

ANNUAL BUDGET OF

NKANGALA DISTRICT MUNICIPALITY

(DC31)

2012/13 TO 2014/15
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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Abbreviations and Acronyms

AMR	Automated Meter Reading	MEC	Member of the Executive Committee
ASGISA	Accelerated and Shared Growth Initiative	MFMA	Municipal Financial Management Act Programme
BPC	Budget Planning Committee	MIG	Municipal Infrastructure Grant
CBD	Central Business District	MM	Municipal Manager
CFO	Chief Financial Officer	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	NDM	Nkangala District Municipality
EEDSM	Energy Efficiency Demand Side Management	NGO	Non-Governmental organisations
EM	Executive Mayor	NKPIs	National Key Performance Indicators
FBS	Free basic services	OHS	Occupational Health and Safety
GAMAP	Generally Accepted Municipal Accounting Practice	OP	Operational Plan
GDP	Gross domestic product	PBO	Public Benefit Organisations
GDS	Gauteng Growth and Development Strategy	PHC	Provincial Health Care
GFS	Government Financial Statistics	PMS	Performance Management System
GRAP	General Recognised Accounting Practice	PPE	Property Plant and Equipment
HR	Human Resources	PPP	Public Private Partnership
HSRC	Human Science Research Council	PTIS	Public Transport Infrastructure System
IDP	Integrated Development Strategy	RG	Restructuring Grant
IT	Information Technology	RSC	Regional Services Council
kℓ	kilolitre	SALGA	South African Local Government Association
km	kilometre	SAPS	South African Police Service
KPA	Key Performance Area	SDBIP	Service Delivery Budget Implementation Plan
KPI	Key Performance Indicator	SMME	Small Micro and Medium Enterprises
kWh	kilowatt		
ℓ	litre		
LED	Local Economic Development		

Part 1 – Annual Budget

1.1 Mayor's Report

In his budget speech to Parliament on 22 February 2012, the Minister of Finance, Mr. Pravin Gordham said that this financial year's budget was crafted at a challenging but hopeful time. A time when the world is facing challenges arising out of the European economic crisis which has created economic uncertainty for the world and developing countries like ours. Though South Africa's economy continues to show excellent resilience during the post 2008 crisis, we need to introduce a new dynamism amongst all South Africans at all government levels.

The Minister said:

"The dynamism requires an extraordinary national effort from all role-players, committed not just to identifying the barriers to progress, not just to proposing solutions, but also working together, over the long haul. Our new story, our period of transition, is about building modern infrastructure, a vibrant economy, a decent quality of life for all, reduced poverty, decent employment opportunities"

In accordance with the provisions of the laws that govern the affairs of the municipality we embarked on a process of consultation with local communities, sector departments, business and other stakeholders with a view to finally presenting the IDP and Budget for the 2012-2013 financial year. Our IDP is therefore the culmination of a lengthy process of consultation with the people, accordingly it also carries the hopes and aspirations of the masses of our communities which the 2012-2013 budget must seek to finance. Therefore our IDP must be seen as a beacon of hope that will continue to guide us over the next financial year in our collective endeavours of building a better life for all the people of our district.

Management within local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the Nkangala District Municipality. Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

Clearly with this budget, our people will experience a significant improvement in their quality of life. But it is only with the co-operation of the people that this budget will be able to meet their needs. The people can and must lend a hand. In the I.D.P we have set clear targets for measurable improvements on all our key goals. We aim to deliver a social package that aims to improve the level of service delivery. Cde. Moses Kotane, an icon of the liberation struggle once said: *"At this hour of destiny the country and your people need you, the future of the country is in your hands and it will be what you make of it"*

1.2 Council Resolutions

On 30 May 2012 the Council of Nkangala District Municipality met in the Council Chambers of Nkangala District Municipality to consider the annual budget of the municipality for the financial year 2012/13. The Council notes the following resolutions:

1. The Council of Nkangala District Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) notes:
 - 1.1. The annual budget of the municipality for the financial year 2012/13 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 10 on page 14;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 11 on page 16;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 12 on page 18; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 15 on page 21.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are noted as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 16 on page 23;
 - 1.2.2. Budgeted Cash Flows as contained in Table 17 on page 25;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 18 on page 25;
 - 1.2.4. Asset management as contained in Table 19 on page 27; and
 - 1.2.5. Basic service delivery measurement as contained in Table 23 on page 39.
 - 1.3. The project priority list as submitted by local municipalities in table 6 pages 9 was confirmed.
 - 1.4. The organogram attached as figure 8 pages 125 to 135 with new positions aimed at strengthening the organisations' performance to ensure that the priorities set out in the IDP and matters raised by the Auditor General, be noted
 - 1.5. The Budget timetable for 2013/2014 attached as figure 9 page 136 was noted.

1.3 Executive Summary

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

The District's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also

undertaken of expenditures on noncore and 'nice to have' items. This has resulted in savings to the municipality of nearly R36 million in the current financial year's adjusted budget (2011/12). Key areas where savings were realized were on operational administrative expenditure.

The District has done a service deliver audit of the past five years. Furthermore, the District has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 51, 54, 55 and 58 were used to guide the compilation of the 2012/13 MTREF.

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

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;

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;
- 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;
- The following items and allocations to these items had to be supported by a list and/or motivation setting out the intention and cost of the expenditure which was used to prioritise expenditures:
 - Special Projects;
 - Consultant Fees;
 - Furniture and office equipment;
 - Special Events;
 - Refreshments and entertainment;
 - Ad-hoc travelling; and
 - Subsistence, Travelling & Conference fees (national & international).

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	2011/12	2012/13	2013/14	2013/14
Total Operating Revenue	325,207,000.00	328,203,720.00	339,191,444.00	351,323,087.98
Total Operating Expenditure	708,784,914.90	607,985,860.17	346,406,364.73	364,792,047.20
<i>(Surplus)/ Deficit for the year</i>	383,577,914.90	279,782,140.17	7,214,920.73	13,468,959.22
Total Capital Expenditure	44,767,501.20	66,365,015.15	19,420,996.00	20,469,729.78
Total Loan Redemption	2,600,000.00	5,060,000.00	5,060,000.00	5,052,000.00

Total operating revenue has grown by 0.92 per cent or R2,997 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 3.35 and 3.58 per cent respectively, equating to a total revenue growth of R26,116 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 R607,985,860 million and translates into a budgeted deficit of R279,782 million, which will be funded from the accumulated operating surpluses. When compared to the 2011/12 Adjustments Budget, operational expenditure has decreased by 14.22 per cent in the 2012/13 budget and by 43.02 for the 2013/14 budget and grown by 5.31 per cent for the 2014/15 budget year of the MTREF.

The capital budget of R66,365 million for 2012/13 increased with 48.24% per cent compared to the 2011/12 Adjustment Budget. The capital programme decreases to R19,420 million in the 2013/14 financial year and increased to R20,469 in 2014/15. The capital budget will be funded from internally generated funds and accumulated surplus.

1.4 Operating Revenue Framework

For Nkangala District Municipality to continue improving the quality of services provided to its citizens and local municipalities 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 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 District and continued economic development;
- Efficient revenue management,;

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	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	-	-	-	-	-	-	-	-	-	-
Investment revenue	38,401	34,074	31,136	22,125	22,125	16,276	12,207	23,453	24,860	26,202
Transfers recognised - operational	251,840	269,952	284,772	301,822	301,595	389,827	292,371	303,175	312,661	323,360
Other own revenue	13,336	2,893	6,225	1,487	1,487	3,309	2,657	1,576	1,671	1,761
Total Revenue (excluding capital transfers and contributions)	303,577	306,920	322,133	325,434	325,207	409,912	307,434	328,204	339,191	351,323

Table 3 Percentage growth in revenue by main revenue source

Revenue	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	%
Property rates	-	-		-		-	
Service charges	-	-		-		-	
Investment revenue	22,125	23,453	6.00	24,860	6.00	26,202	5.40
Transfers recognised - operational	301,395	303,175	0.52	312,661	3.13	323,360	
Other own revenue	1,487	1,576	6.00	1,671	6.00	1,761	
Total Revenue (excluding capital transfers and contributions)	325,207	328,204	0.92	339,191	3.35	351,323	

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

Operating Grants form a significant percentage of the revenue basket for the District. In the 2012/13 financial year, the operating grants totalled R303,175 million or 92.37 per cent. This increases to R312,661 million and R323,360 million in the respective financial years of the MTREF. The main portion of the operating grants is the RSC Levy Replacement grant, which can be classified as own revenue as well because it replaced the RSC Levies that were abolished in 2006.

Table 4 Operating Transfers and Grant Receipts

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
RSC Replacement Grant	239,308	256,825	265,446	272,506	272,506	363,341	272,506	280,681	289,101	297,774
Finance Management Grant	772	750	1,000	1,250	1,250	529	397	1,250	1,500	1,250
Equitable Share	8,710	11,114	16,858	19,468	19,468	25,957	19,468	19,030	21,060	23,386
MSIG	1,433	735	750	1,000	1,000	-	-	1,000	1,000	950
Other	1,616	529	717	7,598	7,371	-	-	1,214	-	-
Total Revenue (excluding capital transfers and contributions)	251,840	269,952	284,772	301,822	301,595	389,827	292,371	303,175	312,661	323,360

Investment revenue is the second largest revenue source totalling 7.18 per cent or R23,462 million and increases to R26,202 million by 2014/15. The third largest source is 'other revenue' which consists of various items such as income received from discounts, sale of tender documents and sundry income.

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, petrol, diesel, chemicals, cement etc. The current challenge facing the District is managing the gap between cost drivers and revenue income, as any shortfall must be made up by either operational efficiency gains or service level reductions.

1.5 Operating Expenditure Framework

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

- The roads renewal strategy and the repairs and maintenance plan for Thembisile Hani Local Municipality Roads;
- 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 contribution to local municipalities is aligned to the asset IDP and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the contribution to local municipalities and other core services; and
- Project lists submitted by local municipalities.

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

Table 5 Summary of operating expenditure by standard classification item

<u>Expenditure By Type</u>	2008/9 Audited Outcome	2009/10 Audited Outcome	2010/11 Audited Outcome	Current Year 2011/12 Adjusted Budget	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Employee related costs	23,021	29,344	35,556	46,259	82,393	87,007	91,706
Remuneration of councillors	8,068	8,529	8,589	10,264	14,504	15,345	16,174
Debt impairment	-	9	6	27	135	143	150
Depreciation & asset impairment	5,825	6,056	6,619	6,657	6,503	6,893	7,265
Finance charges	3,561	3,372	3,160	2,600	5,060	5,060	5,052
Bulk purchases	-	-	-	-	-	-	-
Other materials	57	267	122	385	966	1,028	1,084
Contracted services	989	1,608	2,335	2,974	5,781	6,133	6,465
Transfers and grants	113,355	115,633	179,054	599,006	439,086	185,330	185,018
Other expenditure	1,934	9,601	13,783	42,212	58,619	44,526	46,930
Loss on disposal of PPE							
Total Expenditure	156,810	174,419	249,225	710,385	613,046	351,466	369,844

The budgeted allocation for employee related costs for the 2012/13 financial year totals R82,393 million, which equals 13.44 per cent of the total operating expenditure. Based on circular 58, salary increases have been factored into this budget at a percentage increase of 7 per cent for the 2012/13 financial year. An annual increase of 5.6 per cent has been included in the two outer years of the MTREF. As part of the District's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards.

