote 6 - PLANNING & DEVELOPMENT													-	-	-	-
Vote 7 - TECHNICAL SERVICES		28	28	28	28	28	28	28	28	28	28	28	542 398	542 703	540 534	569 602
Vote 8 - ROADS		148	148	148	148	148	148	148	148	148	148	148	148	1 776	1 865	1 973
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
Capital single-year expenditure sub-total	2	176	176	176	176	176	176	176	176	176	176	176	542 546	544 479	542 399	571 575
Total Capital Expenditure	2	176	176	176	176	176	176	176	176	176	176	176	542 546	544 479	542 399	571 575

Table 38 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure		
		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>		-	-	-	-	-	-	-	-	-	-	-	-	-	608	637
Executive and council															239	251
Budget and treasury office															342	359
Corporate services															26	28
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	1 934	2 029
Community and social services															1 934	2 029
Sport and recreation															-	-
Public safety															-	-
Housing															-	-
Health															-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	106	111
Planning and development															106	111
Road transport															-	-
Environmental protection															-	-
<i>Trading services</i>		45 373	45 373	45 373	45 373	45 373	45 373	45 373	45 373	45 373	45 373	45 376	544 479	539 751	568 797	
Electricity														-	-	
Water														-	352	
Waste water management		45 373	45 373	45 373	45 373	45 373	45 373	45 373	45 373	45 373	45 373	45 376	544 479	539 399	568 428	
Waste management														-	-	
<i>Other</i>														-	-	
Total Capital Expenditure - Standard	2	45 373	45 373	45 373	45 373	45 373	45 373	45 373	45 373	45 373	45 373	45 376	544 479	542 399	571 575	

Table 39 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS R thousand	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	
Cash Receipts By Source													1	15 454	16 273	17 070
Interest earned - external investments	1 279	1 279	1 279	1 279	1 279	1 279	1 279	1 279	1 279	1 279	1 279	1 386	15 454	16 273	17 070	
Interest earned - outstanding debtors	1	1	1	1	1	1	1	1	1	1	1	1	12	13	13	
Transfer receipts - operational	255 383	3 474	3 474	3 474	3 474	3 474	3 474	3 474	3 474	122 224	3 474	3 474	409 326	420 644	451 789	
Other revenue	46	46	46	46	46	46	46	46	46	46	46	46	550	579	608	
Cash Receipts by Source	256 709	4 800	4 800	4 800	4 800	4 800	4 800	4 800	4 800	123 550	4 800	4 800	1 885	425 342	437 509	469 480
Other Cash Flows by Source																
Transfer receipts - capital	44 007	44 007	44 007	44 007	44 007	44 007	44 007	44 007	44 007	44 007	44 007	44 007	528 079	542 399	571 575	
Contributions recognised - capital & Contributed ass	1 367	1 367	1 367	1 367	1 367	1 367	1 367	1 367	1 367	1 367	1 367	1 367	16 400	-	-	
Total Cash Receipts by Source	302 082	50 173	50 173	50 173	50 173	50 173	50 173	50 173	50 173	168 923	50 173	50 173	47 258	969 821	979 908	1 041 055
Cash Payments by Type																
Employee related costs	10 936	10 936	10 936	10 936	10 936	10 936	10 936	10 936	10 936	10 936	10 936	21 876	142 172	149 707	157 043	
Remuneration of councillors	556	556	556	556	556	556	556	556	556	556	556	552	6 668	7 022	7 366	
Finance charges			1 000						1 000			-	2 000	2 106	2 209	
Bulk purchases - Water & Sewer	436	436	436	436	436	436	436	436	436	436	436	434	5 230	5 507	5 777	
Other materials												-				
Contracted services	233	233	233	233	233	233	233	233	233	233	233	233	2 796	2 944	3 088	
Transfers and grants - other municipalities	12 031	12 031	12 031	12 031	12 031	12 031	12 031	12 031	12 031	12 031	12 031	11 819	144 160	151 801	159 239	
Other expenditure	9 936	9 936	9 936	9 936	9 936	9 936	9 936	9 936	9 936	9 936	9 936	9 933	119 229	125 549	131 700	
Cash Payments by Type	34 128	34 128	35 128	34 128	34 128	34 128	34 128	34 128	35 128	34 128	34 128	44 847	422 255	444 636	466 422	
Other Cash Flows/Payments by Type																
Capital assets	45 373	45 373	45 373	45 373	45 373	45 373	45 373	45 373	45 373	45 373	45 373	45 376	544 479	542 399	571 575	
Total Cash Payments by Type	79 501	79 501	80 501	79 501	79 501	79 501	79 501	79 501	80 501	79 501	79 501	90 223	966 734	987 035	1 037 997	
NET INCREASE/(DECREASE) IN CASH HELD	222 581	(29 328)	(30 328)	(29 328)	(29 328)	(29 328)	(29 328)	(29 328)	(29 328)	88 422	(29 328)	(29 328)	(42 965)	3 087	(7 127)	3 058
Cash/cash equivalents at the month/year begin:	222 581	222 581	193 253	162 925	133 597	104 269	74 941	45 613	16 285	104 707	75 379	46 051	-	3 087	(4 041)	
Cash/cash equivalents at the month/year end:	222 581	193 253	162 925	133 597	104 269	74 941	45 613	16 285	104 707	75 379	46 051	3 087	3 087	(4 041)	(983)	

