

ANNUAL BUDGET OF

AMAJUBA DISTRICT MUNICIPALITY



2012/13 TO 2014/15
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.amajuba.gov.za

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

I have pleasure presenting to you the annual budget of Amajuba District Municipality for the 2012/13 financial year.

For the year ending 30 June 2011, the municipality received a qualified audit opinion from the Auditor-General. The qualifications were raised on irregular expenditure and property, plant and equipment with serious matters of emphasis on unauthorised expenditure, supply chain management and unreliable financial statements. We have since put together an action plan to address all the issues raised by the Auditor-General and we remain committed to the call by the National Minister of COGTA to achieve a clean audit by 2014.

For the current financial year, the municipality has an approved expenditure budget of R106.414 million which was adjusted to R85.892 million. On the other hand, the approved revenue budget is R108.068 million which was also adjusted to R101.611 million. The capital budget was approved at R85.345 million and adjusted to R83.233 million. The municipality has been experiencing cash flow constraints during this current financial year which has led to delayed spending on programmes and projects. Currently the spending of the budget stands at R46.485 million with the bulk of the spending of R30.689 million (66%) going towards personnel costs and councillor remuneration. The cash flow constraints arose mainly out of commitments made in the previous financial year which we had to honour before embarking on new programmes of the new financial year. Although this has robbed us of valuable time in implementing the programmes we had set out to do in this year, it is a pleasure to report that the commitments have been investigated and the legitimate ones have been honoured and the others have been cleared from our radar screens.

The coming year 2012/13 shall see the improvement and strengthening of intergovernmental relations (IGR) within the family of municipalities in the district in order to collectively serve the citizens with integrity and honesty in the spirit of Batho Pele and commitment to clean audit 2014, as it is clearly stated in the ruling party's manifesto that:

“Municipalities, guided by the New Growth Path, and working with communities, will need to place job creation and sustainable livelihoods at the centre of their local economic programmes. In doing so, municipalities will need to ensure that there is equal access to employment and skills development for women and youth”.

Integrated Development Plan

As part of our responsibilities, the municipality has to prepare and adopt an integrated development plan (IDP) and this consultation process forms part of the adoption process as the IDP must mainly be guided by the views of the community as this is the plan the Municipality is going to use to implement what the communities need and what they have prioritised.

What is an IDP and why do we need an IDP?

An IDP runs in a cycle of five years. The 2011/2012 IDP was the last IDP of the second generation.

A brief explanation on the IDP generations is:

First Generation	2001 – 2006	Establishment Phase
Second Generation	2006 – 2011	Consolidation Phase
THIRD GENERATION	2011 - 2016 – Simplified – Outcome Based - Operation Phase	

This year's IDP 2012/2013 is the first cycle of the third generation of IDPs which will be reviewed on an annual basis for the next four years. By no coincidence the timing of the new cycle of IDP has been set to correspond with the term of the new council that has the responsibility to adopt a new vision and mission of the Municipality which will reflect the outcome based approach that the municipality is envisaged to take.

An IDP in a nut shell is the District Municipalities Business Plan reflecting service delivery of projects linked to budgets which is linked to performance management systems of the Municipality which then monitors the delivery and the implementation of the projects. An IDP must be credible, in other words an IDP should be do-able and implementable.

As the Municipality we do not work in isolation. As we have three spheres of Government (National, Provincial and Local) the integration and alignment of processes and interventions is very critical. It is in the IDP where all this is reflected and this alignment is mainly on the following impacts:

- Job Creation
- Integrated and sustainable human settlement
- Stimulating the growth of a local economy
- Social cohesion and inclusion, leading to nation building
- Environmental sustainability
- Strengthening inter-governmental relations
- Spatial Equity

Communities are thus encouraged to make meaningful contributions to the Plan and guide the Municipality in setting Priorities, monitor implementation and lastly evaluate if the community needs are met and are realised all this is done through the processes of the IDP, and the IDP and its processes are mainly the voice of the communities can use.

Municipality's Priorities and Programmes

Strategic Objective	Programme / Initiative
Enhance Local Economic Growth and Development	Continued support of the Following Programmes: Agric Programmes and Rural Development; Crop Production; Vegetable Production; Hydroponic and Aquaponic Production; Dairy; Beef Production; Development of emerging commercial farmers Tourism Rejuvenation of municipal community facilities; Supporting strategic events; Supporting strategic projects to enhance tourism

		<p>Infrastructure Development of Water resources and Irrigation for sustainable water supply and food security.</p> <p>SMME Continued assistance and facilitation</p> <p>Poverty Alleviation Assist entrepreneurs to grow and achieve their goals in order to be sustainable</p>
Promote Economic Skills and Development		Continued Implementation of ADM Five year Skills Development Plan through the FET; Private FET and other training Institutions, in the relevant sectors eg Artisans, IT, Agric Sector, SMME, Tourism, Environmental Awareness
Promote Participation	Community	Restructure Amajuba Forum For Economic Development; Restructure the IDP Forum,
Promote Good Management	Financial	Attainment of clean audit by 2014

Operating and Capital Budget

The municipality is governed by the Municipal Finance Management Act (MFMA) in preparing and adopting its annual budgets.

What is a budget?

A budget is a spending plan that indicates how available funds will be used to cater for community needs. It is also a financial planning tool used to project future income and expenditure which the municipality is expected to engage in.

Why do we need a Budget?

- To provide a forecast of revenues and expenditure;
- To enable the actual financial operations of the municipality to be measured against the forecast; and
- To promote access to information by informing the residents how the municipality will utilize the resources available;

Budget Overview

For the 2012/13 financial year, we are committed to the application of sound financial management principles for the compilation of the Municipality's financial plan and budget and we need to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The proposed budget for the 2012/13 financial year and the two outer years is therefore as follows:

R Thousand	Original Budget	Adjustment Budget	Budget Year	Budget Year +1	Budget Year +2
	2011/12	2011/12	2012/13	2013/14	2014/15
Total Operating Revenue	108,067	104,068	131,679	137,794	140,827
Total Operating Expenditure	106,414	85,892	126,353	133,597	137,880
<i>Surplus / (Deficit) for the year</i>	1,653	18,176	5,326	4,197	2,947
Total Capital Expenditure	85,346	83,233	74,318	57,100	63,472

Funding the budget

The municipality funds its operating and capital spending programmes from various sources. For the 2012/13 financial year, the municipality is expected to raise a total of R178.711 million which decreases to R165.611 million in the 2013/14 financial year and increases slightly to R175.829 million in the 2014/15 financial year.

R Thousand	Original Budget	Adjustment Budget	Budget Year	Budget Year +1	Budget Year +2
	2011/12	2011/12	2012/13	2013/14	2014/15
Service Charges	8,705	8,705	22,010	23,242	24,497
Operating Grants and Subsidies	92,137	94,893	109,629	114,520	116,296
Capital Grants and Subsidies	76,093	77,068	70,818	54,600	61,472
Interest Earned: External Investments	2,000	200	-	-	-
Other Own Income	5,225	270	40	32	33
Total Funding	184,160	181,136	202,497	192,394	202,299

The challenge the municipality is facing is that the bulk of its funding comes from grants and subsidies – whether to fund operations or capital programmes.

Spending the budget

The following depicts the proposed expenditure budget for the 2012/13 financial year as well as the two outer years:

R Thousand	Original Budget	Adjustment	Budget Year	Budget Year +1	Budget Year +2
	2011/12	Budget 2011/12	2012/13	2013/14	2014/15
Personnel Costs	40,088	36,138	49,687	55,050	61,648
Councilor Remuneration	4,646	5,532	6,002	6,362	6,680
Contracted Services	216,785	208,595	11,645	10,017	7,396
Repairs and Maintenance	3,075	1,308	7,364	7,780	8,204
Bulk Purchases	-	-	4,772	5,039	5,311
General Expenditure	35,227	20,010	42,083	44,581	45,244
Capital Expenditure - Grant Funded	76,093	77,068	70,818	54,600	61,472
Capital Expenditure - Own Funding	9,253	6,165	3,500	2,500	2,000
Total Funding	385,166	354,814	195,870	185,928	197,954

Budget Highlights

The following programmes have been provided for in the budget for the 2012/13 financial year:

Budget Year	Budget Year +1	Budget Year +2
2012/13	2013/14	2014/15

Skills Development and Capacity Building	1,690,000	1,679,040	1,769,708
Social Development Programmes	1,500,000	1,584,000	1,669,536
Disaster Management	2,250,000	2,376,000	2,504,304
Poverty Alleviation	2,000,000	2,112,000	2,226,048
Environmental Management	1,050,000	1,108,800	1,168,675
Sports Development	3,000,000	3,168,000	3,339,072
Local Economic Development	8,980,000	9,482,880	8,325,420
Water Tanker Delivery Service	5,000,000	3,000,000	-
Sector Plans Implementation	2,300,000	2,428,800	2,559,955
Alternative Service Delivery Mechanism	300,000	316,800	333,907
Grant Funded Expenditure	4,010,000	3,933,360	2,516,781

The following projects are proposed to be funded by grant allocations from MIG and Department of Water Affairs:

Municipal Infrastructure Grant	
Buffalo Flats Water Supply	R10.992 million
Buffalo Flats Sanitation	R30 million
Emadlangeni Rural Water Supply	R6 million
Emadlangeni Sanitation	R3 million

DWA Regional Bulk Water Scheme	
Emadlangeni Regional Bulk Water Scheme	R17 million
EPWP Programme	R1 million
Rural Transport Services and Infrastructure Grant	R1.776 million

A further amount of R4.3 million has been allocated for office furniture and equipment.

In conclusion, we have committed ourselves not only to deliver services, but to deliver quality services to the people of Amajuba. With this budget, we shall endeavour to involve our communities in all we do and facilitate employment opportunities and skills development. Hence the coming financial year is themed as the year of **“NEW BEGINNINGS”**

“From Opportunities to New Beginnings”

1.2 Council Resolutions

On the 29th May 2012, the Council of Amajuba District Municipality met 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 Amajuba District Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1 The Operating Expenditure Budget for the 2012/13 financial year amounting to R126 352 965 as well as the appropriations for the outer years of the MTREF period of R133 597 048 for the 2013/14 and R137 879 525 for the 2014/15 financial years be approved;
 - 1.2 The Operating Revenue Budget for the 2012/13 financial year amounting to R131 678 832 as well as the appropriations for the outer years of the MTREF period of R135 794 063 for the 2013/14 and R140 826 862 for the 2014/15 financial years be approved;
 - 1.3 The Capital Budget allocation of R74 318 000 to be funded from Municipal Infrastructure Grant (MIG) allocation, the Regional Bulk Infrastructure Grant allocation as well as internal funding be approved;
 - 1.4 The Council, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts the following amendments to the water tariff structure:

			Approved	Proposed
			2011/12	2012/13
A. WATER				
A1 Residential / Charitable / Religious				
		<i>per kilolitre</i>		
	0 - 6 kl		FREE	FREE
	7 - 20 kl		5.26	6.37
	21 - 40 kl		5.36	7.26
	41 - 60 kl		5.47	7.51
	Above 61 kl		5.50	7.76
A2 Commercial and Industrial				
		<i>per kilolitre</i>		
	0 - 6 kl		5.50	7.12
	7 - 20 kl		5.50	8.00
	21 - 40 kl		5.50	8.25
	41 - 60 kl		5.50	8.50
	Above 61 kl		5.50	8.75
A3 Other				
		<i>per kilolitre</i>		
	0 - 6 kl		5.26	9.12
	7 - 20 kl		5.26	7.00
	21 - 40 kl		5.36	7.25
	41 - 60 kl		5.47	7.50
	Above 61 kl		5.50	7.75
A4 Raw Water				
		<i>per kilolitre</i>		
	All Categories		3.34	4.50

1.5 The Council, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts the following amendments to the sanitation tariff structure:

			Approved	Proposed
			2011/12	2012/13
B. SEWERAGE				
	Residential / Charitable / Religious		2.14	3.24
	Commercial and Industrial		2.14	3.24
	Other		2.14	3.24
	Emptying of Septic Tanks		239.09	375.6

- 1.6 All amendments to the tariff structure be effective from 01 July 2012 or the first billing cycle after the 01 July 2012;
- 1.7 The approved budget be submitted to National Treasury, the Provincial Treasury and the provincial Department of Cooperative Governance and Traditional Affairs in the prescribed format as well as be published in the municipal website;

1.3 Executive Summary

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

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

National Treasury's MFMA Circular No. 58 and 59 were used to guide the compilation of the 2011/12 MTREF.

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

- The on-going difficulties in the national and local economy;
- Aging and poorly maintained community facilities, water and sanitation infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of providing bulk water (due to the rising costs of water purification), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2012/13 MTREF process.

The following budget principles and guidelines directly informed the compilation of the 2012/13 MTREF:

- The 2011/12 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2012/13 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

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

Table 1 Consolidated Overview of the 2012/13 MTREF

R Thousand	Original Budget	Adjustment Budget	Budget Year	Budget Year +1	Budget Year +2
	2011/12	2011/12	2012/13	2013/14	2014/15
Total Operating Revenue	108,067	104,068	131,679	137,794	140,827
Total Operating Expenditure	106,414	85,892	126,353	133,597	137,880
<i>Surplus / (Deficit) for the year</i>	1,653	18,176	5,326	4,197	2,947
Total Capital Expenditure	85,346	83,233	74,318	57,100	63,472

Total operating revenue has grown by 26.5 per cent or R26.610 million for the 2012/13 financial year when compared to the 2011/12 Adjustments Budget. For the two outer years, operational revenue will increase by 4.6 and 2.2 per cent respectively, equating to a total revenue growth of R36.758 million over the MTREF when compared to the 2011/12 financial year.

Total operating expenditure for the 2012/13 financial year has been appropriated at R126.352 million and translates into a budgeted surplus of R5.325 million. When compared to the 2011/12 Adjustments Budget, operational expenditure has grown by 47.1 per cent in the 2012/13 budget and by 5.7 and 3.2 per cent for each of the respective outer years of the MTREF. The operating surplus for the two outer years decreases to R4.197 million and further drops to R2.947 million. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R74.318 million for 2012/13 is 10.7 per cent less when compared to the 2011/12 Adjustment Budget. The reduction is due to affordability constraints in the light of the fact that all projects are grant funded as the municipality is not in a position to fund capital expenditure. The capital programme decreases to R57.100 million in the 2013/14 financial year and then slightly increases to R63.472 million in 2014/15. A substantial portion of the capital budget will be funded from grants over MTREF with anticipated internal funding of R3.5 million, R2.5 million and R2.0 million in each of the financial years of the MTREF. Consequently, the capital budget remains relatively flat over the medium-term.

1.4 Operating Revenue Framework

For Amajuba District Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 85 per cent annual collection rate for key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the municipality.

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

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 & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	5,647	-	-	8,705	8,705	-	-	18,186	19,204	20,241
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	3,824	4,038	4,256
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - other											
Rental of facilities and equipment											
Interest earned - external investments		13,487	7,484	1,849	2,000	200					
Interest earned - outstanding debtors											
Dividends received											
Fines											
Licences and permits											
Agency services											
Transfers recognised - operational		60,954	63,611	78,331	92,138	94,893			109,629	112,520	116,296
Other revenue	2	9,295	431	382	5,225	270	-	-	40	32	33
Gains on disposal of PPE				185							
Total Revenue (excluding capital transfers and contributions)		89,383	71,526	80,746	108,068	104,068	-	-	131,679	135,794	140,827

Table 3 Percentage growth in revenue by main revenue source

Description	Current Year 2011/12		2012/13 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2012/13	%	Budget Year +1 2013/14	%	Budget Year +2 2014/15	%
Revenue By Source								
Property rates	-		-	#DIV/0!	-		-	
Property rates - penalties & collection charges								
Service charges - electricity revenue	-		-	-	-		-	
Service charges - water revenue	8,705		18,186	109%	19,204	5.6%	20,241	5.4%
Service charges - sanitation revenue	-		3,824	#DIV/0!	4,038	-	4,256	5.4%
Service charges - refuse revenue	-		-	-	-		-	
Service charges - other								
Rental of facilities and equipment								
Interest earned - external investments	200			(0)				
Interest earned - outstanding debtors								
Dividends received								
Fines								
Licences and permits								
Agency services								
Transfers recognised - operational	94,893		109,629	15.5%	112,520	2.6%	116,296	3.4%
Other revenue	270		40	-85%	32	-20.8%	33	5.4%
Gains on disposal of PPE								
Total Revenue (excluding capital transfers and contributions)	104,068	-	131,679	26.5%	135,794	3.1%	140,827	3.7%
Total Revenue from rates and service charges	8,705	-	22,010	152.8%	23,242	5.6%	24,497	5.4%

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.