Provision has been made in the budget to include positions in the organogram to ensure that the priorities set out in the IDP and matters raised by the Auditor General are adequately attended to. These positions aim to strengthen the following areas of work, Internal audit, Risk management, Monitoring and Evaluation, Information Communication Technology Senior Administrator, Research and Development unit, Municipal Health Services and Accelerate Budget expenditure.

It should be noted that the total financial implication for salaries could not be determined as the applicable municipal wage curve (representing equal pay for equal work at all municipalities in South Africa) has not been finalised.

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 District's budget.

The provision of debt impairment was determined based on an annual collection rate of 99 per cent and the Credit Control and Debt Collection Policy of the District. For the 2012/13 financial year this amount equates to R134,620. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation 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 R6.503 million for the 2012/13 financial and equates to 1.06 per cent of the total operating expenditure.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 0.83 per cent (R5.06 million) of operating expenditure excluding annual redemption for 2012/13 and decreases to R5.52 million by 2014/15.

Other materials comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the District's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the District's infrastructure. For 2012/13 the appropriation against this group of expenditure has grown R580,587 and continues to grow for the two outer years of which budget allocation is in excess of R117,891 by 2014/15.

Contracted services has been identified as a cost saving area for the District. As part of the compilation of the 2012/13 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2012/13 financial year, this group of expenditure totals R5,781 million and has escalated by just 0.94 per cent, clearly demonstrating the application of cost efficiencies. For the two outer years growth has been limited to 1.75 per cent.

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 9.56 per cent for 2012/13 and increase at 12.67 and increased at 12.69 per cent for the two outer years, indicating that significant cost savings have been already realised. Further details relating to contracted services can be seen in table 58 MBRR SA1 (see page 113)

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

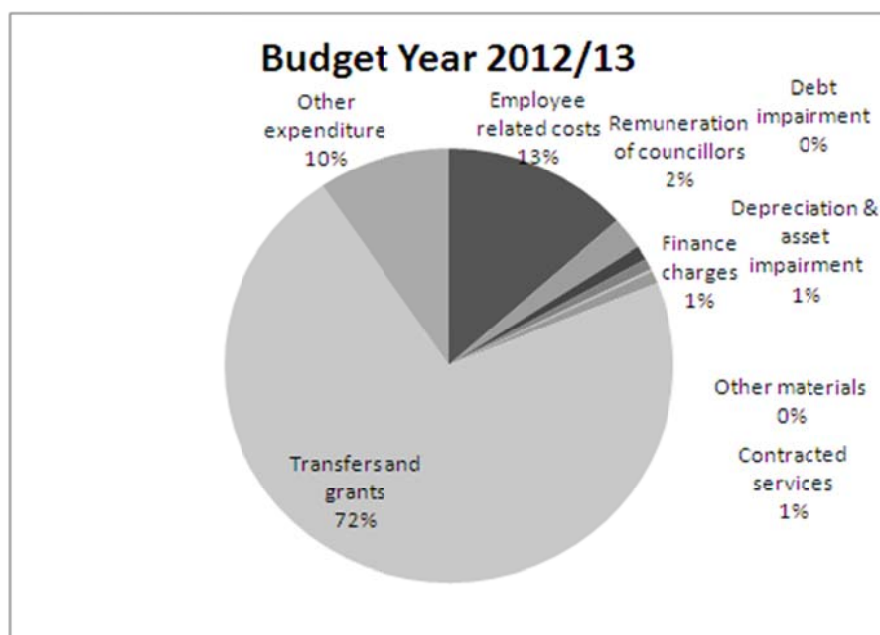


Figure 1 Main operational expenditure categories for the 2012/13 financial year

1.5.1 Priority given to Contribution to Local Municipalities

The prioritised projects submitted by Local Municipalities as contained in the approved 2012/2013 IDP of the District on page 192 to 260 to improve service delivery and eradicate backlogs was the main focus for this expenditure category.

In response to National priority Outcome 4: Decent employment through inclusive economic growth, the proposed budget provides for R20.6 million for Expanded Public Work Programme.

The following table gives a breakdown of the main expenditure categories per Local Municipality for the 2012/13 financial year.

Table 6 Breakdown of the main expenditure categories per Local Municipality

MUNICIPALITY	WATER	SEWER	ROAD & URBAN STROMWATER DEVELOPMENT	ELECTICITY	OTHER	FUNDED THROUGH EPWP	FUNDED THROUGH NDEM	TOTAL
1. Victor Khanye	1,100,000		5,000,000	200,000	1,000,000	4,470,000	11,770,000	11,770,000
2. Dr JS Moroka	17,000,000	8,000,000	2,500,000			10,000,000	17,500,000	27,500,000
3. Emalahleni	8,470,000	9,000,000	6,000,000		500,000		23,970,000	23,970,000
4. Steve Tshwete	17,600,000	5,820,000				10,600,000	12,820,000	23,420,000
5. Emakahzeni	1,500,000	3,950,000		500,000	1,500,000	3,450,000	10,900,000	10,900,000
6. Thembisile Hani	2,000,000	1,100,000	15,000,000		8,000,000		26,100,000	26,100,000
TOTAL NEW PROJECTS	47,670,000	27,870,000	28,500,000	700,000	2,500,000	16,420,000	20,600,000	103,060,000

1.5.2 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the District's current infrastructure, which amongst others include the roads in Thembisile Hani Local Municipality, the 2012/13 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the repairs and maintenance plan of the District. 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 that the only cost driver for the District is contracted services, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 7 Operational repairs and maintenance

The table below provides a breakdown of the repairs and maintenance:

DESCRIPTION	2008/09	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Depreciation & asset impairment</u>	5805259.83	6,056	6,619	6,130	6,657	2,629	6,893	7,265	7,265
<u>Repairs and Maintenance by Asset Class</u>	988955.61	1,608	2,335	5,337	2,974	1,989	6,133	6,465	6,465

1.6 Capital expenditure

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

Table 8 2012/13 Medium-term capital budget per asset class

Description	Current Year 201	2012/13 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	Budget Year 2012/13	%	Budget Year +1 2013/14	%	Budget Year +2 2014/15	%
<u>Capital expenditure on new assets by Asset Class/Sub-class</u>							
<u>Infrastructure</u>	19,205	40,763	112%	11,054	-73%	11,651	5%
Infrastructure - Road transport	19,205	40,763	112%	11,054	-73%	11,651	5%
<u>Community</u>	24,082	23,263	-3%	6,292	-73%	6,632	5%
Fire, safety & emergency	24,082	23,263	-3%	6,292	-73%	6,632	5%
<u>Other assets</u>	1,480	2,338	58%	2,075	-11%	2,187	5%
Plant & equipment	166	193	17%	162	-16%	171	5%
Computers - hardware/equipment	713	907	27%	700	-23%	738	5%
Furniture and other office equipment	502	1,143	128%	1,112	-3%	1,172	5%
Other Buildings	100	95	-5%	101	6%	106	5%
Total Capital Expenditure on new assets	44,768	66,365	48%	19,421	-71%	20,470	5%

For 2012/13 an amount of R44,342 million has been appropriated for the development of Infrastructure-Road transport which represents 58.56 per cent of the total capital budget.

Total new assets represent R66,365 million of the total budget. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management) on page 27. In addition to the MBRR Table A9, MBRR Tables SA34a and SA34c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages 107 and 109). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Roads in Thembisile Hani Local Municipality – R40,763 million;
- Fire fighting and security and emergency equipment – R23,265 million;

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

1.6.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table 56 MBRR SA35 on page 110. This table shows that future operational costs associated with the capital programme totals R66.365 million in 2012/13 and escalates to R19,421 million by 2013/14. This concomitant operational expenditure is expected to escalate to R20,470 million by 2014/15. It needs to be noted that as part of the 2012/13 MTREF, this expenditure has been factored into the two outer years of the operational budget.

1.7 Annual Budget Tables

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

Table 9 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	-	-	-	-	-	-	-	-	-	-
Investment revenue	38,401	34,074	31,136	22,125	22,125	16,276	12,207	23,453	24,860	26,202
Transfers recognised - operational	251,840	269,952	284,772	301,822	301,595	389,827	292,371	303,175	312,661	323,360
Other own revenue	13,136	2,893	6,225	1,487	1,487	3,809	2,857	1,576	1,671	1,761
Total Revenue (excluding capital transfers and contributions)	303,377	306,920	322,133	325,434	325,207	409,912	307,434	328,204	339,191	351,323
Employee costs	23,021	29,344	35,556	70,011	46,259	34,417	25,813	82,393	87,007	91,706
Remuneration of councillors	8,068	8,529	8,589	12,164	10,264	10,272	7,704	14,504	13,345	16,174
Depreciator & asset impairment	5,825	6,056	6,619	6,130	6,657	2,629	1,534	6,503	6,893	7,265
Finance charges	3,661	3,372	3,160	5,200	2,600	2,005	1,504	5,060	5,060	5,062
Materials and bulk purchases	57	267	122	755	385	574	335	966	1,028	1,084
Transfers and grants	113,355	115,633	179,054	448,040	599,006	199,534	167,728	439,086	185,330	195,018
Other expenditure	2,923	11,218	16,125	46,693	45,213	(18,661)	54,545	64,534	50,802	53,545
Total Expenditure	156,810	174,419	249,225	589,994	710,385	230,771	259,162	613,046	351,466	369,844
Surplus/(Deficit)	146,567	132,501	72,908	(263,560)	(385,178)	179,141	48,272	(284,842)	(12,275)	(18,521)
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	146,567	132,501	72,908	(263,560)	(385,178)	179,141	48,272	(284,842)	(12,275)	(18,521)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	146,567	132,501	72,908	(263,560)	(385,178)	179,141	48,272	(284,842)	(12,275)	(18,521)
Capital expenditure & funds sources										
Capital expenditure	10,179	3,058	(2,948)	50,938	44,768	13,768	10,326	66,365	19,421	20,470
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	10,179	3,058	(2,948)	50,938	44,768	13,768	10,326	66,365	19,421	20,470
Total sources of capital funds	10,179	3,058	(2,948)	50,938	44,768	13,768	10,326	66,365	19,421	20,470
Financial position										
Total current assets	524,929	660,802	724,459	198,503	-	-	-	657,944	342,912	306,127
Total non current assets	88,193	88,087	121,796	8,185	-	-	-	181,658	194,186	207,390
Total current liabilities	36,125	44,264	71,355	1,597	-	-	-	69,762	69,762	69,754
Total non current liabilities	60,650	56,599	52,473	-	-	-	-	47,413	42,027	36,975
Community wealth/Equity	516,547	648,026	722,427	466,009	-	-	-	722,427	425,310	406,789
Cash flows										
Net cash from (used) operating	137,432	60,339	67,461	(281,352)	(281,352)	43,356	78,202	89,058	148,801	151,253
Net cash from (used) investing	(6,969)	(5,948)	(40,051)	(36,007)	(44,768)	(3,768)	(10,326)	(56,365)	(19,421)	(20,470)
Net cash from (used) financing	(5,668)	(4,444)	(5,651)	(2,200)	(5,200)	(5,200)	(5,200)	(5,060)	(5,060)	(5,052)
Cash/cash equivalents at the year end	394,446	444,393	466,152	146,592	134,832	300,540	528,829	528,173	652,493	778,224
Cash backing/surplus reconciliation										
Cash and investments available	401,759	452,578	501,616	13,185	-	-	-	501,616	126,238	97,754
Application of cash and investments	23,276	6,633	47,406	(4,654)	-	-	-	48,265	48,265	48,265
Balance - surplus (shortfall)	378,484	445,945	454,210	17,839	-	-	-	453,351	77,973	49,489
Asset management										
Asset register summary (WDV)	80,880	79,902	86,332	86,332	86,332	86,332	146,194	146,194	158,722	171,926
Depreciator & asset impairment	5,825	6,056	6,619	6,130	6,657	2,629	6,503	6,503	6,893	7,265
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	989	1,608	2,335	5,337	2,974	1,989	5,781	5,781	6,133	6,465
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the District's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was paying much attention to managing this aspect of its finances, and consequently all of its obligations are cash-backed. This places the municipality in a very positive financial position.