2.10 Annual budgets and SDBIPs – internal departments

2.10.1 Water Services Department – Vote 14

The department is primarily responsible for the distribution of potable water within the municipal boundary, which includes the purification of raw water, maintenance of the reticulation network and implementation of the departmental capital programme.

2.11 Capital expenditure details

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

Table 40 MBRR SA 34a - Capital expenditure on new assets by asset class

Description R thousand	Ref 1	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
		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		-	2 439 055	2 493 296	412 989	395 292	395 292	544 479	542 399	571 575
Infrastructure - Road transport		-	50 716	1 026	19 385	1 026	1 026	28 011	1 865	1 973
<i>Roads, Pavements & Bridges</i>			50 716	1 026	19 385	1 026	1 026	28 011	1 865	1 973
Infrastructure - Water		-	2 388 339	2 086 119	393 604	394 266	394 266	347 063	365 510	398 930
<i>Dams & Reservoirs</i>			2 388 339	2 086 119	393 604	394 266	394 266			
<i>Reticulation</i>						-	-	347 063	365 510	398 930
Infrastructure - Sanitation		-	-	367 247	-	-	-	169 405	175 024	170 672
<i>Reticulation</i>								169 405	175 024	170 672
<i>Sewerage purification</i>				367 247						
Infrastructure - Other		-	-	38 904	-	-	-	-	-	-
<i>Other</i>	3			38 904						
Community		-	-	-	-	-	-	-	-	-
<i>Other</i>										
Other assets		-	-	83 436	250 000	-	-	-	-	-
Other Buildings				44 451	250 000					
Other Land				38 984						
Agricultural assets		-	-	-	10 700	-	-	-	-	-
<i>Animal, food production and Irrigation schemes</i>					10 700					
Total Capital Expenditure on new asse	1	-	2 439 055	2 576 732	673 689	395 292	395 292	544 479	542 399	571 575

Table 41 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
		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										
Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Parks & gardens										
Other										
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other										
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		-	24 018	11 837	3 730	-	-	1 030	1 085	1 138
General vehicles										
Specialised vehicles	10	-	-	-	-	-	-	-	-	-
Plant & equipment								47	49	52
Computers - hardware/equipment										
Furniture and other office equipment								73	77	81
Other Buildings								460	484	508
Other Land										
Surplus Assets - (Investment or Inventory)										
Other			24 018	11 837	3 730			450	474	497
Total Repairs and Maintenance Ex	1	-	24 018	11 837	3 730	-	-	1 030	1 085	1 138