Revenue generated from service charges forms a small percentage of the revenue basket for the municipality. Service charges revenue comprises less than a fifth of the total revenue mix. In the 2011/12 financial year, revenue from services charges totalled R8.704 million or 8.4 per cent. This increases to R22.010 million, R23.242 million and R24.497 million in the respective financial years of the MTREF.

Operating grants and transfers totals R94.893 million in the 2011/12 financial year and steadily increases to R116.296 million by 2014/15. Note that the year-on-year growth for the 2011/12 financial year is 15.5 per cent and then flattens out to 2.6 and 3.4 per cent in the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		-	80,169	80,081	90,611	90,611	90,611	108,179	112,320	116,086
Local Government Equitable Share			49,865	38,243	44,873	44,873	44,873	49,689	53,158	57,048
RSC Levy Replacement			28,819	40,088	43,698	43,698	43,698	47,630	51,917	56,588
Finance Management			750	1,000	1,250	1,250	1,250	1,500	1,500	1,500
Municipal Systems Improvement			735	750	790	790	790	1,000	870	950
Water Services Operating Subsidy								8,360	4,875	
Other transfers/grants [insert description]										
Provincial Government:		-	629	3,540	-	-	-	1,450	200	210
Sport and Recreation			629	420				1,050		
District Growth Development Summit				3,120					200	210
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	3,976	-	-	-	-	-	-
National Lottery Grant				3,116						
Other Grants				860						
Total Operating Transfers and Grants	5	-	80,798	87,597	90,611	90,611	90,611	109,629	112,520	116,296

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

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Sale of Water and Impact of Tariff Increases

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

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;

- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. We have taken a critical look at our water services costing together with our utility provider, uThukela Water. The fact of the matter is our tariffs are not yet cost-reflective as it is currently costing us on average R8.564 per kilolitre delivered to the consumer. The proposed tariffs are way below this and the difference is funded through equitable share. Over the MTREF period we will be reviewing the uThukela Water model with a view of making it more cost efficient and thus reducing the cost of providing water and sanitation services, even if this means dis-establishing uThukela Water.

We have undertaken a critical assessment of our capital infrastructure requirements. The assessment indicates that our current infrastructure is unlikely to sustain our long-term ability to supply water and we therefore have to source other sources of funding for infrastructure development instead of relying on grant funding. We, however, currently do not have enough buying power to raise significant capital through the capital markets.

A tariff increase from R5.26 to R6.37 per kilolitre at the bottom-end of the tariff structure and R5.50 to R7.76 at the upper-end of the structure for water is proposed from 01 July 2012. This is based on input costs (bulk costs) and the need to move towards cost reflective tariffs in order to ensure sustainability of supply. In addition 6 kℓ water per 30-day period will again be granted free of charge to all residents.

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

Table 5 Proposed Water Tariffs

		Approved 2011/12	Proposed 2012/13
A. WATER			
A1 Residential / Charitable / Religious	<i>per kilolitre</i>		
	0 - 6 kl	FREE	FREE
	7 - 20 kl	5.26	6.37
	21 - 40 kl	5.36	7.26
	41 - 60 kl	5.47	7.51
	Above 61 kl	5.50	7.76
A2 Commercial and Industrial	<i>per kilolitre</i>		
	0 - 6 kl	5.50	7.12
	7 - 20 kl	5.50	8.00
	21 - 40 kl	5.50	8.25
	41 - 60 kl	5.50	8.50
	Above 61 kl	5.50	8.75
A3 Other	<i>per kilolitre</i>		
	0 - 6 kl	5.26	9.12
	7 - 20 kl	5.26	7.00
	21 - 40 kl	5.36	7.25
	41 - 60 kl	5.47	7.50
	Above 61 kl	5.50	7.75
A4 Raw Water	<i>per kilolitre</i>		
	All Categories	3.34	4.50

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

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

Monthly consumption kℓ	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
20	73.64	89.18	15.54	21.1%
30	127.24	161.78	34.54	27.1%
40	180.84	234.38	53.54	29.6%
50	235.54	309.48	73.94	31.4%
80	400.24	539.78	139.54	34.9%
100	510.24	694.98	184.74	36.2%

The tariff structure of the 2012/13 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R7.76 per kilolitre for consumption in excess of 60kℓ per 30 day period.

1.4.2 Sanitation and Impact of Tariff Increases

A tariff increase from R2.14 to R3.24 for sanitation from 1 July 2012 is proposed. This is based on the input cost assumptions related to water. It should be noted that electricity costs contributes approximately 20 per cent of waste water treatment input costs and that the sanitation tariffs are also not cost reflective, therefore the higher than CPI increase for sanitation tariffs. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- Free sanitation (100 per cent of 6 kℓ water) will be applicable to registered indigents; and
- The total revenue expected to be generated from rendering this service amounts to R3.824 million for the 2012/13 financial year.

The following table compares the current and proposed tariffs:

Table 7 Comparison between current sanitation charges and increases

		Approved 2011/12	Proposed 2012/13
B. SEWERAGE			
	Residential / Charitable / Religious	2.14	3.24
	Commercial and Industrial	2.14	3.24
	Other	2.14	3.24
	Emptying of Septic Tanks	239.09	375.6

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

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

Monthly consumption kℓ	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
5	10.70	16.20	5.5	51.4%
10	21.40	32.40	11	51.4%
20	42.80	64.80	22	51.4%
30	64.20	97.20	33	51.4%
40	85.60	129.60	44	51.4%
50	107.00	162.00	55	51.4%
80	171.20	259.20	88	51.4%
100	214.00	324.00	110	51.4%

1.4.3 Overall impact of tariff increases on households

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

Table 9 MBRR Table SA14 – Household bills

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 % incr.	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption					127.24	127.24	127.24		161.78	196.32	230.86
Sanitation					64.20	64.20	64.20		97.20	130.20	163.20
Refuse removal											
Other											
sub-total		-	-	-	191.44	191.44	191.44	35.3%	258.98	326.52	394.06
VAT on Services					26.80	26.80	26.80		36.26	45.71	55.17
Total large household bill:		-	-	-	218.24	218.24	218.24	35.3%	295.24	372.23	449.23
% increase/-decrease					-	-	-		35.3%	26.1%	20.7%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption					100.44	100.44	100.44		125.48	150.52	175.56
Sanitation					64.20	64.20	64.20		97.20	130.20	163.20
Refuse removal											
Other											
sub-total		-	-	-	164.64	164.64	164.64	35.3%	222.68	280.72	338.76
VAT on Services					23.05	23.05	23.05		31.18	39.30	47.43
Total small household bill:		-	-	-	187.69	187.69	187.69	35.3%	253.86	320.02	386.19
% increase/-decrease					-	-	-		35.3%	26.1%	20.7%
Monthly Account for Household - 'Indigent'	3										
Household receiving free basic services											
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption					73.64	73.64	73.64	#NAME?	89.18	104.72	120.26
Sanitation					-	-	-		-	-	-
Refuse removal											
Other											
sub-total		-	-	-	73.64	73.64	73.64	21.1%	89.18	104.72	120.26
VAT on Services					10.31	10.31	10.31	#NAME?	12.49	14.66	16.84
Total small household bill:		-	-	-	83.95	83.95	83.95	21.1%	101.67	119.38	137.10
% increase/-decrease					-	-	-		21.1%	17.4%	14.8%

1.5 Operating Expenditure Framework

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

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) 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 integrated development plan 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 plans 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 10 Summary of operating expenditure by standard classification item

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Expenditure By Type											
Employee related costs	2	21,073	30,214	34,640	40,028	36,115	-	-	49,687	55,050	61,648
Remuneration of councillors		2,690	3,008	3,886	4,646	5,532			6,002	6,362	6,680
Debt impairment	3										
Depreciation & asset impairment	2	2,632	3,910	4,421	1,318	1,758	-	-	1,625	1,646	1,668
Finance charges		31	14	6					-	-	-
Bulk purchases	2	-	-	-	-	-	-	-	4,772	5,039	5,311
Other materials	8										
Contracted services		-	-	1,253	20,458	19,964	-	-	11,645	10,017	7,396
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	98,955	90,264	108,006	39,964	22,523	-	-	52,623	53,983	55,177
Loss on disposal of PPE		16									
Total Expenditure		125,396	127,409	152,211	106,414	85,892	-	-	126,353	132,097	137,880

The budgeted allocation for employee related costs for the 2012/13 financial year totals R49.687 million, which equals 39.3 per cent of the total operating expenditure. Due to the fact that the SALGBC has not as yet reached an 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 8.5 per cent has been included in the two outer years of the MTREF. As part of the municipality's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards. As part of the short-term interventions all vacancies were originally removed from the budget when the municipality experienced financial strain last year. The result of this exercise is that we now have to critically examine each post that we need to bring back into the budget to ensure that it is critical for the programmes planned for the year.

In addition expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions.

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 municipality'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 R1.625 million for the 2012/13 financial and equates to 1.3 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard will mean bringing a range of assets previously not included in the assets register onto the register. This will result in a significant increase in depreciation in the coming years.

Bulk purchases are directly informed by the cost charged for purified water out the Ngagane plant. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the infrastructure.

Contracted services have been identified as a cost saving area for the municipality. As part of the compilation of the 2012/13 MTREF this group of expenditure will be critically evaluated and operational efficiencies will be enforced. In the 2012/13 financial year, this group of expenditure totals R11.644 million and will be reduced to R7.395 million over the MTREF, clearly demonstrating the application of cost efficiencies. As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2012/13 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented. Further details relating to contracted services can be seen in Table 64 MBRR SA1.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 6 per cent over the 2012/13 MTREF and curbed for the last year of the MTREF indicating our commitment to cost saving. Further details relating to contracted services can be seen in Table 64 MBRR SA1.

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

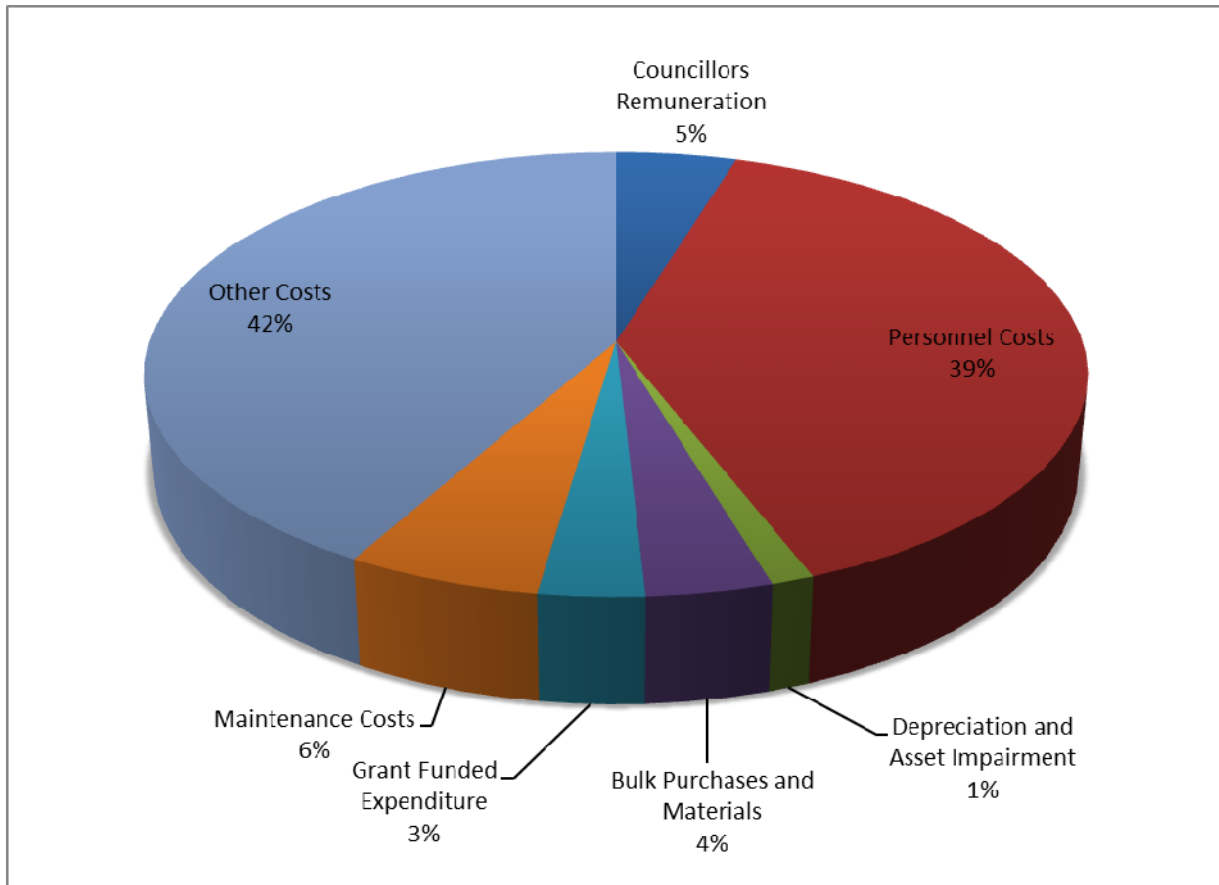


Figure 1 Main operational expenditure categories for the 2012/13 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the municipality's current infrastructure, the 2012/13 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 11 Operational repairs and maintenance

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
Repairs and Maintenance by Expenditure Item	8										
Employee related costs											
Other materials											
Contracted Services											
Other Expenditure		1,481	2,244	2,069	3,075	1,308			7,364	7,780	8,204
Total Repairs and Maintenance Expenditure	9	1,481	2,244	2,069	3,075	1,308	-	-	7,364	7,780	8,204

During the compilation of the 2012/13 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was substantially increased by more than 100 per cent in the 2012/12 financial year, from R3.074 million to R7.363 million. During the 2010 Adjustment Budget this allocation was adjusted slightly downwards to R1.307 million owing to the cash flow challenges faced by the municipality. Notwithstanding this reduction, as part of the 2012/13 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2012/13 equates to R7.363 million a growth of 140 per cent in relation to the Original Budget and continues to grow at 5.7 and 5.4 per cent over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 5.8, 5.8 and 6 per cent for the respective financial years of the MTREF.