Table 10 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
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		303,577	306,920	322,133	325,434	325,207	409,912	328,204	339,191	351,323
Executive and council		-	-	-	-	-	-	-	-	-
Budget and treasury office		303,576	306,921	322,133	325,434	325,207	409,918	328,204	339,191	351,323
Corporate services		0	(1)	-	-	-	(6)	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	303,577	306,920	322,133	325,434	325,207	409,912	328,204	339,191	351,323
Expenditure - Standard										
<i>Governance and administration</i>		37,301	39,575	45,777	72,968	68,549	44,806	114,173	95,386	99,599
Executive and council		25,514	27,332	30,077	44,304	47,169	30,343	57,207	51,903	54,424
Budget and treasury office		7,386	7,089	9,971	17,593	12,483	8,820	42,388	28,088	28,950
Corporate services		4,391	5,174	5,729	11,071	8,896	5,643	14,588	15,394	16,225
<i>Community and public safety</i>		7,143	3,917	4,658	10,546	7,854	4,277	42,104	33,126	34,915
Community and social services		7,143	3,917	4,658	10,546	7,854	4,277	22,989	17,774	18,734
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	19,136	15,352	16,181
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		112,367	130,927	198,790	505,480	633,982	181,688	456,769	222,955	235,330
Planning and development		112,367	130,927	198,790	505,480	633,982	181,688	451,946	217,845	229,944
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	4,823	5,110	5,386
<i>Trading services</i>		-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	156,810	174,419	249,225	588,994	710,385	230,771	613,046	351,466	369,844
Surplus/(Deficit) for the year		146,767	132,501	72,908	(263,560)	(385,178)	179,141	(284,842)	(12,275)	(18,521)

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.

Table 11 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
R thousand										
Revenue by Vote	1									
Vote 1 - EXECUTIVE AND COUNCIL		0	(1)	--	--	--	(6)	--	--	--
Vote 2 - ADMINISTRATION		--	--	--	--	--	--	--	--	--
Vote 3 - FINANCE		303,576	306,921	322,133	325,434	325,207	409,918	328,204	339,191	351,323
Vote 4 - SOCIAL SERVICES		--	--	--	--	--	--	--	--	--
Vote 5 - Technical Services and PMU		--	--	--	--	--	--	--	--	--
Vote 6 - LEJ AGENCY		--	--	--	--	--	--	--	--	--
Vote 7 - DPU AND IDP		--	--	--	--	--	--	--	--	--
Vote 8 - PLANNING & DEVELOPMENT CONTRIBUT		--	--	--	--	--	--	--	--	--
Vote 9 - [NAME OF VOTE 9]		--	--	--	--	--	--	--	--	--
Vote 10 - [NAME OF VOTE 10]		--	--	--	--	--	--	--	--	--
Vote 11 - [NAME OF VOTE 11]		--	--	--	--	--	--	--	--	--
Vote 12 - [NAME OF VOTE 12]		--	--	--	--	--	--	--	--	--
Vote 13 - [NAME OF VOTE 13]		--	--	--	--	--	--	--	--	--
Vote 14 - [NAME OF VOTE 14]		--	--	--	--	--	--	--	--	--
Vote 15 - [NAME OF VOTE 15]		--	--	--	--	--	--	--	--	--
Total Revenue by Vote	2	303,577	306,920	322,133	325,434	325,207	409,912	328,204	339,191	351,323
Expenditure by Vote to be appropriated	1									
Vote 1 - EXECUTIVE AND COUNCIL		25,514	27,332	30,077	44,304	47,169	30,343	57,207	51,903	54,424
Vote 2 - ADMINISTRATION		5,174	5,393	6,464	12,385	10,380	6,747	14,568	15,394	16,225
Vote 3 - FINANCE		14,832	12,711	17,049	32,918	38,188	29,350	42,398	28,089	28,950
Vote 4 - SOCIAL SERVICES		7,143	9,684	12,890	37,183	33,798	17,612	46,928	38,236	40,301
Vote 5 - Technical Services and PMU		7,491	8,810	14,474	44,322	140,419	13,477	72,742	32,855	35,525
Vote 6 - LEJ AGENCY		2,491	3,533	6,387	24,393	33,194	4,245	38,704	24,681	26,014
Vote 7 - DPU AND IDP		1,431	5,148	6,823	19,877	20,187	10,493	26,044	20,357	21,457
Vote 8 - PLANNING & DEVELOPMENT CONTRIBUT		92,735	101,808	155,060	373,610	387,048	118,503	314,456	139,951	146,949
Vote 9 - [NAME OF VOTE 9]		--	--	--	--	--	--	--	--	--
Vote 10 - [NAME OF VOTE 10]		--	--	--	--	--	--	--	--	--
Vote 11 - [NAME OF VOTE 11]		--	--	--	--	--	--	--	--	--
Vote 12 - [NAME OF VOTE 12]		--	--	--	--	--	--	--	--	--
Vote 13 - [NAME OF VOTE 13]		--	--	--	--	--	--	--	--	--
Vote 14 - [NAME OF VOTE 14]		--	--	--	--	--	--	--	--	--
Vote 15 - [NAME OF VOTE 15]		--	--	--	--	--	--	--	--	--
Total Expenditure by Vote	2	156,810	174,419	249,225	588,994	710,385	230,771	613,046	351,466	369,844
Surplus/(Deficit) for the year	2	146,767	132,501	72,908	(263,560)	(385,178)	179,141	(284,842)	(12,275)	(18,521)

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

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the District. This means it is possible to present the operating surplus or deficit of a vote.

Table 12 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
R thousand											
Revenue By Source											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - other											
Rental of facilities and equipment		216	213	264	-	-	322	242	-	-	-
Interest earned - external investments		38,401	34,074	31,136	22,125	22,125	16,276	12,207	23,453	24,860	26,202
Interest earned - outstanding debtors		16	2	41	103	103	22	17	109	116	122
Dividends received											
Fines											
Licences and permits											
Agency services											
Transfers recognised - operational		251,840	269,952	284,772	301,822	301,595	389,827	292,371	303,175	312,661	323,360
Other revenue	2	13,104	2,679	5,920	1,384	1,384	3,465	2,598	1,467	1,555	1,639
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		303,577	306,920	322,133	325,434	325,207	409,912	307,434	328,204	339,191	351,323
Expenditure By Type											
Employee related costs	2	25,021	29,344	35,556	70,011	46,259	34,417	25,813	82,393	87,007	91,706
Remuneration of councillors		3,068	8,529	8,589	12,154	10,264	10,272	7,704	14,504	15,345	16,174
Debt impairment	3	-	9	6	127	27	-	-	135	143	150
Depreciation & asset impairment	2	5,825	6,056	6,619	6,130	6,657	2,629	1,534	6,503	6,893	7,265
Finance charges		3,561	3,372	3,160	5,200	2,600	2,005	1,504	5,060	5,060	5,052
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	57	267	122	755	385	574	335	966	1,028	1,084
Contracted services		989	1,608	2,335	5,337	2,974	1,989	1,160	5,781	6,133	6,465
Transfers and grants		113,355	115,633	179,054	448,040	599,006	199,534	167,728	439,086	165,330	195,018
Other expenditure	4, 5	1,934	9,601	13,783	41,229	42,212	(20,650)	53,384	58,619	44,526	46,930
Loss on disposal of PPE											
Total Expenditure		156,810	174,419	249,225	588,994	710,385	230,771	259,162	613,046	351,466	369,844
Surplus/(Deficit)		146,767	132,501	72,908	(263,560)	(385,178)	179,141	48,272	(284,842)	(12,275)	(18,521)
Transfers recognised - capital											
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		146,767	132,501	72,908	(263,560)	(385,178)	179,141	48,272	(284,842)	(12,275)	(18,521)
Taxation											
Surplus/(Deficit) after taxation		146,767	132,501	72,908	(263,560)	(385,178)	179,141	48,272	(284,842)	(12,275)	(18,521)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		146,767	132,501	72,908	(263,560)	(385,178)	179,141	48,272	(284,842)	(12,275)	(18,521)
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		146,767	132,501	72,908	(263,560)	(385,178)	179,141	48,272	(284,842)	(12,275)	(18,521)

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

1. Total revenue is R328,204 million in 2012/13 and escalates to R351,323 million by 2014/15. This represents a year-on-year increase of 6.48 per cent for the 2012/13 financial year, 6.13 per cent for the 2013/14 and 4.46 per cent for the 2014/15 financial year.
2. Operating Grants form a significant percentage of the revenue basket for the District. In the 2012/13 financial year, the operating grants totalled R303,175 million or 92.74 per cent. This increases to R312,661 million and R323,360 million in the respective financial years of the MTREF. Operating Grants includes the RSC Levy Replacement, local government equitable share and other operating grants from national government.
3. Investment revenue is the second largest revenue source totalling 6.83 per cent or R23,453 million and increases to R26,202 million by 2014/15. The third largest sources is 'other revenue' which consists of various items such as income received from discounts, sale of tender documents and sundry income.
4. The following graph illustrates the major expenditure items per type.