Table 42 MBRR SA35 - Future financial implications of the capital budget

Vote Description R thousand	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
Capital expenditure	1							
Vote 1 - COUNCIL		-	-	-				
Vote 2 - MUNICIPAL MANAGER		-	-	-				
Vote 3 - BUDGET & TREASURY		-	-	-				
Vote 4 - COMMUNITY SERVICES		-	-	-				
Vote 5 - CORPORATE SERVICES		-	-	-				
Vote 6 - PLANNING & DEVELOPMENT		-	-	-				
Vote 7 - TECHNICAL SERVICES		542 703	540 534	569 602				
Vote 8 - ROADS		1 776	1 865	1 973				
<i>List entity summary if applicable</i>								
Total Capital Expenditure		544 479	542 399	571 575	-	-	-	-
Future operational costs by vote	2							
Vote 1 - COUNCIL								
Vote 2 - MUNICIPAL MANAGER								
Vote 3 - BUDGET & TREASURY								
Vote 4 - COMMUNITY SERVICES								
Vote 5 - CORPORATE SERVICES								
Vote 6 - PLANNING & DEVELOPMENT								
Vote 7 - TECHNICAL SERVICES								
Vote 8 - ROADS								
<i>List entity summary if applicable</i>								
Total future operational costs		-	-	-	-	-	-	-
Future revenue by source	3							
<i>List entity summary if applicable</i>								
Total future revenue		-	-	-	-	-	-	-
Net Financial Implications		544 479	542 399	571 575	-	-	-	-

Table 43 MBRR SA36 - Detailed capital budget per municipal vote

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordin	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>																
Technical Services		Emalaheni- Sanitation backlog			Yes	Infrastructure - Sanitation	Other - VIP Toilets					27 800	34 000	40 000	Cluster 3&4, Dodrecht	
Technical Services		Emalaheni- Water backlog			Yes	Infrastructure - Water	Reticulation, Water Bulk line, Resevior					30 750	34 000	34 000	Cluster 1.2 & 4	
Technical Services		Inkwanca-Water & Sanitation			Yes	Infrastructure - Water & Sanitation	Water & Sewerage purification					7 100	3 800	4 500	Molteno and Sterksroom	
Technical Services		Intsika Yethu- Sanitation			Yes	Infrastructure - Sanitation	Water purification & VIP Toilets					43 000	40 500	47 000	Cluster 6, 7,8 & Ward 3,8	
Technical Services		Intsika Yethu- Water			Yes	Infrastructure - Water	Reticulation, Water Bulk line, Resevior					46 500	45 606	53 500	Cluster 2,4, 9 & Tsomo Bulk	
Technical Services		Inxuba Yethemba- Water & Sanitation			Yes	Infrastructure - Water & Sanitation	Water & Sewerage purification					8 500	8 900	9 000	Cradock, Lingelihle, Rosmead	
Technical Services		Lukhanji- Water & Sanitation backlog			Yes	Infrastructure - Water & Sanitation	Water & Sewerage purification, VIP					41 000	43 000	47 000	Water Cluster 1,3 & San Cluster 1,2	
Technical Services		Engcobo- Water & Sanitation backlog			Yes	Infrastructure - Water & Sanitation	Reticulation, Water Bulk line, Resevior					97 093	110 384	115 610	Water Cluster 6,5,7,8 & San Cluster 9,10,11	
Technical Services		Sakhisizwe - Water & Sanitation backlog			Yes	Infrastructure - Water & Sanitation	Reticulation, Water Bulk line, Resevior, VIP					27 800	27 000	29 000	Water Cluster 4 & San Cluster 5	
Technical Services		Tsolwana - Water & Sanitation backlog			Yes	Infrastructure - Water & Sanitation	Water purification & VIP Toilets					12 700	13 500	14 500	Rocklands w.sp:San Ward 2,3:Tarkastad& Hofmeyr san	
Technical Services		Regional Bulk infrastructure projects			Yes	Infrastructure - Water	Dams, Bulk & Reservoirs					169 405	175 024	170 672	Cluster 4,6,9: Middleburg: Queenstown: Hofmeyr	
Technical Services		EPWP - Projects			Yes	Other	Other			122 340		26 235	-	-		
Technical Services		ACIP			Yes	Infrastructure - Water & Sanitation	Water & Sewerage purification					4 820	7 200			
Technical Services		Rural Transport			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges			1 026		1 776	-	-		
Technical Services		Infrastructure - Sanitation					Water purification & VIP Toilets			367 247						
Technical Services		Infrastructure - Water					Reticulation, Water Bulk line, Resevior			2 085 415						
Parent Capital expenditure	1											544 479	542 914	564 782		
Entity Capital expenditure										-	-	-	-	-		
Total Capital expenditure										2 576 028	-	544 479	542 914	564 782		