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

Table 12 Repairs and maintenance per asset class

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Other assets		1,481	-	-	3,075	1,308	-	7,364	7,780	8,204
Agricultural assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	1	1,481	-	-	3,075	1,308	-	7,364	7,780	8,204

1.5.2 Free Basic Services: Basic Social Services Package

The social package is aimed to assist households that are poor or face other circumstances that limit their ability to pay for services. The municipality has adopted an Indigent Support Policy as part of its policy review exercise. For households to be eligible for assistance, households will be required to register in terms of the municipality's Indigent Policy. The aim is to identify the households that require assistance and to determine the level of assistance the municipality can afford. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

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

1.6 Capital expenditure

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

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

Vote Description	Ref	Current Year 2011/12		2012/13 Medium Term Revenue & Expenditure Framework					
		Adjusted Budget	%	Budget Year 2012/13	%	Budget Year +1 2013/14	%	Budget Year +2 2014/15	%
Capital Expenditure - Standard									
<i>Governance and administration</i>		1 250	1.5%	2 000	2.7%	2 000	3.5%	-	0.0%
Executive and council		1 000	1.2%	-	0.0%	1 000	1.8%	-	0.0%
Budget and treasury office		50	0.1%	-	0.0%	500	0.9%	-	0.0%
Corporate services		200	0.2%	2 000	2.7%	500	0.9%	-	0.0%
<i>Community and public safety</i>		6 955	8.4%	1 550	2.1%	-		2 000	3.2%
Community and social services		50	0.1%	500	0.7%	-		2 000	3.2%
Sport and recreation		6 905	8.3%	1 050	1.4%				
Public safety									
Housing									
Health									
<i>Economic and environmental services</i>		200	0.2%	2 776	3.7%	2 365	4.1%	1 972	3.1%
Planning and development		200	0.2%	1 000	1.3%	500	0.9%	-	0.0%
Road transport				1 776	2.4%	1 865	3.3%	1 972	3.1%
Environmental protection									
<i>Trading services</i>		68 185	81.9%	67 992	91.5%	52 735	92.4%	59 500	93.7%
Electricity									
Water		68 185	81.9%	67 992	91.5%	52 735	92.4%	59 500	93.7%
Waste water management									
Waste management									
<i>Other</i>		6 643	8.0%						
Total Capital Expenditure - Standard	3	83 233	100.0%	74 318	100.0%	57 100	100.0%	63 472	100.0%

For 2012/13 an amount of R67.992 million has been appropriated for the development of infrastructure which represents 91.5 per cent of the total capital budget. In the outer years this amount totals R57.735 million, 92.4 per cent and R59.500 million, 93.7 per cent respectively for each of the financial years. Transport and roads receive an allocation of R1.776 million in 2012/13 which equates to 2.4 per cent followed by community and public safety 2.1 per cent, R1.550 million and then governance and administration 2.7 per cent, R2 million.

Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management) . 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. Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- | | |
|---|-----------------|
| • Buffalo Flats Water Supply | R10.992 million |
| • Buffalo Flats Sanitation | R30 million |
| • Emadlangeni Rural Water Supply | R6 million |
| • Emadlangeni Sanitation | R3 million |
| • Emadlangeni Regional Bulk Water Scheme | R17 million |
| • EPWP Programme | R1 million |
| • Rural Transport Services and Infrastructure Grant | R1.776 million |

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 2011/12 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 14 MBRR Table A1 - Budget Summary

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	5,647	-	-	8,705	8,705	-	-	22,010	23,242	24,497
Investment revenue	13,487	7,484	1,849	2,000	200	-	-	-	-	-
Transfers recognised - operational	60,954	63,611	78,331	92,138	94,893	-	-	109,629	112,520	116,296
Other own revenue	9,295	431	566	5,225	270	-	-	40	32	33
Total Revenue (excluding capital transfers and contributions)	89,383	71,526	80,746	108,068	104,068	-	-	131,679	135,794	140,827
Employee costs	21,073	30,214	34,640	40,028	36,115	-	-	49,687	55,050	61,648
Remuneration of councillors	2,690	3,008	3,886	4,646	5,532	-	-	6,002	6,362	6,680
Depreciation & asset impairment	2,632	3,910	4,421	1,318	1,758	-	-	1,625	1,646	1,668
Finance charges	31	14	6	-	-	-	-	-	-	-
Materials and bulk purchases	-	-	-	-	-	-	-	4,772	5,039	5,311
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	98,971	90,264	109,259	60,423	42,487	-	-	64,268	64,000	62,572
Total Expenditure	125,396	127,409	152,211	106,414	85,892	-	-	126,353	132,097	137,880
Surplus/(Deficit)	(36,013)	(55,883)	(71,465)	1,654	18,176	-	-	5,326	3,697	2,947
Transfers recognised - capital	(58,641)	(60,163)	(53,480)	(76,093)	(77,068)	-	-	(70,818)	(54,600)	(61,472)
Contributions recognised - capital & contributed a	58,641	60,163	53,480	66,840	70,903	-	-	67,318	52,100	59,472
Surplus/(Deficit) after capital transfers & contributions	(36,013)	(55,883)	(71,465)	(7,599)	12,011	-	-	1,826	1,197	947
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(36,013)	(55,883)	(71,465)	(7,599)	12,011	-	-	1,826	1,197	947
Capital expenditure & funds sources										
Capital expenditure	6,314	22,226	15,652	85,346	83,233	-	-	74,318	57,100	63,472
Transfers recognised - capital	-	20,190	13,618	76,093	77,068	-	-	70,818	54,600	61,472
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	6,314	2,037	2,034	9,253	6,165	-	-	3,500	2,500	2,000
Total sources of capital funds	6,314	22,226	15,652	85,346	83,233	-	-	74,318	57,100	63,472
Financial position										
Total current assets	113,161	62,986	7,995	4,836	4,836	-	-	63,412	56,799	54,679
Total non current assets	671,289	54,274	840,243	137,087	61,374	-	-	838,287	893,615	962,309
Total current liabilities	76,404	55,223	77,224	15,700	15,700	-	-	58,365	52,118	46,167
Total non current liabilities	113	17	17	300	300	-	-	-	-	-
Community wealth/Equity	707,932	62,019	770,997	838,206	838,206	-	-	843,335	898,296	970,821
Cash flows										
Net cash from (used) operating	(565,407)	(40,537)	(66,831)	93,464	-	82,464	-	71,125	52,958	59,605
Net cash from (used) investing	605,098	(11,968)	986	(23,626)	-	(33,626)	-	(58,329)	(68,665)	(53,050)
Net cash from (used) financing	(26,192)	(77)	(96)	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	106,874	54,293	(11,649)	58,190	-	37,190	-	49,986	34,279	40,834
Cash backing/surplus reconciliation										
Cash and investments available	116,236	54,293	(11,649)	4,836	4,836	-	-	58,190	41,510	36,110
Application of cash and investments	75,572	44,997	53,177	15,000	15,000	-	-	52,646	38,224	28,703
Balance - surplus (shortfall)	40,663	9,296	(64,826)	(10,164)	(10,164)	-	-	5,544	3,285	7,407
Asset management										
Asset register summary (WDV)	34,667	-	212	-	-	-	212	212	200	187
Depreciation & asset impairment	2,632	3,910	4,421	1,318	1,758	-	1,625	1,625	1,646	1,668
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	1,481	-	-	3,075	1,308	-	7,364	7,364	7,780	8,204
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	113	112	110	106	106	106	106	106	108	108
Sanitation/sewerage:	122	123	124	124	124	124	124	124	125	127
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
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 operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Internally generated funds are financed from the current operating surplus. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2014/15, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2014/15 the water backlog will have been very nearly eliminated.

Table 15 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	1									
<i>Governance and administration</i>		88,978	121,694	139,677	53,390	46,715	18,404	87,829	94,773	102,730
Executive and council		38,179	76,786	83,216	5,424	427	143	37,689	40,486	43,692
Budget and treasury office		50,035	44,572	56,005	47,766	46,008	17,876	50,140	54,287	59,038
Corporate services		765	335	455	200	280	384	-	-	-
<i>Community and public safety</i>		16,194	1,692	127	1,100	1,276	402	1,080	32	33
Community and social services		15,134	688	127	1,100	1,276	402	1,080	32	33
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		1,060	1,004	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		42,852	54,983	50,917	-	2,500	13,651	400	200	210
Planning and development		1,663	1,743	3,766	-	43	57	400	200	210
Road transport		41,188	53,241	47,152	-	2,457	13,594	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	53,578	53,578	80,034	42,370	40,789	37,854
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	53,578	53,578	80,034	42,370	40,789	37,854
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	148,024	178,369	190,722	108,068	104,068	112,492	131,679	135,794	140,827
Expenditure - Standard										
<i>Governance and administration</i>		56,737	73,485	89,204	38,730	34,626	38,635	41,527	44,675	48,194
Executive and council		40,739	54,694	63,340	13,798	14,251	15,888	14,039	15,286	16,385
Budget and treasury office		7,551	9,501	13,446	11,317	9,397	11,206	13,775	14,666	15,946
Corporate services		8,446	9,289	12,417	13,614	10,977	11,540	13,712	14,723	15,863
<i>Community and public safety</i>		15,495	27,477	32,041	20,917	13,641	12,554	22,029	22,583	24,387
Community and social services		12,198	21,450	26,550	14,529	8,554	8,230	15,332	15,312	16,454
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		3,298	6,027	5,492	6,388	5,087	4,324	6,697	7,271	7,933
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		53,164	77,408	79,813	29,358	20,215	18,744	33,267	35,509	36,845
Planning and development		10,287	17,087	24,539	20,876	13,338	11,788	25,263	26,702	27,079
Road transport		42,877	60,321	55,274	8,483	6,878	6,956	8,004	8,808	9,766
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	17,409	17,409	17,409	29,531	29,330	28,454
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	17,409	17,409	17,409	29,531	29,330	28,454
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	125,396	178,369	201,058	106,414	85,892	87,342	126,353	132,097	137,880
Surplus/(Deficit) for the year		22,628	-	(10,336)	1,654	18,176	25,150	5,326	3,697	2,947

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

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

Table 16 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 - EXECUTIVE AND COUNCIL		38,179	76,786	83,216	5,424	427	143	37,689	40,486	43,692
Vote 2 - BUDGET AND TREASURY OFFICE		50,035	44,572	56,005	47,766	46,008	17,876	50,140	54,287	59,038
Vote 3 - CORPORATE SERVICES		765	335	455	200	280	384	-	-	-
Vote 4 - COMMUNITY SERVICES		16,194	1,692	127	1,100	1,276	402	1,080	32	33
Vote 5 - TECHNICAL SERVICES		41,188	53,241	47,152	-	2,457	13,594	-	-	-
Vote 6 - DEVELOPMENT PLANNING		1,663	1,743	3,766	-	43	57	400	200	210
Vote 7 - WATER AND SANITATION SERVICES		-	-	-	53,578	53,578	80,034	42,370	40,789	37,854
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	148,024	178,369	190,722	108,068	104,068	112,492	131,679	135,794	140,827
Expenditure by Vote to be appropriated	1									
Vote 1 - EXECUTIVE AND COUNCIL		40,739	54,694	63,340	13,798	14,251	15,888	14,039	15,286	16,385
Vote 2 - BUDGET AND TREASURY OFFICE		7,551	9,501	13,446	11,317	9,397	11,206	13,775	14,666	15,946
Vote 3 - CORPORATE SERVICES		8,446	9,289	12,417	13,614	10,977	11,540	13,712	14,723	15,863
Vote 4 - COMMUNITY SERVICES		15,495	27,477	32,041	20,917	13,641	12,554	22,029	22,583	24,387
Vote 5 - TECHNICAL SERVICES		42,877	60,321	55,274	8,483	6,878	6,956	8,004	8,808	9,766
Vote 6 - DEVELOPMENT PLANNING		10,287	17,087	24,539	20,876	13,338	11,788	25,263	26,702	27,079
Vote 7 - WATER AND SANITATION SERVICES		-	-	-	17,409	17,409	17,409	29,531	29,330	28,454
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	125,396	178,369	201,058	106,414	85,892	87,342	126,353	132,097	137,880
Surplus/(Deficit) for the year	2	22,628	-	(10,336)	1,654	18,176	25,150	5,326	3,697	2,947

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 municipality. This means it is possible to present the operating surplus or deficit of a vote.
2. The surplus on the water account remains relatively constant over the MTREF translating into a surplus of 30 per cent, 28 per cent and 25 per cent for each of the respective financial years.
3. Note that the surplus on the trading account is utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, *and are not used to cross-subsidise other municipal services.*

Table 17 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 & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	5,647	-	-	8,705	8,705	-	-	18,186	19,204	20,241
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	3,824	4,038	4,256
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - other											
Rental of facilities and equipment											
Interest earned - external investments		13,487	7,484	1,849	2,000	200					
Interest earned - outstanding debtors											
Dividends received											
Fines											
Licences and permits											
Agency services											
Transfers recognised - operational		60,954	63,611	78,331	92,138	94,893			109,629	112,520	116,296
Other revenue	2	9,295	431	382	5,225	270	-	-	40	32	33
Gains on disposal of PPE				185							
Total Revenue (excluding capital transfers and contributions)		89,383	71,526	80,746	108,068	104,068	-	-	131,679	135,794	140,827
Expenditure By Type											
Employee related costs	2	21,073	30,214	34,640	40,028	36,115	-	-	49,687	55,050	61,648
Remuneration of councillors		2,690	3,008	3,886	4,646	5,532			6,002	6,362	6,680
Debt impairment	3										
Depreciation & asset impairment	2	2,632	3,910	4,421	1,318	1,758	-	-	1,625	1,646	1,668
Finance charges		31	14	6					-	-	-
Bulk purchases	2	-	-	-	-	-	-	-	4,772	5,039	5,311
Other materials	8										
Contracted services		-	-	1,253	20,458	19,964	-	-	11,645	10,017	7,396
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	98,955	90,264	108,006	39,964	22,523	-	-	52,623	53,983	55,177
Loss on disposal of PPE		16									
Total Expenditure		125,396	127,409	152,211	106,414	85,892	-	-	126,353	132,097	137,880
Surplus/(Deficit)		(36,013)	(55,883)	(71,465)	1,654	18,176	-	-	5,326	3,697	2,947
Transfers recognised - capital		(58,641)	(60,163)	(53,480)	(76,093)	(77,068)			(70,818)	(54,600)	(61,472)
Contributions recognised - capital	6	58,641	60,163	53,480	76,093	77,068	-	-	70,818	54,600	61,472
Contributed assets					(9,253)	(6,165)			(3,500)	(2,500)	(2,000)
Surplus/(Deficit) after capital transfers & contributions		(36,013)	(55,883)	(71,465)	(7,599)	12,011	-	-	1,826	1,197	947
Taxation											
Surplus/(Deficit) after taxation		(36,013)	(55,883)	(71,465)	(7,599)	12,011	-	-	1,826	1,197	947
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(36,013)	(55,883)	(71,465)	(7,599)	12,011	-	-	1,826	1,197	947
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(36,013)	(55,883)	(71,465)	(7,599)	12,011	-	-	1,826	1,197	947

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

1. Total revenue is R131.679 million in 2012/13 and escalates to R140.827 million by 2014/15. This represents a year-on-year increase of 4.6 per cent for the 2013/14 financial year and 2.2 per cent for the 2014/15 financial year.
2. Services charges relating to water and sanitation contribute to the municipal revenue basket R22.010 million for the 2012/13 financial year and increasing to R24.497 million by 2014/15. For the 2012/13 financial year services charges amount to 16.7 per cent of the total revenue base and grows by 5 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the cost of bulk water.
3. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.
4. The following graph illustrates the major expenditure items per type.