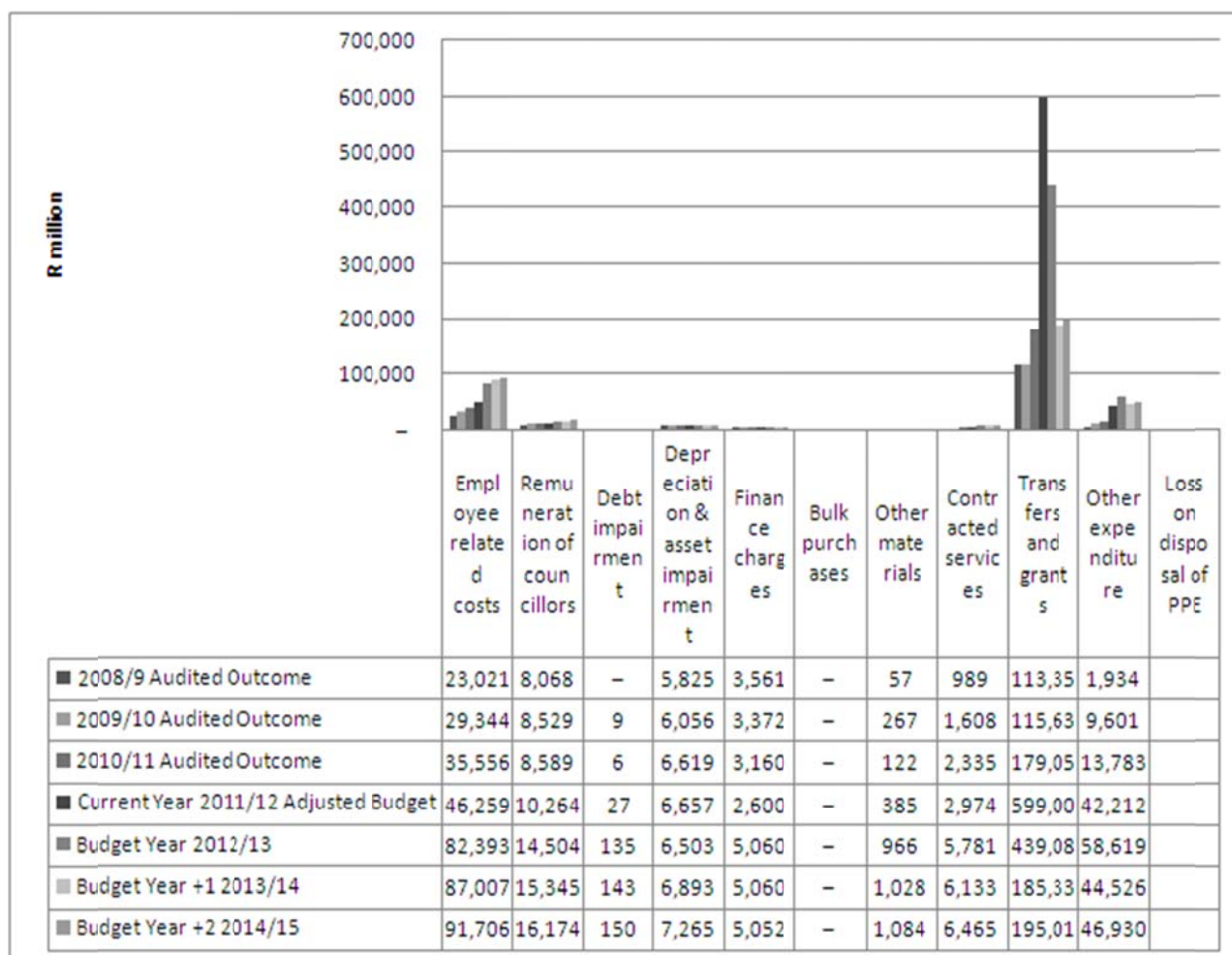


Figure 2 Expenditure by major type

5. Transfers and grants is the main expenditure type, which are the Contribution to Local Municipalities an amounts to R439,086 million for the 2012/13 financial year, This includes the new contributions of R132,090 million and the current commitments of R182,462 million. The Contribution to Local Municipalities can be summarised below.

Table 13 Contributions to Local Municipalities per municipality

MUNICIPALITY	WATER	SEWER	ROAD & URBAN STROMWATER DEVELOPMENT	ELECTICITY	OTHER	FUNDED THROUGH EPWP	FUNDED THROUGH NDEM	TOTAL
1. Victor Khanye	1,100,000		5,000,000	200,000	1,000,000	4,470,000		11,770,000
2. Dr JS Moroka	17,000,000	8,000,000	2,500,000				10,000,000	27,500,000
3. Emalahleni	8,470,000	9,000,000	6,000,000			500,000		23,970,000
4. Steve Tshwete	17,600,000	5,820,000					10,600,000	23,420,000
5. Emakahzeni	1,500,000	3,950,000		500,000	1,500,000	3,450,000		10,900,000
6. Thembisile Hani	2,000,000	1,100,000	15,000,000				8,000,000	26,100,000
TOTAL NEW PROJECTS	47,670,000	27,870,000	28,500,000	700,000	2,500,000	16,420,000	20,600,000	123,660,000

The following table illustrates the contribution for local municipalities for the 2012/13, 2013/14 and 2014/15 financial years:

Table 14 Indicative - Contributions to Local Municipalities per municipality

Contribution to Local Municipalities New	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Victor Khanye	11,770,000.00	12,476,000.00	13,099,800.00
Dr JS Marokka	24,840,000.00	26,330,000.00	27,646,500.00
Emalahleni	34,970,000.00	37,068,000.00	38,921,400.00
Steve Tshwete	23,420,000.00	24,825,000.00	26,066,250.00
Emakahzeni	10,930,000.00	11,586,000.00	12,165,300.00
Thembisile	26,100,000.00	27,666,000.00	29,049,300.00

6. Employee related costs and contribution to local municipalities are the main cost drivers within the district.

Table 15 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
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - ADMINISTRATION		-	-	-	-	-	-	-	-	-	-
Vote 3 - FINANCE		-	-	-	-	-	-	-	-	-	-
Vote 4 - SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 5 - Technical Services and PMU		-	-	-	-	-	-	-	-	-	-
Vote 6 - LED AGENCY		-	-	-	-	-	-	-	-	-	-
Vote 7 - DPU AND IDP		-	-	-	-	-	-	-	-	-	-
Vote 8 - PLANNING & DEVELOPMENT CONTRIBUT		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		758	532	36	6,202	752	178	134	1,742	1,556	1,640
Vote 2 - ADMINISTRATION		8	45	42	189	189	94	71	126	133	140
Vote 3 - FINANCE		144	5	(0)	205	235	143	107	103	92	97
Vote 4 - SOCIAL SERVICES		5,354	2,385	2,149	24,866	24,186	4,723	3,542	23,352	6,387	6,731
Vote 5 - Technical Services and PMU		3,915	92	(5,175)	19,325	19,325	8,612	6,459	40,853	11,054	11,651
Vote 6 - LED AGENCY		-	-	-	41	41	3	2	19	20	21
Vote 7 - DPU AND IDP		-	-	-	110	40	13	10	170	180	189
Vote 8 - PLANNING & DEVELOPMENT CONTRIBUT		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		10,179	3,058	(2,948)	50,938	44,768	13,768	10,326	66,365	19,421	20,470
Total Capital Expenditure - Vote		10,179	3,058	(2,948)	50,938	44,768	13,768	10,326	66,365	19,421	20,470
Capital Expenditure - Standard											
Governance and administration		910	581	78	6,596	1,176	416	312	1,971	1,781	1,877
Executive and council		758	532	36	6,202	752	178	134	1,742	1,556	1,640
Budget and treasury office		144	5	(0)	205	235	143	107	103	92	97
Corporate services		8	45	42	189	189	94	71	126	133	140
Community and public safety		5,354	2,385	2,149	24,866	24,186	4,723	3,542	23,352	6,387	6,731
Community and social services		5,354	2,385	2,149	24,866	24,186	4,723	3,542	23,352	6,387	6,731
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		3,915	92	(5,175)	19,475	19,405	8,629	6,472	41,041	11,253	11,861
Planning and development		3,915	92	(5,175)	19,475	19,405	8,629	6,472	41,041	11,253	11,861
Road transport		-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	10,179	3,058	(2,948)	50,938	44,768	13,768	10,326	66,365	19,421	20,470
Funded by:											
National Government		-	-	-	-	-	-	-	-	-	-
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	-	-	-	-	-	-	-	-	-	-
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		10,179	3,058	(2,948)	50,938	44,768	13,768	10,326	66,365	19,421	20,470
Total Capital Funding	7	10,179	3,058	(2,948)	50,938	44,768	13,768	10,326	66,365	19,421	20,470

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 R66,365 million has been allocated of the total budget for capital expenditure and R19,421 million and R20,469 million for the 2013/14 and 2014/15 financial years respectively. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the District. For the purpose of funding assessment of the MTREF.
3. The capital programme is funded from internally generated funds from current year surpluses and accumulated surpluses.

Table 16 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		13,618	18,918	12,825	5,000				12,825	12,825	12,825
Call investment deposits	1	380,828	425,475	453,327	-	-	-	-	453,327	77,949	49,465
Consumer debtors	1	-	-	-	-	-	-	-	-	-	-
Other debtors		5,440	27,906	13,724	5,000				13,724	13,724	13,724
Current portion of long-term receivables		-	-	-	-	-	-	-	-	-	-
Inventory	2	124,043	188,503	244,583	188,503				178,067	238,414	230,113
Total current assets		524,929	660,802	724,459	198,503	-	-	-	657,944	342,912	306,127
Non current assets											
Long-term receivables		-	-	-	-	-	-	-	-	-	-
Investments		7,313	8,185	35,464	8,185				35,464	35,464	35,464
Investment property		-	-	-	-	-	-	-	-	-	-
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	80,880	79,902	86,332	-	-	-	-	146,194	158,722	171,926
Agricultural											
Biological											
Intangible											
Other non-current assets											
Total non current assets		88,193	88,087	121,796	8,185	-	-	-	181,658	194,186	207,390
TOTAL ASSETS		613,122	748,889	846,255	206,688	-	-	-	839,601	537,098	513,517
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	5,089	6,422	6,653	-	-	-	-	5,060	5,060	5,052
Consumer deposits											
Trade and other payables	4	29,258	36,245	61,039	-	-	-	-	61,039	61,039	61,039
Provisions		1,179	1,597	3,663	1,597				3,663	3,663	3,663
Total current liabilities		36,525	44,264	71,355	1,597	-	-	-	69,762	69,762	69,754
Non current liabilities											
Borrowing		56,292	51,514	45,632	-	-	-	-	40,572	35,186	30,134
Provisions		3,758	5,065	6,841	-	-	-	-	6,841	6,841	6,841
Total non current liabilities		60,050	56,599	52,473	-	-	-	-	47,413	42,027	36,975
TOTAL LIABILITIES		96,575	100,863	123,828	1,597	-	-	-	117,175	111,789	106,729
NET ASSETS	5	516,547	648,026	722,427	205,092	-	-	-	722,427	425,310	406,789
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		516,547	648,026	722,427	466,009				722,427	425,310	406,789
Reserves	4	-	-	-	-	-	-	-	-	-	-
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	516,547	648,026	722,427	466,009	-	-	-	722,427	425,310	406,789