Table 44 MBRR SA37 - Projects delayed from previous financial year

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	Current Year 2011/12		2012/13 Medium Term Revenue &		
								Original Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand							Year					
Parent municipality:												
<i>List all capital projects grouped by Municipal Vote</i>				<i>Examples</i>	<i>Examples</i>							
Technical Services		Komani Taxi Rank and Road Asset management system	T300301/T300302	<i>Infrastructure - Road transport</i>	<i>Transportation</i>			1 962	1 962	1 962	-	-
Technical Services		Water Supply, Water backlog		<i>Infrastructure - Water</i>	<i>Other</i>			23 182	23 182	23 182	-	-
Technical Services		Water Con and Demand Mgmt, Learnership		<i>Other</i>	<i>Other</i>			4 692	4 692	4 692	-	-
Technical Services		Water Services		<i>Infrastructure - Water</i>	<i>Other</i>			32 504	32 504	32 504	-	-
Entities:												
<i>List all capital projects grouped by Municipal Entity</i>												
<i>Entity Name</i>												
<i>Project name</i>												

2.12 Legislation compliance status

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

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the District's website.
2. Internship programme
The District is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Since the introduction of the Internship programme the District has successfully employed and trained 33 interns through this programme and a majority of them were appointed either in the District or other Institutions such as KPMG, Ernest & Young, SARS, Auditor General, and National Treasury.
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 2012/13 MTREF directly aligned and informed by the 2013/14 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.

2.13 Other supporting documents

Table 45 MBRR 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 &		
		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:											
<u>Property rates</u>	6										
Net Property Rates		-	-	-	-	-	-	-	-	-	-
<u>Service charges - electricity revenue</u>	6										
Total Service charges - electricity revenue											
<i>less Revenue Foregone</i>											
Net Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-
<u>Service charges - water revenue</u>	6										
Total Service charges - water revenue			79 366	70 844							
<i>less Revenue Foregone</i>											
Net Service charges - water revenue		-	79 366	70 844	-	-	-	-	-	-	-
<u>Service charges - sanitation revenue</u>											
Total Service charges - sanitation revenue				41 913							
<i>less Revenue Foregone</i>											
Net Service charges - sanitation revenue		-	-	41 913	-	-	-	-	-	-	-
<u>Service charges - refuse revenue</u>	6										
Total refuse removal revenue											
Total landfill revenue											
<i>less Revenue Foregone</i>											
Net Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-
<u>Other Revenue by source</u>											
Commission on Collection			81	88	50				50	53	55
Sundry Income			113	162	500	500	500		500	527	552
Tender Documents			284	596	728						
Plant Rentals					10						
Telephone			42	36	31						
Ukhahlamba Water Project			483								
Connection Fees			183	279							
Public Donations			50	50							
Unblocking services			82	94							
Works Recoverable			505								
Other Revenue						623	623				
Total 'Other' Revenue	3										
	1	-	1 823	1 304	1 318	1 123	1 123	-	550	579	608
EXPENDITURE ITEMS:											
<u>Employee related costs</u>											
Wages	2		88 326	109 317	97 636	93 306	93 306		98 081	103 280	108 341
Pension and UIF Contributions			14 604	17 674	13 163	21 336	21 336		16 609	17 489	18 346
Medical Aid Contributions					6 261	1 423	1 423		6 345	6 682	7 009
Overtime			-	2 902		45	45		-	-	-
Performance Bonus			186	41							
Motor Vehicle Allowance			7 592	10 817	12 358	13 594	13 594		13 569	14 288	14 988