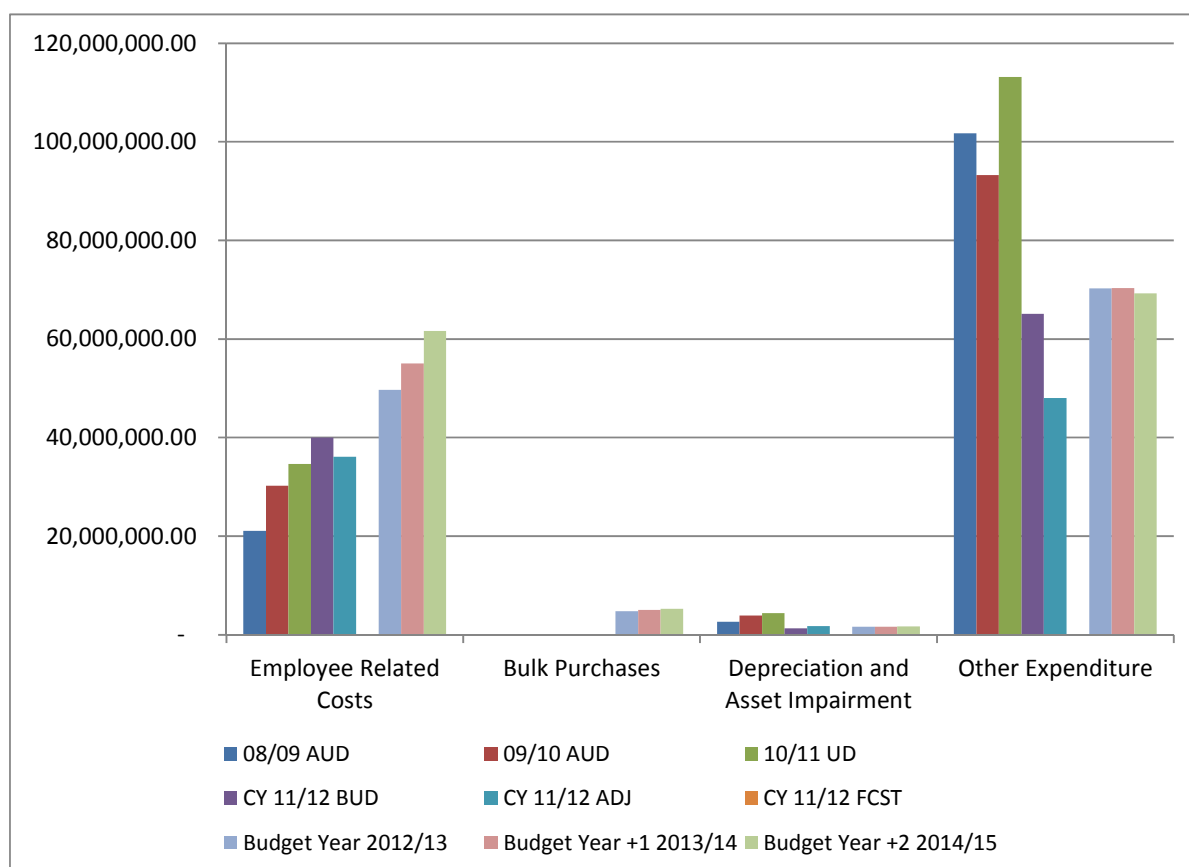


Figure 2 Expenditure by major type

5. Employee related costs and other expenditure are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and tariff increases in future years.

Table 18 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 & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET AND TREASURY OFFICE		-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - COMMUNITY SERVICES		-	-	-	5,226	6,905	-	-	1,050	-	-
Vote 5 - TECHNICAL SERVICES		-	-	-	9,211	6,643	-	-	1,776	1,865	1,972
Vote 6 - DEVELOPMENT PLANNING		-	-	-	-	-	-	-	-	-	-
Vote 7 - WATER AND SANITATION SERVICES		-	-	-	68,889	68,185	-	-	67,992	52,735	59,500
Vote 8 -		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	83,326	81,733	-	-	70,818	54,600	61,472
Single-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		262	-	6,044	50	1,000	-	-	-	1,000	-
Vote 2 - BUDGET AND TREASURY OFFICE		128	-	363	50	50	-	-	-	500	-
Vote 3 - CORPORATE SERVICES		2,912	-	556	600	200	-	-	2,000	500	-
Vote 4 - COMMUNITY SERVICES		1,919	1,866	4,064	320	50	-	-	500	-	2,000
Vote 5 - TECHNICAL SERVICES		491	20,190	4,442	-	-	-	-	-	-	-
Vote 6 - DEVELOPMENT PLANNING		603	170	184	1,000	200	-	-	1,000	500	-
Vote 7 - WATER AND SANITATION SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		6,314	22,226	15,652	2,020	1,500	-	-	3,500	2,500	2,000
Total Capital Expenditure - Vote		6,314	22,226	15,652	85,346	83,233	-	-	74,318	57,100	63,472
Capital Expenditure - Standard											
<i>Governance and administration</i>		3,302	-	6,963	700	1,250	-	-	2,000	2,000	-
Executive and council		262	-	6,044	50	1,000	-	-	-	1,000	-
Budget and treasury office		128	-	363	50	50	-	-	-	500	-
Corporate services		2,912	-	556	600	200	-	-	2,000	500	-
<i>Community and public safety</i>		1,919	1,866	4,064	5,546	6,955	-	-	1,550	-	2,000
Community and social services		1,919	1,866	4,064	320	50	-	-	500	-	2,000
Sport and recreation		-	-	-	5,226	6,905	-	-	1,050	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		603	170	184	1,000	200	-	-	2,776	2,365	1,972
Planning and development		603	170	184	1,000	200	-	-	1,000	500	-
Road transport		-	-	-	-	-	-	-	1,776	1,865	1,972
Environmental protection		-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	68,889	68,185	-	-	67,992	52,735	59,500
Electricity		-	-	-	-	-	-	-	-	-	-
Water		-	-	-	68,889	68,185	-	-	67,992	52,735	59,500
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
<i>Other</i>		491	20,190	4,442	9,211	6,643	-	-	-	-	-
Total Capital Expenditure - Standard	3	6,314	22,226	15,652	85,346	83,233	-	-	74,318	57,100	63,472
Funded by:											
National Government		-	20,190	13,618	68,889	68,185	-	-	69,768	54,600	61,472
Provincial Government		-	-	-	4,078	5,758	-	-	1,050	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	3,126	3,125	-	-	-	-	-
Transfers recognised - capital	4	-	20,190	13,618	76,093	77,068	-	-	70,818	54,600	61,472
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		6,314	2,037	2,034	9,253	6,165	-	-	3,500	2,500	2,000
Total Capital Funding	7	6,314	22,226	15,652	85,346	83,233	-	-	74,318	57,100	63,472

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

1. Table A5 is a breakdown of the capital programme 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. In relation to multi-year appropriations, for 2012/13 R70.818 million has been allocated of the total R74.318 million capital budget, which totals 95.3 per cent. This allocation declines to R57.1 million in 2013/14 and slightly increases to R63.472 million in 2014/15.
3. Single-year capital expenditure has been appropriated at R3.5 million for the 2012/13 financial year and remains relatively constant over the MTREF at levels of R2.5 million and R2 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 such as the procurement of vehicles and specialized tools and equipment. 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 municipality. 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 total R70.818 million and declines to R61.472 million by 2014/15. Internally generated funding totals R3.5 million, R2.5 million and R2 million for each of the respective financial years of the MTREF. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 19 MBRR Table A6 - Budgeted Financial Position

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
ASSETS											
Current assets											
Cash		15,063	54,293		1,436	1,436			43,105	25,689	18,260
Call investment deposits	1	91,811	-	1,401	3,400	3,400	-	-	15,085	15,821	17,850
Consumer debtors	1	-	-	-	-	-	-	-	-	-	-
Other debtors		6,287	8,693	6,594					5,222	15,290	18,569
Current portion of long-term receivables											
Inventory	2										
Total current assets		113,161	62,986	7,995	4,836	4,836	-	-	63,412	56,799	54,679
Non current assets											
Long-term receivables											
Investments		9,362									
Investment property											
Investment in Associate		627,260		775,117					775,117	775,117	775,117
Property, plant and equipment	3	34,487	54,274	64,913	137,087	61,374	-	-	62,958	118,298	187,005
Agricultural											
Biological											
Intangible		180		212					212	200	187
Other non-current assets											
Total non current assets		671,289	54,274	840,243	137,087	61,374	-	-	838,287	893,615	962,309
TOTAL ASSETS		784,450	117,260	848,238	141,923	66,210	-	-	901,700	950,415	1,016,988
LIABILITIES											
Current liabilities											
Bank overdraft	1			13,050							
Borrowing	4	89	96	-	-	-	-	-	-	-	-
Consumer deposits											
Trade and other payables	4	75,987	53,690	62,962	15,700	15,700	-	-	56,816	50,439	44,465
Provisions		329	1,438	1,212					1,549	1,679	1,703
Total current liabilities		76,404	55,223	77,224	15,700	15,700	-	-	58,365	52,118	46,167
Non current liabilities											
Borrowing		113	17	17	-	-	-	-	-	-	-
Provisions		-	-	-	300	300	-	-	-	-	-
Total non current liabilities		113	17	17	300	300	-	-	-	-	-
TOTAL LIABILITIES		76,518	55,241	77,241	16,000	16,000	-	-	58,365	52,118	46,167
NET ASSETS	5	707,932	62,019	770,997	125,923	50,210	-	-	843,335	898,296	970,821
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		707,932	62,019	770,997	838,206	838,206			843,335	898,296	970,821
Reserves	4	-	-	-	-	-	-	-	-	-	-
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	707,932	62,019	770,997	838,206	838,206	-	-	843,335	898,296	970,821

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. 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.
4. 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 20 MBRR Table A7 - Budgeted Cash Flow Statement

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other			431	566					17,608	18,594	20,823
Government - operating	1	173,466	123,773	131,811	101,855		101,855		109,629	112,520	116,296
Government - capital	1								69,042	52,735	59,500
Interest		13,487	7,484	1,849	318		318		-	-	-
Dividends											
Payments											
Suppliers and employees		(752,329)	(168,302)	(196,632)	(8,709)		(19,709)		(125,154)	(130,891)	(137,014)
Finance charges		(31)	(14)	(6)							
Transfers and Grants	1		(3,910)	(4,421)							
NET CASH FROM/(USED) OPERATING ACTIVITIES		(565,407)	(40,537)	(66,831)	93,464	-	82,464	-	71,125	52,958	59,605
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		13		275	71		71				
Decrease (Increase) in non-current debtors											
Decrease (increase) other non-current receivables			(30,279)	(40,512)							
Decrease (increase) in non-current investments		626,065	40,537	56,495							
Payments											
Capital assets		(20,980)	(22,226)	(15,272)	(23,696)		(33,696)		(58,329)	(68,665)	(53,050)
NET CASH FROM/(USED) INVESTING ACTIVITIES		605,098	(11,968)	986	(23,626)	-	(33,626)	-	(58,329)	(68,665)	(53,050)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing		(26,192)									
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing			(77)	(96)							
NET CASH FROM/(USED) FINANCING ACTIVITIES		(26,192)	(77)	(96)	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		13,500	(52,581)	(65,941)	69,839	-	48,839	-	12,796	(15,707)	6,555
Cash/cash equivalents at the year begin:	2	93,374	106,874	54,293	(11,649)		(11,649)		37,190	49,986	34,279
Cash/cash equivalents at the year end:	2	106,874	54,293	(11,649)	58,190		37,190		49,986	34,279	40,834

Table 21 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 & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash and investments available											
Cash/cash equivalents at the year end	1	106,874	54,293	(11,649)	58,190	-	37,190	-	49,986	34,279	40,834
Other current investments > 90 days		(0)	-	-	(53,354)	4,836	(37,190)	-	8,204	7,231	(4,724)
Non current assets - Investments	1	9,362	-	-	-	-	-	-	-	-	-
Cash and investments available:		116,236	54,293	(11,649)	4,836	4,836	-	-	58,190	41,510	36,110
Application of cash and investments											
Unspent conditional transfers		46,776	25,193	22,398	10,000	10,000	-	-	24,961	22,850	18,500
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	28,796	19,804	30,779	5,000	5,000	-	-	27,685	15,374	10,203
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		75,572	44,997	53,177	15,000	15,000	-	-	52,646	38,224	28,703
Surplus(shortfall)		40,663	9,296	(64,826)	(10,164)	(10,164)	-	-	5,544	3,285	7,407

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. It can be seen that the cash levels of the municipality fell significantly over the 2009/10 to 2010/11 period owing directly to a net decrease in cash for the 2009/10 financial year of R52.581 million as well as the R65.941 net decrease in cash for the 2010/11 financial year.
4. The net decrease in cash of R65.941 million for the 2010/11 financial year resulted in an overall projected negative cash position of R11.649 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. From the table it can be seen that for the period 2008/09 to 2010/11 the surplus deteriorated from R40.663 million to a deficit of R64.826 million.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2011/12 MTREF was not funded owing to the significant deficit.
7. 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.
8. As can be seen the budget has been modelled to progressively move from a deficit of R10.164 million in 2011/12 to a surplus of R7.407 million by 2014/15.

Table 22 MBRR Table A9 - Asset Management

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	6,314	-	-	-	-	-	72,542	55,235	61,500
Infrastructure - Road transport		-	-	-	-	-	-	1,000	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	33,992	20,000	2,500
Infrastructure - Sanitation		-	-	-	-	-	-	33,000	32,735	57,000
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	67,992	52,735	59,500
Community		-	-	-	-	-	-	1,050	-	2,000
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	6,314	-	-	-	-	-	3,500	2,500	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	-	-	-	-	-	-	1,000	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	33,992	20,000	2,500
Infrastructure - Sanitation		-	-	-	-	-	-	33,000	32,735	57,000
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	67,992	52,735	59,500
Community		-	-	-	-	-	-	1,050	-	2,000
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		6,314	-	-	-	-	-	3,500	2,500	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	6,314	-	-	-	-	-	72,542	55,235	61,500
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		385	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		34,102	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		180	-	212	-	-	-	212	200	187
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	34,667	-	212	-	-	-	212	200	187
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		2,632	3,910	4,421	1,318	1,758	-	1,625	1,646	1,668
Repairs and Maintenance by Asset Class	3	1,481	-	-	3,075	1,308	-	7,364	7,780	8,204
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	1,481	-	-	3,075	1,308	-	7,364	7,780	8,204
TOTAL EXPENDITURE OTHER ITEMS		4,113	3,910	4,421	4,392	3,065	-	8,989	9,427	9,872
<i>Renewal of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Renewal of Existing Assets as % of deprecn"</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>R&M as a % of PPE</i>		4.3%	0.0%	0.0%	2.2%	2.1%	0.0%	11.7%	6.6%	4.4%
<i>Renewal and R&M as a % of PPE</i>		4.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3470.0%	3890.0%	4390.0%

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.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.

Table 23 MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Household service targets	1									
Water:										
Piped water inside dwelling		3,233	3,245	3,293	4,543	4,543	4,543	4,548	4,617	5,274
Piped water inside yard (but not in dwelling)										
Using public tap (at least min.service level)	2	10,606	12,739	15,285	19,471	19,471	19,471	19,491	19,789	21,577
Other water supply (at least min.service level)	4									
<i>Minimum Service Level and Above sub-total</i>		13,839	15,984	18,578	24,014	24,014	24,014	24,039	24,406	26,851
Using public tap (< min.service level)	3	100,018	101,493	102,328	96,966	96,966	96,966	97,157	98,948	99,915
Other water supply (< min.service level)	4	1,450	1,568	1,598	1,948	1,948	1,948	1,955	1,979	2,697
No water supply		11,234	9,101	6,555	6,880	6,880	6,880	6,786	6,592	5,394
<i>Below Minimum Service Level sub-total</i>		112,702	112,162	110,481	105,794	105,794	105,794	105,898	107,519	108,006
Total number of households	5	126,541	128,146	129,059	129,808	129,808	129,808	129,937	131,925	134,857
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		1,593	1,601	1,601	1,947	1,947	1,947	2,079	2,374	2,697
Flush toilet (with septic tank)		661	668	691	778	778	778	780	792	934
Chemical toilet										
Pit toilet (ventilated)		2,301	2,608	3,141	3,245	3,245	3,245	3,250	3,298	4,045
Other toilet provisions (> min.service level)										
<i>Minimum Service Level and Above sub-total</i>		4,555	4,877	5,433	5,970	5,970	5,970	6,109	6,464	7,676
Bucket toilet										
Other toilet provisions (< min.service level)		100,958	102,151	102,328	101,771	101,771	101,771	101,739	103,034	107,000
No toilet provisions		21,028	21,118	21,298	22,067	22,067	22,067	22,089	22,427	20,228
<i>Below Minimum Service Level sub-total</i>		121,986	123,269	123,626	123,838	123,838	123,838	123,828	125,461	127,228
Total number of households	5	126,541	128,146	129,059	129,808	129,808	129,808	129,937	131,925	134,904
Energy:										
Electricity (at least min.service level)										
Electricity - prepaid (min.service level)										
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Refuse:										
Removed at least once a week										
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week										
Using communal refuse dump										
Using own refuse dump										
Other rubbish disposal										
No rubbish disposal										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)										
Sanitation (free minimum level service)										
Electricity/other energy (50kwh per household per month)										
Refuse (removed at least once a week)										
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)										
Sanitation (free sanitation service)										
Electricity/other energy (50kwh per household per month)										
Refuse (removed once a week)										
Total cost of FBS provided (minimum social packa		-	-	-	-	-	-	-	-	-
Highest level of free service provided										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)										
Property rates (other exemptions, reductions and rebates)										
Water										
Sanitation										
Electricity/other energy										
Refuse										
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
Total revenue cost of free services provided (total social package)	6	-	-	-	-	-	-	-	-	-

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The municipality continues to make considerable effort to eradicate backlogs.