Explanatory notes to Table A6 - Budgeted Financial Position

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

Table 17 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
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		13,342	3,070	6,184	1,384	1,384	1,384	2,840	1,467	1,555	1,639
Government - operating	1	251,825	269,775	284,772	301,595	301,595	301,595	292,371	303,175	312,661	323,360
Government - capital	1										
Interest		38,417	34,076	31,177	22,228	22,228	20,954	12,223	23,562	24,975	26,324
Dividends											
Payments											
Suppliers and employees		(62,401)	(127,413)	(72,265)	(165,434)	(165,434)	(75,000)	(60,000)			
Finance charges		(3,744)	(3,536)	(3,353)	(3,000)	(3,000)	(2,578)	(1,504)	(5,060)	(5,060)	(5,052)
Transfers and Grants	1	(100,006)	(115,633)	(179,054)	(438,126)	(438,126)	(203,000)	(167,728)	(234,066)	(185,330)	(195,018)
NET CASH FROM/(USED) OPERATING ACTIVITIES		137,432	60,339	67,461	(281,352)	(281,352)	43,356	78,202	89,058	148,801	151,253
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE											
Decrease (Increase) in non-current debtors		93									
Decrease (Increase) other non-current receivables											
Decrease (Increase) in non-current investments		2,000	(872)	(27,279)			10,000		10,000		
Payments											
Capital assets		(9,062)	(5,076)	(12,772)	(36,007)	(44,768)	(13,768)	(10,326)	(66,365)	(19,421)	(20,470)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(6,969)	(5,948)	(40,051)	(36,007)	(44,768)	(3,768)	(10,326)	(56,365)	(19,421)	(20,470)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing		(5,068)	(4,444)	(5,651)	(2,200)	(5,200)	(5,200)	(5,200)	(5,060)	(5,060)	(5,052)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(5,068)	(4,444)	(5,651)	(2,200)	(5,200)	(5,200)	(5,200)	(5,060)	(5,060)	(5,052)
NET INCREASE/ (DECREASE) IN CASH HELD		125,396	49,947	21,739	(319,359)	(331,328)	34,388	62,677	27,633	124,320	125,731
Cash/cash equivalents at the year begin:	2	269,050	394,446	444,393	466,152	466,152	466,152	466,152	500,540	528,173	652,493
Cash/cash equivalents at the year end:	2	394,446	444,393	466,152	146,392	134,832	500,540	528,829	528,173	652,493	778,224

Table 18 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
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	394,446	444,393	466,152	146,392	134,832	500,540	528,829	528,173	652,493	778,224
Other current investments > 90 days		-	0	0	(141,592)	(134,832)	(500,540)	(528,829)	(62,021)	(561,719)	(715,934)
Non current assets - investments	1	7,313	8,185	35,464	8,185	-	-	-	35,464	35,464	35,464
Cash and investments available:		401,759	452,378	501,616	13,185	-	-	-	501,616	126,238	97,754
Application of cash and investments											
Unspent conditional transfers		601	809	688	-	-	-	-	688	688	688
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	22,215	5,824	46,718	(4,654)	-	-	-	47,577	47,577	47,577
Other provisions											
Long term investments committed	4										
Reserves to be backed by cash/investments	5	460									
Total Application of cash and investments:		23,276	6,633	47,406	(4,654)	-	-	-	48,265	48,265	48,265
Surplus(shortfall)		378,484	445,945	454,210	17,839	-	-	-	453,351	77,973	49,489

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 District raised from R394,446 million over the 2008/09 to R466,152 million in 2010/11 period owing directly to a net increase in cash for the 2009/10 and 2010/11 financial years of R175.4 million.
4. The approved 2011/12 MTREF provide for a further net decrease in cash of R319,559 million for the 2011/12 financial year resulting in an overall projected positive cash position of R146,592 million at year end.
5. Cash and cash equivalents totals R528,173 million as at the end of the 2012/13 financial year and escalates to R778,224 million by 2014/15.

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 raised from R378,484 million to R454,210 million.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2011/12 MTREF was sufficiently funded.
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.

Table 19 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	2,508	6,202	7,245	50,938	44,768	11,768	66,365	19,421	20,470
Infrastructure - Road transport		812	2,478	1,156	19,205	19,205	8,580	40,763	11,054	11,651
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		812	2,478	1,156	19,205	19,205	8,580	40,763	11,054	11,651
Community		786	2,918	5,800	24,082	24,082	4,701	23,263	6,292	6,632
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	910	806	289	7,650	1,480	486	2,338	2,075	2,187
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	812	2,478	1,156	19,205	19,205	8,580	40,763	11,054	11,651
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		812	2,478	1,156	19,205	19,205	8,580	40,763	11,054	11,651
Community		786	2,918	5,800	24,082	24,082	4,701	23,263	6,292	6,632
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	910	806	289	7,650	1,480	486	2,338	2,075	2,187
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	2,508	6,202	7,245	50,938	44,768	11,768	66,365	19,421	20,470
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5		1,034	3,348	3,348	3,348	3,348	3,348	3,348	3,348
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	1,034	3,348	3,348	3,348	3,348	3,348	3,348	3,348
Community		1	27	8,980	8,980	8,980	8,980	8,980	8,980	8,980
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		80,878	78,841	74,004	74,004	74,004	74,004	133,866	146,394	159,588
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	80,880	79,902	86,332	86,332	86,332	86,332	146,194	156,722	171,926
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment	3	5,825	6,056	6,619	6,130	6,657	2,629	6,503	6,890	7,265
Repairs and Maintenance by Asset Class		989	1,608	2,335	5,337	2,974	1,989	5,781	6,133	6,465
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	989	1,608	2,335	5,337	2,974	1,989	5,781	6,133	6,465
TOTAL EXPENDITURE OTHER ITEMS		6,814	7,664	8,954	11,467	9,631	4,618	12,284	13,027	13,730
<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>		1.2%	2.0%	2.7%	0.0%	0.0%	0.0%	4.0%	3.9%	3.8%
<i>Renewal and R&M as a % of PPE</i>		1.0%	2.0%	3.0%	6.0%	3.0%	2.0%	4.0%	4.0%	4.0%

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. The District does not meet both these recommendations as the District move into new office buildings in 2006.

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 MMC for Finance, Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor.

The primary aims of the Budget Steering Committee are 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 District's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2011) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 4 May 2011. Key dates applicable to the process were:

- **August 2011** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2012/13 MTREF;
- **January and February 2012** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **6 to 10 February 2012** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **29 February 2012** - Council considers the 2011/12 Mid-year Review and Adjustments Budget;
- **March 2012** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2012/13 MTREF is revised accordingly;

- **23 March 2012** - Tabling in Council of the draft 2012/13 IDP and 2012/13 MTREF to Mayoral committee;
- **28 March 2012** - Tabling in Council of the draft 2012/13 IDP and 2012/13 MTREF for public consultation;
- **19 April 2012** – Budget Indaba;
- **30 April 2012** - Closing date for written comments;
- **7 to 18 May 2012** – finalisation of the 2012/13 IDP and 2012/13 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **30 May 2012** - Tabling of the 2012/13 MTREF before Council for consideration and approval.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the first review of the IDP as adopted by Council in May 2011. It started in September 2011 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2012/13 MTREF in August.

The District's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

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

The IDP has been taken into a business and financial planning process leading up to the 2012/13 MTREF, based on the approved 2011/12 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2012/13 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2011/12 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

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

- District growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, household debt, migration patterns)
- Performance trends
- The approved 2011/12 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Investment possibilities
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51, 54, 55 and 58 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The draft 2012/13 MTREF as tabled before Council on 28 March 2012 for community consultation will be published on the municipality's website, and hard copies will be made available at customer care offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) will be 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.

Local Municipalities were utilised to facilitate the community consultation process from 12 February to 7 April 2012, and included six public briefing sessions and the Budget Indaba on the 19 April 2012. The applicable dates and venues will be published in all the local newspapers and on average attendance of 150 were recorded per meeting. This is up on the previous year's process. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and Imbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects will be 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:

- Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The

- District is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;
- Several complaints were received regarding poor service delivery, especially the state of road infrastructure and slow implementation of projects in local municipalities;
 - Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;
 - Environmental problems of the mines and climate change;
 - High levels of poverty and unemployment, which indicate there is a need for skills training. NDM must consider building an university.
 - The district need to promote the cargo project in Victor Khanye.

2.2 Overview of alignment of annual budget with IDP

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

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

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

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

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

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

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

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

IDP Strategic Objectives

- Local Economic Development
- Infrastructure Development and Service Delivery
- Institutional Development and Municipal Transformation
- Good Governance and Public Participation
- Build more united, non-racial, integrated and safer communities;
- Financial Viability
- Ensure more effective, accountable and clean Local Government that works together with National and Provincial Spheres of Government.

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

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

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide electricity;
 - Provide water;
 - Provide sanitation;
 - Provide waste removal;
 - Provide housing;
 - Provide roads and storm water;
 - Provide public transport;
 - Provide district planning services; and

- Maintaining the infrastructure of the District.
2. Economic growth and development that leads to sustainable job creation by:
- Ensuring there is a clear structural plan for the District;
 - 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:
- Working with strategic partners such as SAPS to address crime;
 - Ensuring safe working environments
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.
 - Implementing initiatives to reduce the effect of climate change.
- 3.2 Integrated Social Services for empowered and sustainable communities
- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
- Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele in the revenue management strategy.
- 5.1 Promote sound governance through:
- Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
- Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
- Review of the organizational structure to optimize the use of personnel;

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

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

- Strengthening the analysis and strategic planning processes of the District;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

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

Table 20 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

DC31 Nkangala - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand												
Good governance	Issue 1, 4			0	(1)	-	-	-	(6)	-	-	-
Financial viability	Issue 3			303,576	306,921	322,133	325,434	325,207	409,912	328,204	319,191	351,323
Institutional Development	Issue 2			-	-	-	-	-	-	-	-	-
Social Development	Issue 6, 7, 8, 9, 10, 11, 18, 19			-	-	-	-	-	-	-	-	-
Service Delivery	Issue 12, 13, 14, 17			-	-	-	-	-	-	-	-	-
Local Economic Development	Issue 15, 20			-	-	-	-	-	-	-	-	-
Integrated development planning and cooperative Government	Issue 5, 16			-	-	-	-	-	-	-	-	-
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	303,577	306,920	322,133	325,434	325,207	409,912	328,204	319,191	351,323

Table 21 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	
R thousand													
Good governance	Issue 1, 4			25,514	27,332	30,077	44,304	47,169	30,343	57,207	51,903	54,424	
Financial viability	Issue 3			14,832	12,711	17,049	32,918	38,188	29,350	42,398	28,089	28,950	
Institutional Development	Issue 2			5,174	5,393	6,484	12,385	10,380	6,747	14,568	15,384	16,225	
Social Development	Issue 6, 7,8,9,10,11, 18, 19			7,143	9,684	12,890	37,183	33,798	17,612	46,928	38,236	40,301	
Service Delivery	Issue 12, 13, 14, 17			100,226	110,618	169,534	417,933	527,467	131,980	387,198	172,806	182,473	
Local Economic Development	Issue 15, 20			2,491	3,533	6,387	24,393	33,194	4,245	38,704	24,681	26,014	
Integrated development planning and cooperative Government	Issue 5, 16			1,431	5,148	6,823	19,877	20,187	10,493	26,044	20,357	21,457	
Allocations to other priorities													
Total Expenditure				1	156,810	174,419	249,225	588,994	710,385	230,771	613,046	311,466	369,844