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

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
		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											
Contributions recognised - capital											
<i>Interest on Investments</i>											
<i>Fund for Building</i>					220 500	250 000					
<i>Loan</i>					44 000						
<i>Accumulated Surplus</i>								16 400	-	-	
Total Contributions recognised - capital		-	-	-	264 500	250 000	-	-	16 400	-	-
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment			81 674	88 493	3 085	3 085	3 085		3 085	3 248	3 407
Lease amortisation			958	477							
Capital asset impairment											
Depreciation resulting from revaluation of PPE	10										
Total Depreciation & asset impairment	1	-	82 632	88 971	3 085	3 085	3 085	-	3 085	3 248	3 407
Bulk purchases											
Electricity Bulk Purchases		2 863			5 104						
Water Bulk Purchases			12 644	12 076	5 000	5 000	5 000		5 230	5 507	5 777
Total bulk purchases	1	2 863	12 644	12 076	10 104	5 000	5 000	-	5 230	5 507	5 777
Transfers and grants											
Cash transfers and grants		93	39 637	988	171 285	258 038	258 038	-	144 160	151 801	159 239
Non-cash transfers and grants		253 607	95 088	147 096	-	-	-	-	-	-	-
Total transfers and grants	1	253 700	134 726	148 084	171 285	258 038	258 038	-	144 160	151 801	159 239
Contracted services											
<i>Professional Fees</i>			-	1 386					2 260	2 380	2 496
<i>Security Costs</i>		106	298	653	374	374	374		500	527	552
<i>Cash-in-transit services</i>		16	8		26	26	26		36	38	40
<i>Other</i>				38 632							
sub-total	1	122	306	40 671	400	400	400	-	2 796	2 944	3 088
Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services		122	306	40 671	400	400	400	-	2 796	2 944	3 088
March 2019 Type											
Collection costs		-	-	5	342	345	345		5	5	6
Contributions to 'other' provisions		375			9 500	10 583	10 583		1 500	1 580	1 657
Consultant fees		5 264	38 314	591	2 270	2 270	2 270			-	-
Audit fees		2 850	4 916	6 712	7 109	7 109	7 109		7 475	7 871	8 256
General ex penses	3	103 370	76 855	62 625	107 248	139 487	139 487		109 220	115 008	120 644

Table 46 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Ref	Vote 1 - COUNCIL	Vote 2 - MUNICIPAL MANAGER	Vote 3 - BUDGET & TREASURY	Vote 4 - COMMUNITY SERVICES	Vote 5 - CORPORATE SERVICES	Vote 6 - PLANNING & DEVELOPME	Vote 7 - TECHNICAL SERVICES	Vote 8 - ROADS	Total
R thousand	1									
Revenue By Source										
Property rates										-
Property rates - penalties & collection charges										-
Service charges - electricity revenue										-
Service charges - water revenue										-
Service charges - sanitation revenue										-
Service charges - refuse revenue										-
Service charges - other										-
Rental of facilities and equipment										-
Interest earned - external investments				15 454						15 454
Interest earned - outstanding debtors				12						12
Dividends received										-
Fines										-
Licences and permits										-
Agency services										-
Other revenue				550						550
Transfers recognised - operational		51 416	51 416	53 916	51 416	51 416	51 416	71 294	27 034	409 325
Gains on disposal of PPE										-
Total Revenue (excluding capital transfers and contributions)		51 416	51 416	69 932	51 416	51 416	51 416	71 294	27 034	425 341
Expenditure By Type										
Employee related costs		866	9 096	14 464	29 650	16 408	7 713	46 943	17 034	142 172
Remuneration of councillors		6 668								6 668
Debt impairment										-
Depreciation & asset impairment		3 085								3 085
Finance charges				2 000						2 000
Bulk purchases								5 230		5 230
Other materials										-
Contracted services				2 096		700				2 796
Transfers and grants		70			60		145	143 885		144 160
Other expenditure		5 034	8 058	16 523	10 087	24 027	28 317	17 183	10 000	119 229
Loss on disposal of PPE										-
Total Expenditure		15 723	17 154	35 083	39 797	41 135	36 174	213 241	27 034	425 341
Surplus/(Deficit)										
Transfers recognised - capital		35 693	34 262	34 848	11 620	10 281	15 242	(141 947)	-	0
Contributions recognised - capital								544 479		544 479
Contributed assets										-
Surplus/(Deficit) after capital transfers & contributions		35 693	34 262	34 848	11 620	10 281	15 242	402 532	-	544 479