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 Mayor.

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 City'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 2010) 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 in August 2011.

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

2.1.2 Community Consultation

The draft 2012/13 MTREF as tabled before Council on 22 March 2012 for community consultation was published on the municipality's website, and hard copies were made available at municipal notice boards and various libraries. In addition, public consultation meetings were held in each of the local municipalities comprising the district.

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.

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:

- Decent housing and provision of sustainable human settlements which should have access to basic services.
- Constructive negotiations with the Land owners for the allocation of stands and provision or making land available for development.
- Provision of decent sanitation system in all wards in rural/semi-rural parts of the Amajuba District.
- Construction and maintenance/grading of access roads with storm water drainage.
- Fast-track the provision of electricity or solar electricity in areas that still has no such services.
- Establishment or revival of Sports and recreational facilities.
- Ward Report Back sessions should not to be once off.
- Intense review and urgent implementation of the Rural Development Strategy with reference to infrastructural development plan and Land redistribution
- Consider the building of multipurpose, youth and Adult centres, clinics or make temporary facilities available.
- Improve on construction of facilities accessible to disabled people.
- Instilling more emphasis on Sukuma Sakhe Programmes by having War Rooms in all wards in the Amajuba District Vicinity.
- Consider creating economic development initiatives and programmes to ensure creation of economically sustainable employment opportunities and poverty alleviation projects.

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 City, 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 City strategically complies with the key national and provincial priorities.

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

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

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2012/13 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 24 IDP Strategic Objectives

Strategic Objective	Programme / Initiative
<p>Enhance Local Economic Growth and Development</p>	<p>Continued support of the Following Programmes:</p> <p>Agric Programmes and Rural Development;</p> <p>Crop Production; Vegetable Production; Hydroponic and Aquaponic Production; Dairy; Beef Production; Development of emerging commercial farmers</p> <p>Tourism</p> <p>Rejuvenation of municipal community facilities;</p>

	<p>Supporting strategic events; Supporting strategic projects to enhance tourism</p> <p>Infrastructure</p> <p>Development of Water resources and Irrigation for sustainable water supply and food security.</p> <p>SMME</p> <p>Continued assistance and facilitation</p> <p>Poverty Alleviation</p> <p>Assist entrepreneurs to grow and achieve their goals in order to be sustainable</p>
Promote Economic Skills and Development	<p>Continued Implementation of ADM Five year Skills Development Plan through the FET; Private FET and other training Institutions, in the relevant sectors eg</p> <p>Artisans, IT, Agric Sector, SMME, Tourism, Environmental Awareness</p>
Promote Community Participation	<p>Restructure Amajuba Forum For Economic Development;</p> <p>Restructure the IDP Forum,</p>
Promote Good Financial Management	<p>Attainment of clean audit by 2014</p>

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

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

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - o Provide water;
 - o Provide sanitation; and

- Maintaining the infrastructure of the municipality.
2. Economic growth and development that leads to sustainable job creation by:
- Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
- Effective implementation of the Indigent Policy;
 - Ensuring all waste water treatment works are operating optimally;
 - 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; and
 - Implementing Batho Pele in the municipal management strategy.
- 5.1 Promote sound governance through:
- Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
- Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
- Review of the organizational structure to optimize the use of personnel;

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

2.3 Measurable performance objectives and indicators

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

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

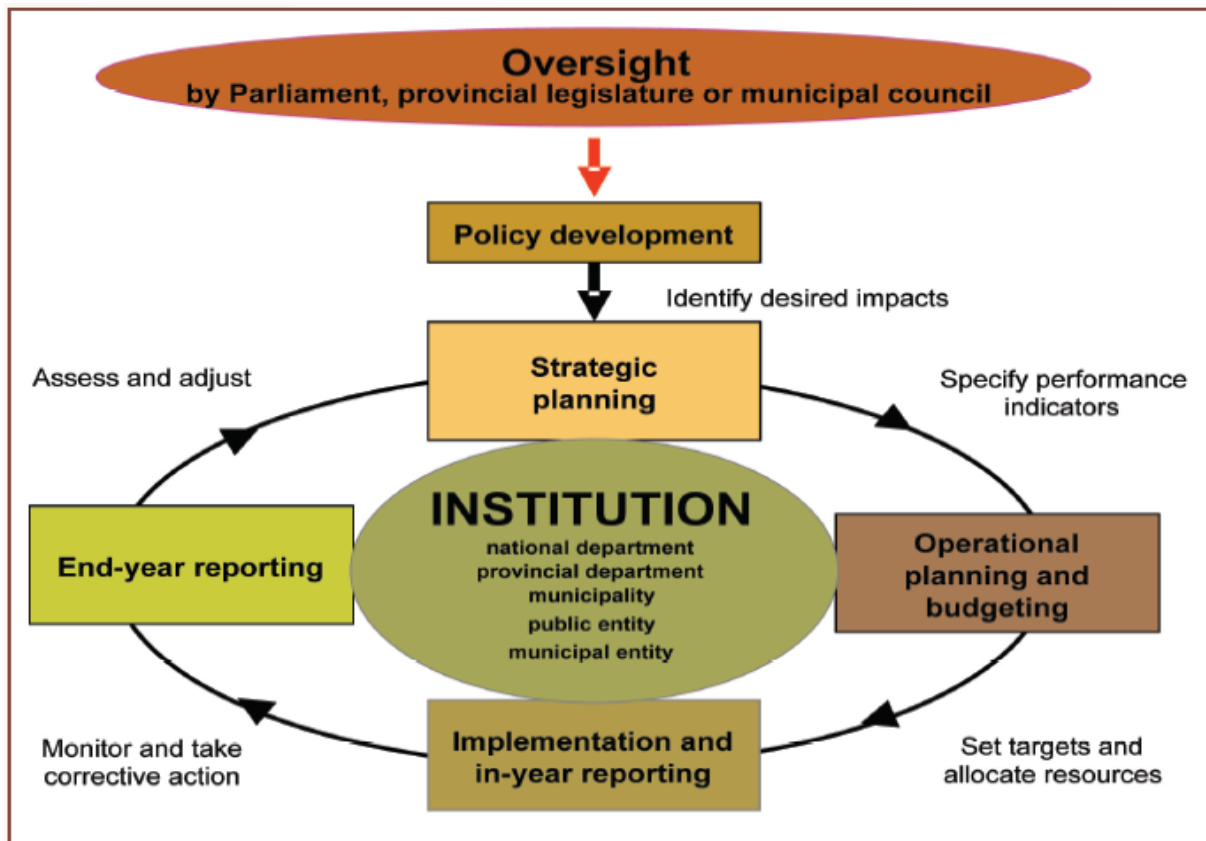


Figure 3 Planning, budgeting and reporting cycle

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

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

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

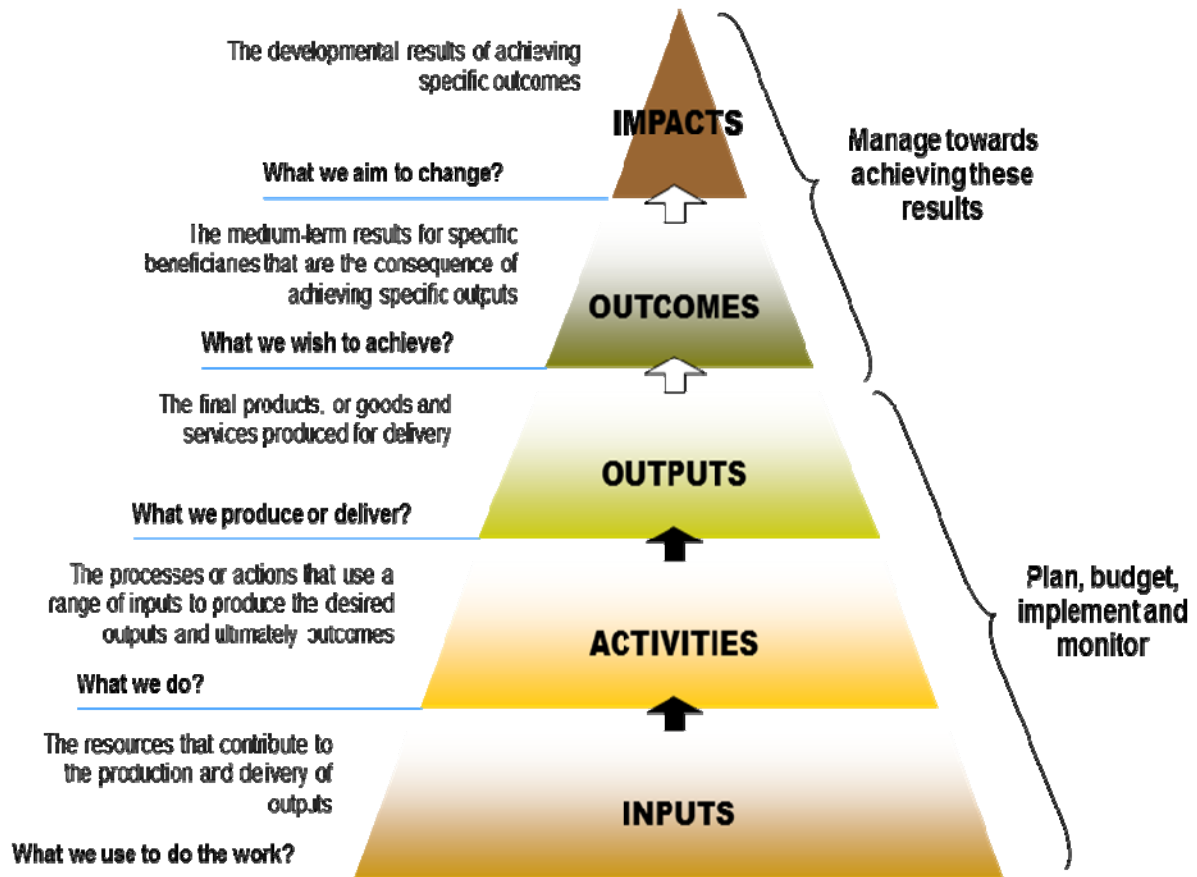


Figure 4 Definition of performance information concepts

The following table sets out the municipalities main performance objectives and benchmarks for the 2012/13 MTREF.

Table 25 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
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.1%	1.1%	4.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	-414.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	1.5	1.1	0.1	0.3	0.3	-	-	1.1	1.1	1.2
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.5	1.1	0.1	0.3	0.3	-	-	1.1	1.1	1.2
Liquidity Ratio	Monetary Assets/Current Liabilities	1.4	1.0	0.0	0.3	0.3	-	-	1.0	0.8	0.8
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	-6926.1%	-10469.7%	0.0%	0.0%	0.0%	0.0%	79.9%	79.9%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			0.0%	100.0%	148.4%	0.0%	0.0%	0.0%	0.0%	79.9%	79.9%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	7.0%	12.2%	8.2%	0.0%	0.0%	0.0%	0.0%	4.0%	11.3%	13.2%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		26.9%	52.5%	-348.2%	8.6%	0.0%	0.0%	0.0%	63.7%	80.5%	63.6%
Other Indicators											
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source										
Employee costs	Employee costs/(Total Revenue - capital revenue)	23.6%	42.2%	42.9%	37.0%	34.7%	0.0%	0.0%	37.7%	40.5%	43.8%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	41.0%	46.4%	47.7%	41.4%	40.0%	0.0%	0.0%	42.3%	45.2%	48.5%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	1.7%	0.0%	0.0%	2.8%	1.3%	0.0%	0.0%	5.6%	5.7%	5.8%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	3.0%	5.5%	5.5%	1.2%	1.7%	0.0%	0.0%	1.2%	1.2%	1.2%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	3.8	4.1	7.6	-	-	-	-	-	-	-
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	111.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	23.7%	65.8%	75.8%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	20.2	9.4	(1.7)	8.6	-	-	-	6.4	4.2	4.8

Providing clean water and managing waste water

The municipality is the Water Services Authority for the Emadlangeni and Danhausser local municipalities in terms of the Water Services Act, 1997 and has appointed uThukela Water (Pty) Ltd as a water services provider. The Newcastle local Municipality was designated as a water services authority in its area of jurisdiction. Approximately 85 per cent of the municipality's bulk water needs are provided directly by the Ngagane WaterPlant which is in the Newcastle WSA area. The remaining portion is generated from smaller water works and other sources, such as boreholes and small dams.

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

2.4 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 & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other			431	566					17,608	18,594	20,823
Government - operating	1	173,466	123,773	131,811	101,855		101,855	109,629	112,520	116,296	
Government - capital	1							69,042	52,735	59,500	
Interest		13,487	7,484	1,849	318		318	-	-	-	
Dividends											
Payments											
Suppliers and employees		(752,329)	(168,302)	(196,632)	(8,709)		(19,709)	(125,154)	(130,891)	(137,014)	
Finance charges		(31)	(14)	(6)							
Transfers and Grants	1		(3,910)	(4,421)							
NET CASH FROM/(USED) OPERATING ACTIVITIES		(565,407)	(40,537)	(66,831)	93,464	-	82,464	-	71,125	52,958	59,605
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		13		275	71		71				
Decrease (Increase) in non-current debtors											
Decrease (Increase) other non-current receivables			(30,279)	(40,512)							
Decrease (Increase) in non-current investments		626,065	40,537	56,495							
Payments											
Capital assets		(20,980)	(22,226)	(15,272)	(23,696)		(33,696)	(58,329)	(68,665)	(53,050)	
NET CASH FROM/(USED) INVESTING ACTIVITIES		605,098	(11,968)	986	(23,626)	-	(33,626)	-	(58,329)	(68,665)	(53,050)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing		(26,192)									
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing			(77)	(96)							
NET CASH FROM/(USED) FINANCING ACTIVITIES		(26,192)	(77)	(96)	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		13,500	(52,581)	(65,941)	69,839	-	48,839	-	12,796	(15,707)	6,555
Cash/cash equivalents at the year begin:	2	93,374	106,874	54,293	(11,649)		(11,649)	-	37,190	49,986	34,279
Cash/cash equivalents at the year end:	2	106,874	54,293	(11,649)	58,190	-	37,190	-	49,986	34,279	40,834

The above table shows that cash and cash equivalents of the municipality were largely depleted between the 2008/09 and 2010/11 financial year moving from a positive cash balance of R106.874 million to a deficit of R11.649 million with the approved 2010/11 MTREF.

2.4.1 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

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash and investments available											
Cash/cash equivalents at the year end	1	106,874	54,293	(11,649)	58,190	-	37,190	-	49,986	34,279	40,834
Other current investments > 90 days		(0)	-	-	(53,354)	4,836	(37,190)	-	8,204	7,231	(4,724)
Non current assets - Investments	1	9,362	-	-	-	-	-	-	-	-	-
Cash and investments available:		116,236	54,293	(11,649)	4,836	4,836	-	-	58,190	41,510	36,110
Application of cash and investments											
Unspent conditional transfers		46,776	25,193	22,398	10,000	10,000	-	-	24,961	22,850	18,500
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	28,796	19,804	30,779	5,000	5,000	-	-	27,685	15,374	10,203
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		75,572	44,997	53,177	15,000	15,000	-	-	52,646	38,224	28,703
Surplus(shortfall)		40,663	9,296	(64,826)	(10,164)	(10,164)	-	-	5,544	3,285	7,407

From the above table it can be seen that the cash and investments available total R58.19 million in the 2012/13 financial year and progressively decrease to R7.407 million by 2014/15, including the projected cash and cash equivalents as determined in the cash flow forecast.