Table 22 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	
R thousand													
Good governance	Issue 1, 4	A		758	532	36	6,202	752	178	1,742	1,556	1,640	
Financial viability	Issue 3	B		144	5	(0)	205	235	143	103	92	97	
Institutional Development	Issue 2	C		8	45	42	189	189	94	126	133	140	
Social Development	Issue 6, 7,8,9,10,11, 18, 19	D		5,354	2,388	2,149	24,866	24,186	4,723	23,352	6,387	6,731	
Service Delivery	Issue 12, 13, 14, 17	E		3,915	92	(5,175)	19,325	19,325	8,612	40,853	11,054	11,651	
Local Economic Development	Issue 15, 20	F		-	-	-	41	41	3	19	20	21	
Integrated development planning and cooperative Government	Issue 5, 16	G		-	-	-	110	40	13	170	180	189	
Allocations to other priorities				3									
Total Capital Expenditure				1	10,179	3,058	(2,948)	50,938	44,768	13,768	66,365	19,421	20,470

2.3 Measurable performance objectives and indicators

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

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

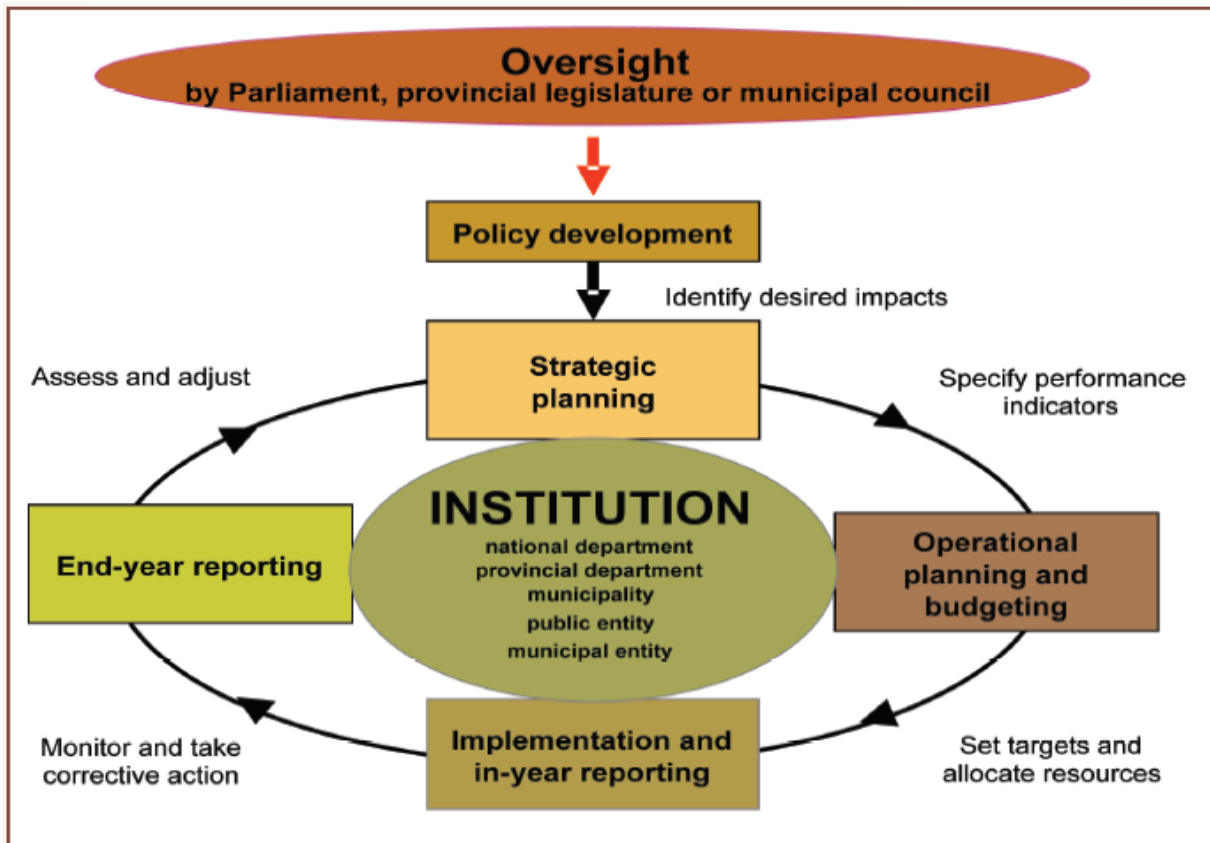


Figure 3 Planning, budgeting and reporting cycle

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

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

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

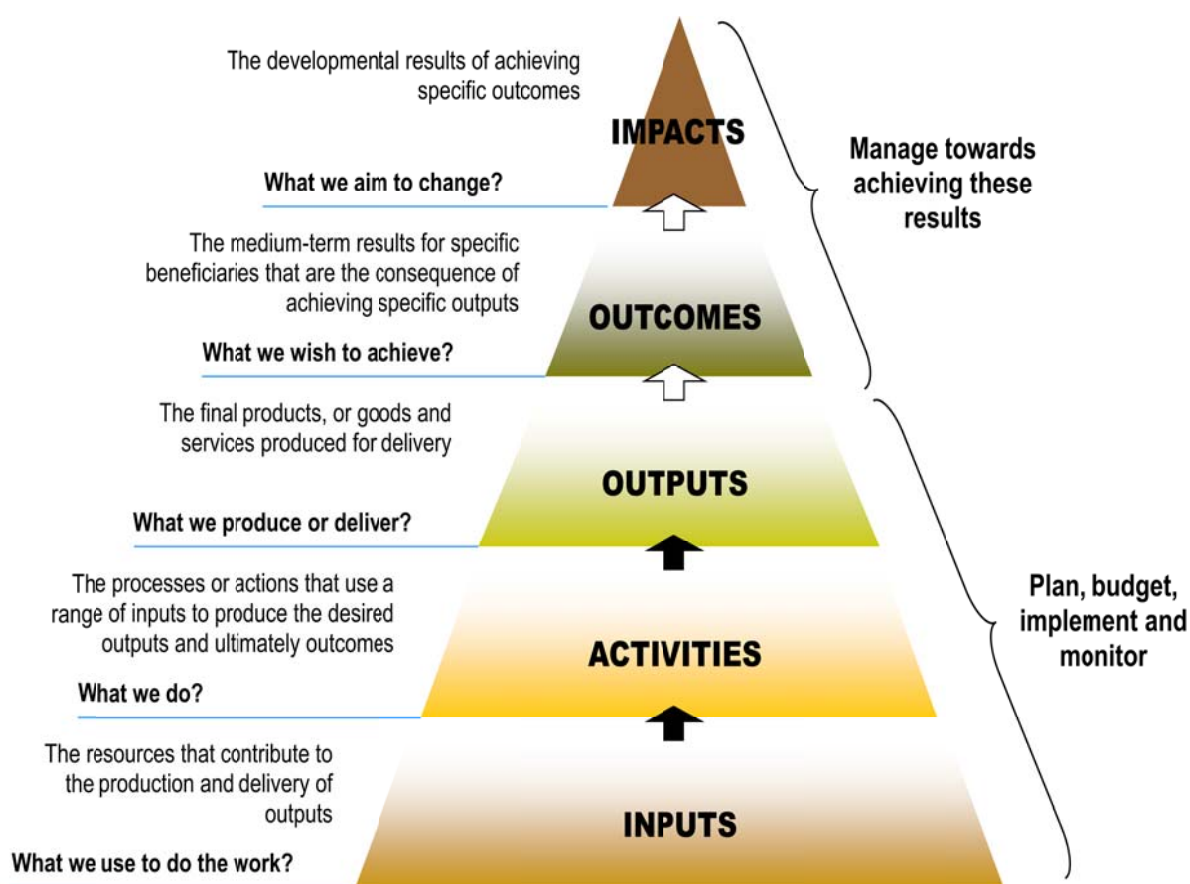


Figure 4 Definition of performance information concepts

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

Table 23 MBRR Table SA7 - Measurable performance objectives

Description	Unit of measurement	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
KPA1: Infrastructure Development and Service Delivery										
Strategic Priority 3 Inclusive Programme to build Economic and Social Infrastructure										
To promote sustainable Rural Development across the District										
Progress report on Land Reform Programme								1		
Progress Report on implementation of the CRDP								1		
To promote an integration between Spatial Planning and Transportation Planning to achieve sustainable Human Settlements										
Revised Physical Planning Strategy								1		
Report on status of LUMS across the District								1		
Progress Report on implementation of the Strategy								2		
Report on the mentorship Programme								1		
Progress report on the implementation of the Strategy								2		
Progress report on the implementation of the Plan								1		
To ensure that every household has security of tenure by 2015										
Progress report on upgrading of Land Tenure Projects								2		
To establish an integrated fully operational web-based GIS throughout the District										
Progress reports on implementation of GIS Strategy								4		
Strategic Priority 9 Sustainable Resource Management and Use										
To ensure provision of adequate portable water to all by within NDM by 2015										
Council Resolution accompanied by the revised Water Master Plan								1		
Report on Free basic water provision								4		
To ensure provisioning of adequate Sanitation to all within NDM BY 2015										
Report on Free basic sanitation provision								4		
To facilitate an efficient, competitive and responsive economic infrastructure network across the District										
Report on implementation of capital projects								4		
To provide in effective and sustainable Infrastructure maintenance Plans										
Report on the status of water purification and water treatment works								2		
To ensure provision of adequate portable water to all by within NDM by 2015										
Report on blue dop certification for WSAs								2		
To ensure provisioning of adequate Sanitation to all within NDM BY 2015										
Report on blue dop certification for WSAs										
To ensure provision of Electricity to all communities by 2012										
Report on support provided to Local Municipalities								2		
To facilitate increased mobility and accessibility across the District										
Report on road maintenance in Thembelele Hani Local Municipality								4		
Report on standardised road specification								1		
Review Road maintenance function in Thembelele Hani Local Municipality										
Report on capacity of Thembelele Hani Local Municipality road maintenance								1		

Description	Unit of measurement	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
KPA 2: Local Economic Development										
Strategic Priority 1 Speeding up growth and transforming the Economy to create decent work and sustainable livelihoods										
To grow the District Economy to achieve year – on – year growth rate										
<i>Council Resolutions accompanied the requisite Economic Development Strategies</i>								2		
<i>Feasibility study for the LED initiatives</i>								1		
<i>Report on Strategic Partnerships established</i>								2		
<i>Report on Development of respective Sectors</i>								2		
<i>Progress Report on implementation of the Growth and Development Summit Agreements</i>								2		
<i>Report on approved planning application processes</i>								2		
<i>Progress report on implementation of the Resolutions of the Summit</i>								3		
<i>Council Resolution accompanied by the new Growth Path</i>								1		
To ensure efficient, competitive and responsive economic infrastructure network										
<i>An extract from the SDF on Commuter Rail Corridor</i>								1		
To halve Poverty and Unemployment by 50% by 2015										
<i>Report on number of jobs created through Capital Projects</i>								2		
<i>Report on the level of poverty in the District</i>								1		
Strategic Priority 3: Comprehensive Rural Development Strategy linked to Land and Agrarian reform and food security										
To facilitate availability of Land for Economic Development										
<i>Report on State Land transferred to Municipalities for Economic Development</i>								1		
To facilitate creation of vibrant, equitable and sustainable rural communities and food security										
<i>Council Resolution accompanied by the Strategy</i>								1		
<i>Report on Rural Development initiatives in the District</i>								3		
To facilitate availability of Land for Economic Development										
<i>Progress report on transfer of state Land within Dr JS Moroka and Thembisile Hani</i>								2		
To ensure adequate transport systems for the efficient movement of people & goods										
<i>Council Resolution accompanied by Road Safety Strategy</i>								1		
<i>Freight Management /IMS/HAZMAT</i>								1		
To integrate Public Transport services by 2015										
<i>Report on provisioning of multi-modal Public Transport</i>								1		
<i>Council Resolutions accompanied by the Public Service Plans</i>								1		
Strategic Priority 7 Building cohesive, caring and sustainable communities										
To facilitate upbringing of skilled, healthy and vibrant youth in the district										
<i>Report on establishment of Youth Cooperatives</i>								2		