Table 47 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &			
		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											
<u>Call investment deposits</u>											
Call deposits < 90 days			112 045	115 791							
Other current investments > 90 days			230 040	267 402							
Total Call investment deposits	2	-	342 085	383 193	-	-	-	-	-	-	-
<u>Consumer debtors</u>											
Consumer debtors			14 540	30 091							
<u>Less: Provision for debt impairment</u>											
Total Consumer debtors	2	-	14 540	30 091	-	-	-	-	-	-	-
<u>Debt impairment provision</u>											
Balance at the beginning of the year											
Contributions to the provision											
Bad debts written off											
Balance at end of year		-	-	-	-	-	-	-	-	-	-
<u>Property, plant and equipment (PPE)</u>											
PPE at cost/valuation (excl. finance leases)		254 950	2 439 055	2 576 027	2 971 319	2 971 319	2 971 319		2 974 152	2 974 319	2 974 466
Leases recognised as PPE	3										
<u>Less: Accumulated depreciation</u>					(3 085)	(3 085)	(3 085)		3 085	3 267	3 427
Total Property, plant and equipment (PPE)	2	254 950	2 439 055	2 576 027	2 974 404	2 974 404	2 974 404	-	2 971 068	2 971 053	2 971 040
LIABILITIES											
<u>Current liabilities - Borrowing</u>											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities		974	1 024	1 075	519	1 075	1 075		2 000	2 118	2 222
Total Current liabilities - Borrowing		974	1 024	1 075	519	1 075	1 075	-	2 000	2 118	2 222
<u>Trade and other payables</u>											
Trade and other creditors		23 200	97 379	96 120	169 014	92 120	92 120		14 251		
Unspent conditional transfers		128 151	179 118	203 416	288 581	151 416	151 416				
VAT											
Total Trade and other payables	2	151 351	276 497	299 537	457 595	243 536	243 536	-	14 251	-	-
<u>Non current liabilities - Borrowing</u>											
Borrowing	4	7 652	6 628	5 554		5 554	5 554		5 554		
Finance leases (including PPP asset element)		8	4	29		28	28				
Total Non current liabilities - Borrowing		7 660	6 633	5 583	-	5 582	5 582	-	5 554	-	-
<u>Provisions - non-current</u>											
Retirement benefits		17 770	21 599	21 071	21 346	21 071	21 071				
<i>List other major provision items</i>											
Refuse landfill site rehabilitation											
Other		2 731	2 430	2 867		2 867	2 867				
Total Provisions - non-current		20 502	24 029	23 937	21 346	23 937	23 937	-	-	-	-
CHANGES IN NET ASSETS											
<u>Accumulated Surplus/(Deficit)</u>											
Accumulated Surplus/(Deficit) - opening balance					305 836	2 765 340	2 765 340		2 782 169	17 822	18 695
GRAP adjustments											
Restated balance		-	-	-	305 836	2 765 340	2 765 340	-	2 782 169	17 822	18 695
Surplus/(Deficit)		68 837	115 133	188 382	673 690	576 655	(68 637)	-	544 479	532 024	571 224
Appropriations to Reserves											
Accumulated Surplus/(Deficit)	1	68 837	115 133	188 382	979 526	3 341 995	2 696 703	-	3 326 648	549 846	589 920
<u>Reserves</u>											
Revaluation											
Total Reserves	2	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	68 837	115 133	188 382	979 526	3 341 995	2 696 703	-	3 326 648	549 846	589 920

2.14 Municipal manager's quality certificate

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

Print Name _____

Municipal manager of Chris Hani District municipality (DC 13)

Signature _____

Date _____