2.4.2 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	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	106,874	54,293	(11,649)	58,190	-	37,190	-	49,986	34,279	40,834
Cash + investments at the yr end less applications - R'000	18(1)b	2	40,663	9,296	(64,826)	(10,164)	(10,164)	-	-	5,544	3,285	7,407
Cash year end/monthly employee/supplier payments	18(1)b	3	20.2	9.4	(1.7)	8.6	-	-	-	6.4	4.2	4.8
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(36,013)	(55,883)	(71,465)	(7,599)	12,011	-	-	1,826	1,197	947
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(106.0%)	(6.0%)	(6.0%)	(6.0%)	(106.0%)	(6.0%)	146.8%	(0.4%)	(0.6%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	0.0%	100.0%	148.4%	0.0%	0.0%	0.0%	0.0%	79.9%	79.9%	84.9%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital payments % of capital expenditure	18(1)c:19	8	332.3%	100.0%	97.6%	27.8%	0.0%	0.0%	0.0%	78.5%	120.3%	83.6%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	(414.8%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	38.3%	(24.1%)	(100.0%)	0.0%	0.0%	0.0%	0.0%	192.8%	21.4%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	4.3%	0.0%	0.0%	2.2%	2.1%	0.0%	0.0%	11.7%	6.6%	4.4%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

2.5 Expenditure on grants and reconciliations of unspent funds

Table 29 MBRR SA19 - Expenditure on transfers and grant programmes

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
EXPENDITURE:										
Operating expenditure of Transfers and Grants										
National Government:		-	80,169	80,081	90,611	90,611	90,611	108,179	112,320	116,086
Local Government Equitable Share			49,865	38,243	44,873	44,873	44,873	49,689	53,158	57,048
RSC Levy Replacement			28,819	40,088	43,698	43,698	43,698	47,630	51,917	56,588
Finance Management			750	1,000	1,250	1,250	1,250	1,500	1,500	1,500
Municipal Systems Improvement			735	750	790	790	790	1,000	870	950
Water Services Operating Subsidy								8,360	4,875	
Other transfers/grants [insert description]										
Provincial Government:		-	629	709	-	-	-	1,450	200	210
Sport and Recreation			629	420				1,050		
				289					200	210
District Growth Development Summit								400		
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	860	-	-	-	-	-	-
National Lottery Grant				860						
Other Grants										
Total operating expenditure of Transfers and Grants		-	80,798	81,650	90,611	90,611	90,611	109,629	112,520	116,296
Capital expenditure of Transfers and Grants										
National Government:		-	32,130	41,968	-	-	-	69,768	54,600	61,472
Municipal Infrastructure Grant (MIG)			29,002	33,566				49,992	52,735	59,500
Regional Bulk Infrastructure			3,128	8,402				17,000		
Rural Transport Services and Infrastructure								1,776	1,865	1,972
Expanded Public Works Programme								1,000		
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
National Lottery Grant										
Total capital expenditure of Transfers and Grants		-	32,130	41,968	-	-	-	69,768	54,600	61,472
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		-	112,928	123,618	90,611	90,611	90,611	179,397	167,120	177,768

Table 30 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

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
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year			1,400	1,065	-	-		850	-	-
Current year receipts			1,485	80,081	90,611	90,780		108,179	112,320	116,086
Conditions met - transferred to revenue		-	1,821	81,145	89,761	89,930	-	109,029	112,320	116,086
Conditions still to be met - transferred to liabilities			1,065	-	850	850		-	-	-
Provincial Government:										
Balance unspent at beginning of the year			9,022	4,656	3,631	3,631		-	-	-
Current year receipts			-	3,540	1,100	1,275		1,450	200	210
Conditions met - transferred to revenue		-	4,365	4,565	4,731	4,906	-	1,450	200	210
Conditions still to be met - transferred to liabilities			4,656	3,631	-	-		-	-	-
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year			188	-	3,116	3,116		-		
Current year receipts				3,976	3,553	3,632				
Conditions met - transferred to revenue		-	188	860	6,669	6,748	-	-	-	-
Conditions still to be met - transferred to liabilities			-	3,116	-	-				
Total operating transfers and grants revenue		-	6,374	86,571	101,161	101,584	-	110,479	112,520	116,296
Total operating transfers and grants - CTBM	2	-	5,721	6,747	850	850	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year			12,254	7,279	6,839	6,839		20,456	15,538	15,821
Current year receipts			32,130	41,528	68,889	68,185		53,568	54,600	61,472
Conditions met - transferred to revenue		-	37,105	41,968	55,062	54,569	-	58,486	54,317	59,443
Conditions still to be met - transferred to liabilities			7,279	6,839	20,666	20,456		15,538	15,821	17,850
Provincial Government:										
Balance unspent at beginning of the year			23,912	12,193	8,812	8,812		-		
Current year receipts			629	-						
Conditions met - transferred to revenue		-	12,348	3,381	8,812	8,812	-	-	-	-
Conditions still to be met - transferred to liabilities			12,193	8,812	-	-				
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		-	49,453	45,349	63,874	63,381	-	58,486	54,317	59,443
Total capital transfers and grants - CTBM	2	-	19,472	15,651	20,666	20,456	-	15,538	15,821	17,850
TOTAL TRANSFERS AND GRANTS REVENUE		-	55,828	131,919	165,036	164,964	-	168,965	166,837	175,739
TOTAL TRANSFERS AND GRANTS - CTBM		-	25,193	22,398	21,516	21,306	-	15,538	15,821	17,850

2.6 Councillor and employee benefits

Table 31 MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		2,690	3,008	3,886	4,646	5,532	5,532	6,002	6,362	6,680
Pension and UIF Contributions										
Medical Aid Contributions										
Motor Vehicle Allowance										
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances										
Sub Total - Councillors		2,690	3,008	3,886	4,646	5,532	5,532	6,002	6,362	6,680
% increase	4		11.8%	29.2%	19.6%	19.1%	-	8.5%	6.0%	5.0%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		3,547	3,055	2,967	3,656	3,656	3,656	4,577	4,875	4,898
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus			605	391	512	512	512	641	682	686
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
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		3,547	3,660	3,358	4,168	4,168	4,168	5,218	5,557	5,584
% increase	4		3.2%	(8.3%)	24.1%	-	-	25.2%	6.5%	0.5%
Other Municipal Staff										
Basic Salaries and Wages		30,434	21,670	24,314	24,412	21,835	21,835	30,023	33,461	38,031
Pension and UIF Contributions			1,843	2,386	2,590	2,422	2,422	3,698	4,094	4,586
Medical Aid Contributions			878	1,069	1,195	1,089	1,089	1,570	1,739	1,948
Overtime			902	1,449	909	246	246	1,263	1,392	1,559
Performance Bonus										
Motor Vehicle Allowance	3				4,290	4,139	4,139	4,653	5,164	5,784
Cellphone Allowance	3		1	6	190	172	172	190	211	236
Housing Allowances	3		131	1	151	129	129	245	271	303
Other benefits and allowances	3		1,128	2,058	2,183	1,937	1,937	2,828	3,161	3,618
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff		30,434	26,554	31,282	35,920	31,970	31,970	44,469	49,493	56,064
% increase	4		(12.8%)	17.8%	14.8%	(11.0%)	-	39.1%	11.3%	13.3%
Total Parent Municipality		36,671	33,221	38,526	44,734	41,669	41,669	55,689	61,412	68,327
			(9.4%)	16.0%	16.1%	(6.9%)	-	33.6%	10.3%	11.3%

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	1	573,423					573,423
Chief Whip								-
Executive Mayor		1	731,833					731,833
Deputy Executive Mayor		1	573,423					573,423
Executive Committee		3	1,969,275					1,969,275
Total for all other councillors		19	2,153,725					2,153,725
Total Councillors	8	25	6,001,679	-	-			6,001,679
Senior Managers of the Municipality	5							
Municipal Manager (MM)		1	1,012,877			141,803		1,154,680
Chief Finance Officer		1	778,415			108,978		887,393
Director: Corporate Services		1	698,883			97,844		796,727
Director: Community Services		1	689,520			96,533		786,053
Director: Technical Services		1	698,883			97,844		796,727
Director: Planning and Development		1	698,883			97,844		796,727
<i>List of each official with packages >= senior manager</i>								
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
Total Senior Managers of the Municipality	8	6	4,577,462	-	-	640,845		5,218,306
A Heading for Each Entity	6,7							
List each member of board by designation								
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
Total for municipal entities	8	-	-	-	-	-		-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION		31	10,579,141	-	-	640,845		11,219,985

2.7 Monthly targets for revenue, expenditure and cash flow

Table 33 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source																
Property rates														-	-	-
Property rates - penalties & collection charges														-	-	-
Service charges - electricity revenue														-	-	-
Service charges - water revenue		1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,515	18,186	19,204	20,241
Service charges - sanitation revenue		319	319	319	319	319	319	319	319	319	319	319	319	3,824	4,038	4,256
Service charges - refuse revenue														-	-	-
Service charges - other														-	-	-
Rental of facilities and equipment														-	-	-
Interest earned - external investments														-	-	-
Interest earned - outstanding debtors														-	-	-
Dividends received														-	-	-
Fines														-	-	-
Licences and permits														-	-	-
Agency services														-	-	-
Transfers recognised - operational		9,136	9,136	9,136	9,136	9,136	9,136	9,136	9,136	9,136	9,136	9,136	9,136	109,629	112,520	116,296
Other revenue		3	3	3	3	3	3	3	3	3	3	3	3	40	32	33
Gains on disposal of PPE														-	-	-
Total Revenue (excluding capital transfers and contributions)		10,973	10,973	10,973	10,973	10,973	10,973	10,973	10,973	10,973	10,973	10,973	10,973	131,679	135,794	140,827
Expenditure By Type																
Employee related costs		4,141	4,141	4,141	4,141	4,141	4,141	4,141	4,141	4,141	4,141	4,141	4,141	49,687	55,050	61,648
Remuneration of councillors		500	500	500	500	500	500	500	500	500	500	500	500	6,002	6,362	6,680
Debt impairment														-	-	-
Depreciation & asset impairment		135	135	135	135	135	135	135	135	135	135	135	135	1,625	1,646	1,668
Finance charges														-	-	-
Bulk purchases		398	398	398	398	398	398	398	398	398	398	398	398	4,772	5,039	5,311
Other materials														-	-	-
Contracted services		970	970	970	970	970	970	970	970	970	970	970	970	11,645	10,017	7,396
Transfers and grants														-	-	-
Other expenditure		4,385	4,385	4,385	4,385	4,385	4,385	4,385	4,385	4,385	4,385	4,385	4,385	52,623	53,983	55,177
Loss on disposal of PPE														-	-	-
Total Expenditure		10,529	10,529	10,529	10,529	10,529	10,529	10,529	10,529	10,529	10,529	10,529	10,529	126,353	132,097	137,880
Surplus/(Deficit)		444	444	444	444	444	444	444	444	444	444	444	444	5,326	3,697	2,947
Transfers recognised - capital		(5,754)	(5,754)	(5,754)	(5,754)	(5,754)	(5,754)	(5,754)	(5,754)	(5,754)	(5,754)	(5,754)	(7,530)	(70,818)	(54,600)	(61,472)
Contributions recognised - capital		5,754	5,754	5,754	5,754	5,754	5,754	5,754	5,754	5,754	5,754	5,754	7,530	70,818	54,600	61,472
Contributed assets		(292)	(292)	(292)	(292)	(292)	(292)	(292)	(292)	(292)	(292)	(292)	(292)	(3,500)	(2,500)	(2,000)
Surplus/(Deficit) after capital transfers & contributions		152	152	152	152	152	152	152	152	152	152	152	152	1,826	1,197	947
Taxation														-	-	-
Attributable to minorities														-	-	-
Share of surplus/ (deficit) of associate														-	-	-
Surplus/(Deficit)	1	152	152	152	152	152	152	152	152	152	152	152	152	1,826	1,197	947

Table 34 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue by Vote																
Vote 1 - EXECUTIVE AND COUNCIL		3,141	3,141	3,141	3,141	3,141	3,141	3,141	3,141	3,141	3,141	3,141	3,141	37,689	40,486	43,692
Vote 2 - BUDGET AND TREASURY OFFICE		4,178	4,178	4,178	4,178	4,178	4,178	4,178	4,178	4,178	4,178	4,178	4,178	50,140	54,287	59,038
Vote 3 - CORPORATE SERVICES														-	-	-
Vote 4 - COMMUNITY SERVICES		90	90	90	90	90	90	90	90	90	90	90	90	1,080	32	33
Vote 5 - TECHNICAL SERVICES														-	-	-
Vote 6 - DEVELOPMENT PLANNING		33	33	33	33	33	33	33	33	33	33	33	33	400	200	210
Vote 7 - WATER AND SANITATION SERVICES		3,531	3,531	3,531	3,531	3,531	3,531	3,531	3,531	3,531	3,531	3,531	3,531	42,370	40,789	37,854
Vote 8 -														-	-	-
Vote 9 -														-	-	-
Vote 10 -														-	-	-
Vote 11 -														-	-	-
Vote 12 -														-	-	-
Vote 13 -														-	-	-
Vote 14 -														-	-	-
Vote 15 -														-	-	-
Total Revenue by Vote		10,973	10,973	10,973	10,973	10,973	10,973	10,973	10,973	10,973	10,973	10,973	10,973	131,679	135,794	140,827
Expenditure by Vote to be appropriated																
Vote 1 - EXECUTIVE AND COUNCIL		#####	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170	14,039	15,286	16,385
Vote 2 - BUDGET AND TREASURY OFFICE		1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148	13,775	14,666	15,946
Vote 3 - CORPORATE SERVICES		1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143	13,712	14,723	15,863
Vote 4 - COMMUNITY SERVICES		1,836	1,836	1,836	1,836	1,836	1,836	1,836	1,836	1,836	1,836	1,836	1,836	22,029	22,583	24,387
Vote 5 - TECHNICAL SERVICES		667	667	667	667	667	667	667	667	667	667	667	667	8,004	8,808	9,766
Vote 6 - DEVELOPMENT PLANNING		2,105	2,105	2,105	2,105	2,105	2,105	2,105	2,105	2,105	2,105	2,105	2,105	25,263	26,702	27,079
Vote 7 - WATER AND SANITATION SERVICES		2,461	2,461	2,461	2,461	2,461	2,461	2,461	2,461	2,461	2,461	2,461	2,461	29,531	29,330	28,454
Vote 8 -														-	-	-
Vote 9 -														-	-	-
Vote 10 -														-	-	-
Vote 11 -														-	-	-
Vote 12 -														-	-	-
Vote 13 -														-	-	-
Vote 14 -														-	-	-
Vote 15 -														-	-	-
Total Expenditure by Vote		10,529	10,529	10,529	10,529	10,529	10,529	10,529	10,529	10,529	10,529	10,530	10,530	126,353	132,097	137,880
Surplus/(Deficit) before assoc.		444	444	444	444	444	444	444	444	444	444	444	444	5,326	3,697	2,947
Taxation														-	-	-
Attributable to minorities														-	-	-
Share of surplus/ (deficit) of associate														-	-	-
Surplus/(Deficit)	1	444	444	444	444	444	444	444	444	444	444	444	444	5,326	3,697	2,947