Description	Unit of measurement	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
KPA 3: Financial Viability										
Strategic Priority 9 Sustainable Resource Management and Use										
To strengthen the administrative and Financial capacity of the District										
<i>Reports on Financial Performance of LMs</i>								4		
<i>Report on shared services</i>								2		
<i>Quarterly Financial Reports</i>								4		
<i>Monthly Financial Reports</i>								12		
<i>Report on Budget Regulation implementation</i>								4		
<i>Report on the Audit opinions of all Municipalities in the District</i>								1		
<i>Council Resolutions accompanied by Revised Policies</i>								2		
To improve effectiveness in Municipal Revenue generation and Financial Management										
<i>Progress Report on installation of Water Metres</i>								2		

Description	Unit of measurement	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
KPA 4: Institutional Deployment and Municipal Transformation										
Strategic Priority 4 Strengthen the Skills and Human Resource Base										
To entrench a culture of Development-oriented Municipal Governance and inclusive citizenship										
Report on functionality of Sectoral Fora within the District								5		
Report on the Status of the District's PMS								1		
Report on number of LMs having adopted Performance Management Framework								1		
Facilitate improvement of the local supply of critical and scarce skills in order to reduce reliance on imported skills and create more opportunities for the communities to take up available opportunities										
Resolution accompanied by the revised employment equity Plan								1		
Council Resolution accompanied by revised HRD Strategy								1		
Report on training of personnel towards attainment of minimum competencies								2		
Number of interns employed by the District								3		
Lobbying the Private Sector to Adopt Local Schools and organise campaigns to ascertain the "Future after Grade 12"										
Report on number of learners recruited through the Learnership programme								1		
Strategic Priority 5 Improve the Health Profile of all South Africans										
To ensure sustained building of a Healthy Team within the employ of Nkangala										
Report on implementation of the EAP								1		
Strategic Priority 6 Intensify the fight against Crime and Corruption										
To facilitate creation of ethically efficient, effective, excellent and sustainable Organization										
Progress report on implementation of Fraud and Corruption Policies								1		

Description	Unit of measurement	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
KPA 4: Institutional Deployment and Municipal Transformation										
Strategic Priority 10: Building a Developmental State including improvement of Public Services and Strengthening Democratic Institutions.										
To ensure a responsive, accountable, effective and efficient Local Governance system										
Council Resolution accompanied by the Framework Plan								1		
Report on IDP Analysis by CGTA								1		
Report on participation of Ward Committees in the Municipal IDP and Budget processes								2		
Strategic Priority 6 Intensify the fight against Crime and Corruption										
To advocate for the achievement of universal access to quality basic education										
Report on District Education Indaba/Expo								2		
Strategic Priority 10: Building a Developmental State including improvement of Public Services and Strengthening Democratic Institutions										
To advocate finalisation of outstanding matters pertaining to powers, duties and functions between the three spheres of government										
Report on interactions held								2		
Report on Organizational Study								1		
To facilitate the process of ensuring cooperation between traditional leadership and municipal councils within the District -										
Report on participation in Council meetings								3		
To Strengthen Participatory Governance throughout the District										
Attendance Registers and Minutes of the meeting								4		
Attendance Registers and Minutes of the meeting								4		
To facilitate creation of a pool of skilled and capable workforce to support inclusive growth										
Report on appointment of interns								1		
Report on Work Study								1		
To continually review and ensure optimal usage of all the ICT systems with Nkangala District Municipality viz GIS, EDMS, Intranet, Website, financial and HR and project management systems and other systems										
Minutes of the Steering Committee with signed Attendance registers								4		
Report on Support and capacitating of ICT users								1		
Report on Maintenance of ICT systems										
Report on the Upgrade of NDM Website								1		
Installation of network cables and voice/ data facilities at KvalMhlanga fire station										
Report on Implementation and maintenance of DRP/BCP								1		

Description	Unit of measurement	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
KPA 5: Good Governance and Public Participation										
Strategic Priority 7 Building Cohesive caring and Sustainable Communities.										
To facilitate the upbringing of skilled, healthy and vibrant Youth and Women in the District										
<i>Council Resolution on Women Summit Report/Women Summit Implementation Report</i>								1		
<i>Report on progress made towards the implementation of the summit resolutions</i>								6		
<i>Report on participation of Women in the IDP processes</i>								1		
<i>Comprehensive Report on participation of Youth of Municipal IDP Processes</i>								1		
To facilitate the upbringing of skilled, healthy and vibrant Youth in the District										
<i>Council approved strategy</i>								1		
<i>Programme of action</i>								4		
<i>Council resolutions on the Youth Summit report</i>								1		
To ensure mainstreaming of designated groups through Integrated Planning within the District										
<i>Report on the soccer tournament</i>								2		
To facilitate creation of awareness of cultural diversity										
<i>Database of names to be added to the cenotaph</i>								1		
<i>Copy of Appointment Letter</i>								1		
<i>Council Resolution</i>								1		
<i>Council Resolution accompanied by the Close-up report of the Indaba</i>								1		
<i>Council Resolution</i>								4		
<i>Council Resolution accompanied by the close-up report on Moral Regeneration</i>								1		

Description	Unit of measurement	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
KPA 5: Good Governance and Public Participation										
To ensure provision and standardization of fire services within the District										
<i>Quarterly Report on the functionality of the District Disaster Management Centre</i>								4		
To ensure provision and standardization of fire services within the District										
<i>An approved strategy</i>								1		
<i>Attendance Registers</i>										
<i>Report on procurement of equipment in support to LMs</i>								6		
<i>Progress reports on construction of the Station</i>								2		
<i>Report on Training programme</i>								3		
<i>Report on awareness programme</i>								4		
Strategic Priority 6 Intensify the fight against Crime and Corruption										
To minimize the level of District's Risk exposure										
<i>Council Resolution on the risk assessment</i>								1		
<i>Council resolution accompanied by the plan</i>								1		
Strategic Priority 5: Improve the Health profile of the South African										
Ensure appropriate Municipal Health Services are effectively and equitably rendered in all the Municipalities within the District										
<i>6 Appointment letters</i>								6		
<i>Report on No of samples conducted</i>								Minimum of 200 samples		
To reduce the impact of HIV/AIDS in the District										
								Programme of action adopted		
<i>DAC Induction Report</i>										

Description	Unit of measurement	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
KPA 5: Good Governance and Public Participation										
Strategic Priority 9 Sustainable Resource Management and Use										
To facilitate protection and enhancement of Environmental sustainability										
<i>Council Resolution accompanied by the EMP Report</i>								1		
<i>The Report on the Section 78 Investigation and Implementation Plan on AEL Function completed</i>										
<i>Appointment of a Service Provider in respect of NDM Climate Change Management and Mitigation Strategy</i>								1		
<i>Climate Change Summit Report noted by Council</i>										
To facilitate creation of waste free neighbourhoods across the District										
<i>A minimum of 2 strategies from the NDM's Integrated Waste Management Plan (IWMP) implemented.</i>								2		
<i>A minimum of 2 of NDM's Integrated Waste Management Plan (IWMP) strategies on waste collection equipment and vehicles implemented.</i>								2		
<i>A minimum of 2 of NDM's SOER recommendations fully implemented</i>								2		
Strategic Priority 3 Inclusive Programme to build Economic and Social Infrastructure										
To facilitate sustainable Human Settlement and improved quality of household life										
<i>Report on % of land used for housing across the District</i>								2		
<i>Council Resolution accompanied by the strategy document</i>								1		
<i>Council Resolution accompanied by the revised IHST</i>								1		
Strategic Priority 10: Building a Developmental State including improvement of Public Services and Strengthening Democratic Institutions.										
To Strengthen Participatory Governance throughout the District										
<i>Report on the launch of WC</i>								1		
<i>Report on the training of WCs</i>								1		
<i>Consolidated Quarterly WC Reports received</i>								3		
<i>Report on the WC & CDWs Conference</i>								1		
<i>Report on integration of CDWs within WCs</i>								1		
<i>Reports on Community Outreach Programme</i>								2		
To ensure effective Branding of NDM and communication with all its stakeholders										
<i>Copies of the advertisements</i>										
<i>Copies of the compiled and distributed District Wide Newsletter</i>								5		
<i>Report on development of Promotional Items and Brochure</i>								2		
<i>Revised Communication and community participation Strategy</i>								1		

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

Table 24 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		AA	AA	AA	AA	AA	AA	AA			
Capital Charges to Operating Expenditure	Interest & Principal Paid/Operating Expenditure	5.5%	4.5%	3.5%	1.3%	1.1%	3.1%	2.6%	1.7%	2.9%	2.7%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	16.7%	21.1%	23.6%	31.3%	33.0%	35.9%	44.5%	40.4%	38.1%	36.1%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	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	14.4	14.9	10.2	124.3	-	-	-	9.4	4.9	4.4
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	14.4	14.9	10.2	124.3	-	-	-	9.4	4.9	4.4
Liquidity Ratio	Monetary Assets/Current Liabilities	10.8	10.0	6.5	3.1	-	-	-	6.7	1.3	0.9
Revenue Management											
Annual Debtors' Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		100.7%	106.1%	99.3%	93.1%	93.1%	36.3%	99.4%	93.1%	93.1%
Current Debtors' Collection Rate (Cash receipts % of Ratepayer & Other revenue)			100.0%	106.1%	99.3%	93.1%	93.1%	36.3%	99.4%	93.1%	93.1%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	2.1%	9.1%	4.3%	1.5%	0.0%	0.0%	0.0%	4.2%	4.0%	3.9%
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		7.3%	8.0%	12.9%	0.0%	0.0%	0.0%	0.0%	11.4%	9.2%	7.8%
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)	7.6%	9.6%	11.0%	21.5%	14.2%	8.4%	8.4%	25.1%	25.7%	26.1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	9.9%	11.5%	12.8%	24.0%	16.5%	10.2%		28.4%	29.0%	29.5%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.3%	0.5%	0.7%	1.6%	0.9%	0.5%		1.8%	1.8%	1.8%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	3.1%	3.1%	3.0%	3.5%	2.3%	1.1%	1.0%	3.5%	3.5%	3.5%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	1.3	1.0	1.5	0.9	0.9	0.9	0.5	0.8	0.8	0.9
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	2980.7%	13117.2%	5191.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	150.9	125.9	112.9	16.4	21.9	169.4	120.9	50.0	61.7	69.8

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely

dependent on its creditworthiness and financial position. As with all other municipalities, Nkangala District Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the District's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2012/13 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. While this ratio is decreasing over the MTREF from 8.9 per cent in 2012/13 to 7.9 per cent in 2014/15, it needs to be noted that the increased capital grants and transfers has contributed to the decrease and must not be considered a measure on borrowing capacity in isolation of other ratios and measures.
- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily decreased from 5.3 per cent in 2008/09 to 1.7 per cent in 2011/12. This decrease can be attributed to the fact that the District decided not to take up more loans. It is estimated that the cost of borrowing as a percentage of the operating expenditure will stabilise at 2.7 per cent at the end of the MTREF.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is 40.4 per cent.