Table 35 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue - Standard																
<i>Governance and administration</i>		7,319	7,319	7,319	7,319	7,319	7,319	7,319	7,319	7,319	7,319	7,319	7,319	87,829	94,773	102,730
Executive and council		3,141	3,141	3,141	3,141	3,141	3,141	3,141	3,141	3,141	3,141	3,141	3,141	37,689	40,486	43,692
Budget and treasury office		4,178	4,178	4,178	4,178	4,178	4,178	4,178	4,178	4,178	4,178	4,178	4,178	50,140	54,287	59,038
Corporate services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		90	90	90	90	90	90	90	90	90	90	90	90	1,080	32	33
Community and social services		90	90	90	90	90	90	90	90	90	90	90	90	1,080	32	33
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		33	33	33	33	33	33	33	33	33	33	33	33	400	200	210
Planning and development		33	33	33	33	33	33	33	33	33	33	33	33	400	200	210
Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		3,531	3,531	3,531	3,531	3,531	3,531	3,531	3,531	3,531	3,531	3,531	3,531	42,370	40,789	37,854
Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water		3,531	3,531	3,531	3,531	3,531	3,531	3,531	3,531	3,531	3,531	3,531	3,531	42,370	40,789	37,854
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Standard		10,973	10,973	10,973	10,973	10,973	10,973	10,973	10,973	10,973	10,973	10,973	10,973	131,679	135,794	140,827
Expenditure - Standard																
<i>Governance and administration</i>		3,460	3,460	3,460	3,460	3,460	3,460	3,460	3,460	3,460	3,460	3,460	3,460	41,527	44,675	48,194
Executive and council		1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170	14,039	15,286	16,385
Budget and treasury office		1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148	13,775	14,666	15,946
Corporate services		1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143	13,712	14,723	15,863
<i>Community and public safety</i>		1,836	1,836	1,836	1,836	1,836	1,836	1,836	1,836	1,836	1,836	1,836	1,836	22,029	22,583	24,387
Community and social services		1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278	15,332	15,312	16,454
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		558	558	558	558	558	558	558	558	558	558	558	558	6,697	7,271	7,933
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		2,772	2,772	2,772	2,772	2,772	2,772	2,772	2,772	2,772	2,772	2,772	2,772	33,267	35,509	36,845
Planning and development		2,105	2,105	2,105	2,105	2,105	2,105	2,105	2,105	2,105	2,105	2,105	2,105	25,263	26,702	27,079
Road transport		667	667	667	667	667	667	667	667	667	667	667	667	8,004	8,808	9,766
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		2,461	2,461	2,461	2,461	2,461	2,461	2,461	2,461	2,461	2,461	2,461	2,461	29,531	29,330	28,454
Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water		2,461	2,461	2,461	2,461	2,461	2,461	2,461	2,461	2,461	2,461	2,461	2,461	29,531	29,330	28,454
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard		10,529	10,529	10,529	10,529	10,529	10,529	10,529	10,529	10,529	10,529	10,529	10,530	126,353	132,097	137,880
Surplus/(Deficit) before assoc.		444	444	444	444	444	444	444	444	444	444	444	443	5,326	3,697	2,947
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	444	444	444	444	444	444	444	444	444	444	444	443	5,326	3,697	2,947

Table 36 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Multi-year expenditure to be appropriated	1															
Vote 1 - EXECUTIVE AND COUNCIL														-	-	-
Vote 2 - BUDGET AND TREASURY OFFICE														-	-	-
Vote 3 - CORPORATE SERVICES														-	-	-
Vote 4 - COMMUNITY SERVICES		88	88	88	88	88	88	88	88	88	88	88	88	1,050	-	-
Vote 5 - TECHNICAL SERVICES		148	148	148	148	148	148	148	148	148	148	148	148	1,776	1,865	1,972
Vote 6 - DEVELOPMENT PLANNING														-	-	-
Vote 7 - WATER AND SANITATION SERVICES		5,666	5,666	5,666	5,666	5,666	5,666	5,666	5,666	5,666	5,666	5,666	5,666	67,992	52,735	59,500
Vote 8 -														-	-	-
Vote 9 -														-	-	-
Vote 10 -														-	-	-
Vote 11 -														-	-	-
Vote 12 -														-	-	-
Vote 13 -														-	-	-
Vote 14 -														-	-	-
Vote 15 -														-	-	-
Capital multi-year expenditure sub-total	2	5,902	5,902	5,902	5,902	5,902	5,902	5,902	5,902	5,902	5,902	5,902	5,902	70,818	54,600	61,472
Single-year expenditure to be appropriated																
Vote 1 - EXECUTIVE AND COUNCIL														-	1,000	-
Vote 2 - BUDGET AND TREASURY OFFICE														-	500	-
Vote 3 - CORPORATE SERVICES		167	167	167	167	167	167	167	167	167	167	167	167	2,000	500	-
Vote 4 - COMMUNITY SERVICES		42	42	42	42	42	42	42	42	42	42	42	42	500	-	2,000
Vote 5 - TECHNICAL SERVICES														-	-	-
Vote 6 - DEVELOPMENT PLANNING		83	83	83	83	83	83	83	83	83	83	83	83	1,000	500	-
Vote 7 - WATER AND SANITATION SERVICES														-	-	-
Vote 8 -														-	-	-
Vote 9 -														-	-	-
Vote 10 -														-	-	-
Vote 11 -														-	-	-
Vote 12 -														-	-	-
Vote 13 -														-	-	-
Vote 14 -														-	-	-
Vote 15 -														-	-	-
Capital single-year expenditure sub-total	2	292	292	292	292	292	292	292	292	292	292	292	292	3,500	2,500	2,000
Total Capital Expenditure	2	6,193	6,193	6,193	6,193	6,193	6,193	6,193	6,193	6,193	6,193	6,193	6,193	74,318	57,100	63,472

Table 37 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital Expenditure - Standard	1															
<i>Governance and administration</i>		167	167	167	167	167	167	167	167	167	167	167	167	2,000	2,000	-
Executive and council														-	1,000	-
Budget and treasury office														-	500	-
Corporate services		167	167	167	167	167	167	167	167	167	167	167	167	2,000	500	-
<i>Community and public safety</i>		129	129	129	129	129	129	129	129	129	129	129	129	1,550	-	2,000
Community and social services		42	42	42	42	42	42	42	42	42	42	42	42	500	-	2,000
Sport and recreation		88	88	88	88	88	88	88	88	88	88	88	88	1,050	-	-
Public safety														-	-	-
Housing														-	-	-
Health														-	-	-
<i>Economic and environmental services</i>		231	231	231	231	231	231	231	231	231	231	231	231	2,776	2,365	1,972
Planning and development		83	83	83	83	83	83	83	83	83	83	83	83	1,000	500	-
Road transport		148	148	148	148	148	148	148	148	148	148	148	148	1,776	1,865	1,972
Environmental protection														-	-	-
<i>Trading services</i>		5,666	5,666	5,666	5,666	5,666	5,666	5,666	5,666	5,666	5,666	5,666	5,666	67,992	52,735	59,500
Electricity														-	-	-
Water		5,666	5,666	5,666	5,666	5,666	5,666	5,666	5,666	5,666	5,666	5,666	5,666	67,992	52,735	59,500
Waste water management														-	-	-
Waste management														-	-	-
<i>Other</i>														-	-	-
Total Capital Expenditure - Standard	2	6,193	6,193	6,193	6,193	6,193	6,193	6,193	6,193	6,193	6,193	6,193	6,193	74,318	57,100	63,472

Table 38 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		
Property rates												-			
Property rates - penalties & collection charges												-			
Service charges - electricity revenue												-			
Service charges - water revenue	1,467	1,467	1,467	1,467	1,467	1,467	1,467	1,467	1,467	1,467	1,467	1,467	17,608		
Service charges - sanitation revenue												-			
Service charges - refuse revenue												-			
Service charges - other												-			
Rental of facilities and equipment												-			
Interest earned - external investments												-			
Interest earned - outstanding debtors												-			
Dividends received												-			
Fines												-			
Licences and permits												-			
Agency services												-			
Transfer receipts - operational	9,136	9,136	9,136	9,136	9,136	9,136	9,136	9,136	9,136	9,136	9,136	9,136	109,629		
Other revenue												-			
Cash Receipts by Source	10,603	10,603	10,603	10,603	10,603	10,603	10,603	10,603	10,603	10,603	10,603	10,603	127,237	-	-
Other Cash Flows by Source															
Transfer receipts - capital	5,754	5,754	5,754	5,754	5,754	5,754	5,754	5,754	5,754	5,754	5,754	5,754	69,042		
Contributions recognised - capital & Contributed assets												-			
Proceeds on disposal of PPE												-			
Short term loans												-			
Borrowing long term/refinancing												-			
Increase (decrease) in consumer deposits												-			
Decrease (increase) in non-current debtors												-			
Decrease (increase) other non-current receivables												-			
Decrease (increase) in non-current investments												-			
Total Cash Receipts by Source	16,357	16,357	16,357	16,357	16,357	16,357	16,357	16,357	16,357	16,357	16,357	16,356	196,279	-	-
Cash Payments by Type															
Employee related costs	4,141	4,141	4,141	4,141	4,141	4,141	4,141	4,141	4,141	4,141	4,141	4,140	49,687		
Remuneration of councillors	500	500	500	500	500	500	500	500	500	500	500	500	6,002		
Finance charges												-			
Bulk purchases - Electricity												-			
Bulk purchases - Water & Sewer	398	398	398	398	398	398	398	398	398	398	398	398	4,772		
Other materials												-			
Contracted services	679	679	679	679	679	679	679	679	679	679	679	679	8,152		
Transfers and grants - other municipalities												-			
Transfers and grants - other												-			
Other expenditure	4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	56,542		
Cash Payments by Type	10,430	10,430	10,430	10,430	10,430	10,430	10,430	10,430	10,430	10,430	10,430	10,429	125,154	-	-
Other Cash Flows/Payments by Type															
Capital assets	4,861	4,861	4,861	4,861	4,861	4,861	4,861	4,861	4,861	4,861	4,861	4,861	58,329		
Repayment of borrowing												-			
Other Cash Flows/Payments												-			
Total Cash Payments by Type	15,290	15,290	15,290	15,290	15,290	15,290	15,290	15,290	15,290	15,290	15,290	15,290	183,483	-	-
NET INCREASE/(DECREASE) IN CASH HELD	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,067	12,796	-	-
Cash/cash equivalents at the month/year begin:	37,190	38,256	39,323	40,389	41,455	42,521	43,588	44,654	45,720	46,786	47,853	48,919	37,190	49,986	49,986
Cash/cash equivalents at the month/year end:	38,256	39,323	40,389	41,455	42,521	43,588	44,654	45,720	46,786	47,853	48,919	49,986	49,986	49,986	49,986

2.8 Contracts having future budgetary implications

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

2.9 Capital expenditure details

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

Table 39 MBRR SA 34a - Capital expenditure on new assets by asset class

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		-	-	-	-	-	-	67,992	52,735	59,500
Infrastructure - Road transport		-	-	-	-	-	-	1,000	-	-
<i>Roads, Pavements & Bridges</i>								1,000		
<i>Storm water</i>										
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
<i>Generation</i>										
<i>Transmission & Reticulation</i>										
<i>Street Lighting</i>										
Infrastructure - Water		-	-	-	-	-	-	33,992	20,000	2,500
<i>Dams & Reservoirs</i>										
<i>Water purification</i>										
<i>Reticulation</i>								33,992	20,000	2,500
Infrastructure - Sanitation		-	-	-	-	-	-	33,000	32,735	57,000
<i>Reticulation</i>								33,000	32,735	57,000
<i>Sewerage purification</i>										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
<i>Waste Management</i>										
<i>Transportation</i>	2									
<i>Gas</i>										
<i>Other</i>	3									
Community		-	-	-	-	-	-	1,050	-	2,000
Parks & gardens										
Sportsfields & stadia								1,050		1,000
Swimming pools										
Community halls										1,000
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other										
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		6,314	-	-	-	-	-	3,500	2,500	-
General vehicles		648						500		
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		1,171								
Computers - hardware/equipment								1,000	500	
Furniture and other office equipment		1,569						500		
Abattoirs										
Markets										
Civic Land and Buildings								1,500	500	
Other Buildings		2,927								
Other Land										
Surplus Assets - (Investment or Inventory)									1,500	
Other										
Agricultural assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Biological assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (<i>list sub-class</i>)										
Total Capital Expenditure on new assets	1	6,314	-	-	-	-	-	72,542	55,235	61,500

Table 40 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
<i>Roads, Pavements & Bridges</i>										
<i>Storm water</i>										
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
<i>Generation</i>										
<i>Transmission & Reticulation</i>										
<i>Street Lighting</i>										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
<i>Dams & Reservoirs</i>										
<i>Water purification</i>										
<i>Reticulation</i>										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
<i>Reticulation</i>										
<i>Sewerage purification</i>										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
<i>Waste Management</i>										
<i>Transportation</i>										
<i>Gas</i>	2									
<i>Other</i>	3									
Community		-	-	-	-	-	-	-	-	-
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other										
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		-	-	-	-	-	-	-	-	-
General vehicles										
Specialised vehicles	10									
Plant & equipment										
Computers - hardware/equipment										
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
Agricultural assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Biological assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (<i>list sub-class</i>)										
Total Capital Expenditure on renewal of existing	1	-	-	-	-	-	-	-	-	-

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

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure										
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
<i>Roads, Pavements & Bridges</i>										
<i>Storm water</i>										
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
<i>Generation</i>										
<i>Transmission & Reticulation</i>										
<i>Street Lighting</i>										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
<i>Dams & Reservoirs</i>										
<i>Water purification</i>										
<i>Reticulation</i>										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
<i>Reticulation</i>										
<i>Sewerage purification</i>										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
<i>Waste Management</i>										
<i>Transportation</i>										
<i>Gas</i>										
<i>Other</i>										
Community										
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses										
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing										
Other										
Heritage assets										
Buildings										
Other										
Investment properties										
Housing development										
Other										
Other assets		1,481	-	-	3,075	1,308	-	7,364	7,780	8,204
General vehicles										
Specialised vehicles										
Plant & equipment										
Computers - hardware/equipment										
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other		1,481			3,075	1,308		7,364	7,780	8,204
Agricultural assets										
<i>List sub-class</i>										
Biological assets										
<i>List sub-class</i>										
Intangibles										
Computers - software & programming										
Other (<i>list sub-class</i>)										
Total Repairs and Maintenance Expenditure	1	1,481	-	-	3,075	1,308	-	7,364	7,780	8,204

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

Vote Description	Ref	2012/13 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Present value
R thousand								
Capital expenditure	1							
Vote 1 - EXECUTIVE AND COUNCIL		-	1,000	-				
Vote 2 - BUDGET AND TREASURY OFFICE		-	500	-				
Vote 3 - CORPORATE SERVICES		2,000	500	-				
Vote 4 - COMMUNITY SERVICES		1,550	-	2,000				
Vote 5 - TECHNICAL SERVICES		1,776	1,865	1,972				
Vote 6 - DEVELOPMENT PLANNING		1,000	500	-				
Vote 7 - WATER AND SANITATION SERVICES		67,992	52,735	59,500				
Vote 8 -		-	-	-				
Vote 9 -		-	-	-				
Vote 10 -		-	-	-				
Vote 11 -		-	-	-				
Vote 12 -		-	-	-				
Vote 13 -		-	-	-				
Vote 14 -		-	-	-				
Vote 15 -		-	-	-				
<i>List entity summary if applicable</i>								
Total Capital Expenditure		74,318	57,100	63,472	-	-	-	-
Future operational costs by vote	2							
Vote 1 - EXECUTIVE AND COUNCIL								
Vote 2 - BUDGET AND TREASURY OFFICE								
Vote 3 - CORPORATE SERVICES								
Vote 4 - COMMUNITY SERVICES								
Vote 5 - TECHNICAL SERVICES								
Vote 6 - DEVELOPMENT PLANNING								
Vote 7 - WATER AND SANITATION SERVICES								
Vote 8 -								
Vote 9 -								
Vote 10 -								
Vote 11 -								
Vote 12 -								
Vote 13 -								
Vote 14 -								
Vote 15 -								
<i>List entity summary if applicable</i>								
Total future operational costs		-	-	-	-	-	-	-
Future revenue by source	3							
Property rates								
Property rates - penalties & collection charges								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
Total future revenue		-	-	-	-	-	-	-
Net Financial Implications		74,318	57,100	63,472	-	-	-	-

2.10 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 City's website.
2. Internship programme
The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.
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 in May 2012 directly aligned and informed by the 2011/12 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is on-going.
8. Policies
The policies of the municipality are reviewed annually in line with the requirements of the MFMA.

2.11 Other supporting documents

Table 43 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 & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
REVENUE ITEMS:											
Property rates											
Total Property Rates	6										
less Revenue Foregone											
Net Property Rates		-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue											
Total Service charges - electricity revenue	6										
less Revenue Foregone											
Net Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-
Service charges - water revenue											
Total Service charges - water revenue	6	5,647			8,705	8,705			18,186	19,204	20,241
less Revenue Foregone											
Net Service charges - water revenue		5,647	-	-	8,705	8,705	-	-	18,186	19,204	20,241
Service charges - sanitation revenue											
Total Service charges - sanitation revenue									3,824	4,038	4,256
less Revenue Foregone											
Net Service charges - sanitation revenue		-	-	-	-	-	-	-	3,824	4,038	4,256
Service charges - refuse revenue											
Total refuse removal revenue	6										
Total landfill revenue											
less Revenue Foregone											
Net Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-
Other Revenue by source											
Contribution - Accumulated Surplus					4,997	-					
Telephone cost Recovery					200	200					
Tender Deposits					26	20			10		
Sundry Income		9,295	431	382	2	50					
Facilities Rental									30	32	33
Total 'Other' Revenue	3	9,295	431	382	5,225	270	-	-	40	32	33

Table 44 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)

EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	21,073	24,725	27,282	28,008	25,469			34,600	38,336	42,929
Pension and UIF Contributions			1,843	2,370	2,590	2,422			3,698	4,094	4,586
Medical Aid Contributions			878	1,069	1,195	1,089			1,570	1,739	1,948
Overtime			902	1,449	909	246			1,263	1,392	1,559
Performance Bonus									3,110	3,446	3,859
Motor Vehicle Allowance					4,290	4,139			4,653	5,164	5,784
Cellphone Allowance			1	6	190	172			190	211	236
Housing Allowances			131	128	151	129			245	271	303
Other benefits and allowances			1,733	2,337	2,695	2,449			359	397	445
Payments in lieu of leave											
Long service awards											
Post-retirement benefit obligations											
<i>sub-total</i>	4	21,073	30,214	34,640	40,028	36,115	-	-	49,687	55,050	61,648
Less: Employees costs capitalised to PFE	5										
Total Employee related costs	1	21,073	30,214	34,640	40,028	36,115	-	-	49,687	55,050	61,648
Contributions recognised - capital											
<i>Sports & Recreation programmes</i>											
Infrastructure Projects - MIG		39,532	60,163	53,480	41,211	41,211			49,992	52,735	59,500
Regional Bulk Infrastructure Projects		19,110			27,678	26,974			18,000		
Massification Programme - COGTA					1,978	1,978					
National Lottery Board Funding					3,126	3,125					
Rural Transport Services and Infrastructure									1,776	1,865	1,972
Total Contributions recognised - capital		58,641	60,163	53,480	76,093	77,068	-	-	70,818	54,600	61,472
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		2,632	3,910	4,421	1,318	1,758			1,625	1,646	1,668
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE	10										
Total Depreciation & asset impairment	1	2,632	3,910	4,421	1,318	1,758	-	-	1,625	1,646	1,668
Bulk purchases											
Electricity Bulk Purchases									4,772	5,039	5,311
Water Bulk Purchases											
Total bulk purchases	1								4,772	5,039	5,311
Transfers and grants											
Cash transfers and grants											
Non-cash transfers and grants											
Total transfers and grants	1										
Contracted services											
Rental Office Equipment:					200	250			300	317	334
Cleaning/Gardening Service					919	350			450	475	501
Security:					1,000	1,075			1,675	1,768	1,864
Water Tanker Delivery Service									5,000	3,000	-
Hygiene Services:					60	10			72	76	80
Communication-Radio Licenc					150	20			111	117	124
Software License Fees:					120	150			250	264	278
Bank Charges:					300	300			300	317	334
Insurance:					300	400			500	528	557
WSP Contribution -Uthukela					17,409	17,409					
Website development & host									500	528	557
Electricity:									1,656	1,748	1,843
Water analysis:									31	33	35
TOWN PLANNING SUPPORT:									800	845	890
Other			1,253								
<i>sub-total</i>	1			1,253	20,458	19,964	-	-	11,645	10,017	7,396
Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services				1,253	20,458	19,964	-	-	11,645	10,017	7,396
Other Expenditure By Type											
Collection costs											
Contributions to 'other' provisions					350	570			791	835	880
Consultant fees					2,150	600			989	1,045	1,101
Audit fees		987	1,377	1,403	1,950	1,750			2,000	2,112	2,226
General expenses	3	56,955	86,643	104,535	32,440	18,295			12,011	13,010	13,716
Repairs & Maintenance		1,481	2,244	2,069	3,075	1,308			7,364	7,780	8,204
Grant Funded Operational Costs		39,532							4,010	2,433	2,517
Tourism Support and Marketing									1,880	1,985	2,092
Skills Development and Training									1,142	1,089	1,136
Disaster Management Programmes									2,400	2,534	2,671
Social Development Programmes									2,030	2,144	2,259
Environmental Management									1,050	1,109	1,169
LED Support Programmes									8,600	9,082	7,902
Sport Development Programmes									3,340	3,527	3,718
Subsistence and Travelling									1,764	1,863	1,964
Telephone and Communications									1,603	1,692	1,784
Sector Plans Implementation									1,650	1,742	1,836
Total 'Other' Expenditure	1	98,955	90,264	108,006	39,964	22,523	-	-	52,623	53,983	55,177
Repairs and Maintenance											
Employee related costs	8										
Other materials											
Contracted Services											
Other Expenditure		1,481	2,244	2,069	3,075	1,308			7,364	7,780	8,204
Total Repairs and Maintenance Expenditure	9	1,481	2,244	2,069	3,075	1,308	-	-	7,364	7,780	8,204

Table 45 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Ref	Vote 1 - EXECUTIVE AND COUNCIL	Vote 2 - BUDGET AND TREASURY OFFICE	Vote 3 - CORPORATE SERVICES	Vote 4 - COMMUNITY SERVICES	Vote 5 - TECHNICAL SERVICES	Vote 6 - DEVELOPME NT PLANNING	Vote 7 - WATER AND SANITATION SERVICES	Vote 8 -	Vote 9 -	Vote 10 -	Vote 11 -	Vote 12 -	Vote 13 -	Vote 14 -	Vote 15 -	Total	
R thousand	1																	
Revenue By Source																		
Property rates																		-
Property rates - penalties & collection charges																		-
Service charges - electricity revenue																		-
Service charges - water revenue								18,186										18,186
Service charges - sanitation revenue								3,824										3,824
Service charges - refuse revenue																		-
Service charges - other																		-
Rental of facilities and equipment																		-
Interest earned - external investments																		-
Interest earned - outstanding debtors																		-
Dividends received																		-
Fines																		-
Licences and permits																		-
Agency services																		-
Other revenue			10		30													40
Transfers recognised - operational		37,689	50,130		1,050		400	20,360										109,629
Gains on disposal of PPE																		-
Total Revenue (excluding capital transfers and contributions)		37,689	50,140	-	1,080	-	400	42,370	-	-	-	-	-	-	-	-	-	131,679
Expenditure By Type																		
Employee related costs		4,265	7,540	5,260	8,106	6,589	8,258	9,669										49,687
Remuneration of councillors		6,002																6,002
Debt impairment																		-
Depreciation & asset impairment		158	305	686	93	-	-	383										1,625
Finance charges																		-
Bulk purchases								4,772										4,772
Other materials																		-
Contracted services		220	1,050	1,915	15		1,800	6,644										11,645
Transfers and grants																		-
Other expenditure		3,615	4,880	6,537	12,391	1,415	15,205	8,580										52,623
Loss on disposal of PPE																		-
Total Expenditure		14,260	13,775	14,399	20,604	8,004	25,263	30,048	-	-	-	-	-	-	-	-	-	126,353
Surplus/(Deficit)		23,429	36,365	(14,399)	(19,524)	(8,004)	(24,863)	12,322	-	-	-	-	-	-	-	-	-	5,326
Transfers recognised - capital					1,050	67,992												69,042
Contributions recognised - capital					(1,050)	(67,992)												(69,042)
Contributed assets		(1,500)		(500)	(500)		(1,000)											(3,500)
Surplus/(Deficit) after capital transfers & contributions		21,929	36,365	(14,899)	(20,024)	(8,004)	(25,863)	12,322	-	-	-	-	-	-	-	-	-	1,826

Table 46 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 & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
ASSETS											
Call investment deposits											
Call deposits < 90 days		91,811		1,401	3,400	3,400			15,085	15,821	17,850
Other current investments > 90 days											
Total Call investment deposits	2	91,811	-	1,401	3,400	3,400	-	-	15,085	15,821	17,850
Consumer debtors											
Consumer debtors											
Less: Provision for debt impairment											
Total Consumer debtors	2	-	-	-	-	-	-	-	-	-	-
Debt impairment provision											
Balance at the beginning of the year											
Contributions to the provision											
Bad debts written off											
Balance at end of year		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		41,329	64,316	78,433	157,087	83,233			88,609	156,938	235,603
Leases recognised as PPE											
Less: Accumulated depreciation	3	6,842	10,041	13,519	20,000	21,859			25,652	38,640	48,598
Total Property, plant and equipment (PPE)	2	34,487	54,274	64,913	137,087	61,374	-	-	62,958	118,298	187,005
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities		89	96								
Total Current liabilities - Borrowing		89	96	-	-	-	-	-	-	-	-
Trade and other payables											
Trade and other creditors		28,796	28,497	40,564	5,000	5,000			31,855	27,589	25,965
Unspent conditional transfers		46,776	25,193	22,398	10,000	10,000			24,961	22,850	18,500
VAT		415			700	700					
Total Trade and other payables	2	75,987	53,690	62,962	15,700	15,700	-	-	56,816	50,439	44,465
Non current liabilities - Borrowing											
Borrowing	4	113									
Finance leases (including PPP asset element)			17	17							
Total Non current liabilities - Borrowing		113	17	17	-	-	-	-	-	-	-
Provisions - non-current											
Retirement benefits											
List other major provision items											
Refuse landfill site rehabilitation											
Other					300	300					
Total Provisions - non-current		-	-	-	300	300	-	-	-	-	-
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		49,320	22,131	(27,324)	(104,121)	(104,121)			(92,110)	(91,307)	(90,110)
GRAP adjustments		15,336		62,019							
Restated balance		64,656	22,131	34,695	(104,121)	(104,121)	-	-	(92,110)	(91,307)	(90,110)
Surplus/(Deficit)		(36,013)	(55,883)	(71,465)	(7,599)	12,011	-	-	1,826	1,197	947
Appropriations to Reserves			6,428	(66,140)	838,206						
Transfers from Reserves											
Depreciation offsets											
Other adjustments		(6,512)		(1,212)					(1,023)		
Accumulated Surplus/(Deficit)	1	22,131	(27,324)	(104,121)	726,486	(92,110)	-	-	(91,307)	(90,110)	(89,163)
Reserves											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
Total Reserves	2	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	22,131	(27,324)	(104,121)	726,486	(92,110)	-	-	(91,307)	(90,110)	(89,163)

Table 47 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	1996 Census	2001 Census	2007 Survey	2008/9	2009/10	2010/11	Current Year	2012/13 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population		Statistics SA (Census figures)	431	468	442	496	502	507	513	518	523	529
Females aged 5 - 14		Statistics SA (Census figures)	54	57	54	54	54	53	53	53	52	52
Males aged 5 - 14		Statistics SA (Census figures)	56	57	53	58	57	57	57	56	56	56
Females aged 15 - 34		Statistics SA (Census figures)	76	83	81	87	87	88	89	90	91	91
Males aged 15 - 34		Statistics SA (Census figures)	73	78	78	95	97	98	100	101	102	104
Unemployment		Statistics SA (Census figures)	31	56	60	60	56	49	44	42	38	35
Monthly household income (no. of households)												
No income	1, 12	Global Insight	1,973	3,447	1,840	1,509	1,114	739	338	154	102	76
R1 - R1 600		Global Insight	5,090	12,608	7,595	5,696	3,696	1,982	72	3	1	1
R1 601 - R3 200		Global Insight	17,045	20,518	23,402	20,635	17,765	16,535	15,134	13,852	12,893	11,100
R3 201 - R6 400		Global Insight	12,600	14,198	20,226	19,761	18,530	18,007	17,479	16,967	16,488	15,461
R6 401 - R12 800		Global Insight	12,998	16,117	19,220	20,184	20,865	21,124	21,156	21,168	21,451	22,176
R12 801 - R25 600		Global Insight	6,609	8,931	13,291	14,595	15,957	17,368	18,665	20,059	21,831	23,869
R25 601 - R51 200		Global Insight	4,369	4,864	8,138	9,384	10,481	11,156	11,828	12,541	13,349	14,910
R52 201 - R102 400		Global Insight	4,524	5,018	6,856	7,773	8,721	9,220	9,733	10,273	10,862	12,185
R102 401 - R204 800		Global Insight	3,842	3,773	5,555	6,284	7,043	7,520	7,992	8,494	9,069	10,165
R204 801 - R409 600		Global Insight	3,274	3,587	4,742	5,296	5,871	6,151	6,481	6,828	7,153	7,930
R409 601 - R819 200		Global Insight	2,528	3,586	4,843	5,306	5,718	6,016	6,265	6,524	6,864	7,398
> R819 200		Global Insight	2,171	5,516	10,210	11,723	13,295	13,989	14,795	15,665	16,507	18,989
Poverty profiles (no. of households)												
< R2 060 per household per month	13											
Insert description	2											
Household/demographics (000)												
Number of people in municipal area		Statistics SA (Census figures)	431,341	468,040	442,264	496	502	507	513	518	523	529
Number of poor people in municipal area		Statistics SA (Census figures)	222,265	299,555	301,056	299	295	303	295	295	298	305
Number of households in municipal area		Statistics SA (Census figures)	77,023	102,161	125,920	127	128	129	130	130	132	135
Number of poor households in municipal area		Statistics SA (Census figures)										
Definition of poor household (R per month)												
Housing statistics												
Formal	3	Statistics SA (Census figures)	56,321	78,868	102,764		105,317	108,028	109,603	110,993	112,136	114,628
Informal		Statistics SA (Census figures)	20,702	23,293	23,156		23,099	21,031	20,205	18,944	19,789	20,229
Total number of households			77,023	102,161	125,920		128,416	129,059	129,808	129,937	131,925	134,857
Dwellings provided by municipality	4											
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings												
Economic												
Inflation/inflation outlook (CPIX)	6						3.3%	5.0%	5.4%	5.6%	5.4%	5.5%
Interest rate - borrowing												
Interest rate - investment												
Remuneration increases												
Consumption growth (electricity)												
Consumption growth (water)												
Collection rates												
Property tax/service charges	7											
Rental of facilities & equipment												
Interest - external investments												
Interest - debtors												
Revenue from agency services												

Table 48 MBRR SA32 – List of external mechanisms

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1. Number	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2. R thousand
THUKELA WATER (PTY) LTD	Yrs	30	WATER AND SANITATION		

2.12 Municipal manager's quality certificate

I VUSI KUBHEKA, Municipal Manager of Amajuba 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 : VUSI KUBHEKA

Municipal manager of : Amajuba District Municipality (DC 25)

Signature _____

Date : _____