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

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

2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors and tax provisions as a percentage of funds and reserves. In the 2010/11 financial year the ratio is at a level 15.6 per cent and remains relatively stable at 14.6 in the 2014/15 financial year.

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the District has set a limit of 1, hence at no point in time should this ratio be less than 1. The 2010/11 current ratio of the District is 10.2 per cent. For the 2012/13 MTREF the current ratio is 9.4 in the 2012/13 financial year and 4.9 and 4.4 for the two outer years of the MTREF respectively.

- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2011/12 financial year the ratio was 3.1 and as part of the financial planning strategy it has been increased to 3.1 in the 2012/13 financial year.

2.3.1.4 Revenue Management

- With the abolishment of the RSC Levies the outstanding debtors has declined to a point where the total outstanding debtors to annual revenue is very positive. The estimated ratio for 2012/13 is 1.5 per cent and remains stable at 1.4 per cent for the two outer years.

2.3.1.5 Creditors Management

- The District has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the District, which is expected to benefit the District in the form of more competitive pricing of tenders, as suppliers compete for the District's business.

2.3.1.6 Other Indicators

- Employee costs as a percentage of operating revenue continues to remain stable at 25.1 per cent for the 2012/13 budget year and 26.1 for the 2014/15 budget year.
- Repairs and maintenance as percentage of operating revenue is very low as the District has only the office building and Thembisile Hani roads as infrastructure assets.
- The filling of vacancies has commenced and the Finance department will embark on a training programme to ensure compliance with minimum competency requirements;

2.4 Overview of budget related-policies

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

2.4.1 Review of credit control and debt collection procedures/policies

The Credit Control and Debt Collection Policy as approved by Council in October 2003 and will be review in the 2012/13 year. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt.

The 2012/13 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 99 per cent on debtors. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the District's cash levels.

2.4.2 Asset Management Policy

The asset management policy was adopted by Council in August 2002. The policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment. The depreciation and capitalization of assets are dealt with in terms of this policy.

Provision has been made to review all budget related policies in the 2012/13 year.

2.4.3 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in October 2006. An amended policy will be adopted by Council in August 2008. The policy provides for processes to be followed in the procurement of goods and services. The principles of this policy is to give effect to a fair, equitable, transparent, competitive and cost effective system for the procurement of goods and services, disposing of goods and selection of contractors in the provision of municipal services.

A service provider has been appointed to assist with the review of the Supply Chain Management Policy.

2.4.4 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the District's system of delegations. The Budget and Virement Policy will be considered by Council in 2012/13.

2.4.5 Cash Management and Investment Policy

The policy provides for the management of cash and investment of surplus funds. The aim of the policy is to ensure that surplus cash and investments are adequately managed especially the funds set aside for the cash banking of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks. This policy was adopted by Council in March 2005

2.4.6 Donation Policy

The policy provides for the conditions and procedures for which donations can be made and accounted for.

2.4.7 Fraud and Corruption Prevention Policy

The policy provides for the mitigating, preventing, and reporting any corrupt or fraudulent activities.

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

- Budget - Allocation to local municipalities;
- Accounting Policies;
- Asset Capitalisation Policy;
- Audit Charter;
- Vehicle replacement Policy;
- Subsistence Policy;
- Performance Bonus Policy;
- EPWP learnership Programme;

2.5 Overview of budget assumptions

2.5.1 External factors

The *Medium Term Budget Policy Statement 2011* notes that in recent months the domestic economy has lost momentum as a result of the disruption to world economic activity following the Japanese tsunami, domestic strike activity and moderating household consumption. In the first quarter of 2011, the economy grew at 4.5 per cent on an annual basis. In the second quarter, growth slowed to 1.3 per cent. Real GDP is now expected to grow by 3.1 per cent in 2011 – a downward revision from the 3.4 per cent forecast in the 2011 Budget.

The labour market remains sluggish. Formal sector non-agricultural employment is just 2.6 per cent higher than its low in March 2010. Unemployment increased from 21.8 per cent in the fourth quarter of 2008 to 25.7 per cent in the second quarter of 2011. This figure does not capture the estimated 2.2 million workers who have stopped looking for work.

Headline inflation forecasts:

Financial Year	2010 Actual	2011 Estimate	2012 Forecast	2013 Forecast	2014 Forecast
Headline CPI	3.3%	5.0%	5.4%	5.6%	5.4%
<i>Source: Medium Term budget Policy Statement 2011</i>					

2.5.2 General inflation outlook and its impact on the municipal activities

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

- National Government macro economic targets;
- The general inflationary outlook and the impact on District's residents and businesses;
- The impact of municipal cost drivers; and
- The period of the Salary and Wage Collective Agreement 2009/10 to 2011/2012 has come to an end. In the absence of other information from the South African Local

Government Bargaining Council, municipalities were advised to budget for a 5 per cent cost-of-living increase adjustment, to be implemented with effect from July 2012 (in-line with the increase proposed in the 2011 MTBPS).

2.5.3 Credit rating outlook

Table 25 Credit rating outlook

Security class	Currency	Rating	Annual rating 2009/10	Previous Rating
National Short Term	Rand	F1+	31 March 2011	F1
National Long Term	Rand	AA-	31 March 2011	AA-
International	ZAR	BBB+	31 March 2011	BBB+

The Districts credit rating was done by Fitch Ratings, an international credit rating firm. Fitch's Ratings provide a relative measure of creditworthiness for rated entities in countries with relatively low international sovereign ratings and where there is demand for such ratings. The best risk within a country is rated 'AAA' and other credits are rated only relative to this risk. National ratings are designed for use mainly by local investors in local markets and are signified by the addition of an identifier for the country concerned, such as 'AAA(zaf)' for National ratings in South Africa.

2.5.4 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The District engaged in a number of financing arrangements to minimise its interest rate costs and risk. However, in 2012/13 MTREF is based on the assumption that no additional borrowings are undertaken.

2.5.5 Collection rate for revenue services

The rate of revenue collection is currently expressed as a percentage (99 per cent) of budgeted income. Cash flow is assumed to be 99 per cent of budgeted income.

2.5.6 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2009 and shall remain in force until 30 June 2012. Year three is an across the board increase of 8.54 per cent. Provision was made for an 7% increase in 2012/13 financial year.

2.5.7 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to

align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

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

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

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2012/13 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

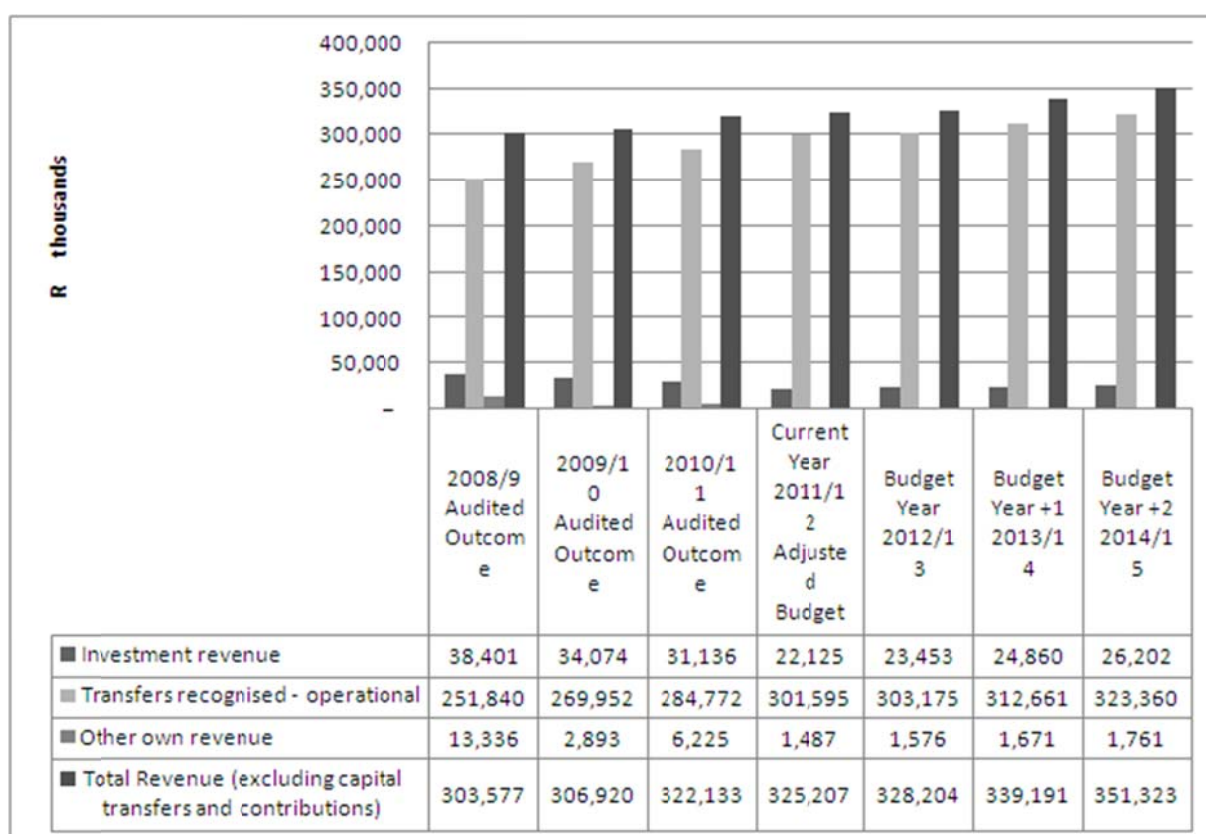
The following table is a breakdown of the operating revenue over the medium-term:

Table 26 Breakdown of the operating revenue over the medium-term

R thousands	2008/9 Audited Outcome	2009/10 Audited Outcome	2010/11 Audited Outcome	Current Year 2011/12 Adjusted Budget	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Investment revenue	38,401	34,074	31,136	22,125	23,453	24,860	26,202
Transfers recognised - operational	251,840	269,952	284,772	301,595	303,175	312,661	323,360
Other own revenue	13,336	2,893	6,225	1,487	1,576	1,671	1,761
Total Revenue (excluding capital transfers and contributions)	303,577	306,920	322,133	325,207	328,204	339,191	351,323

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

Figure 5 Breakdown operating revenue over the 2012/13 MTREF of



Operating Grants form a significant percentage of the revenue basket for the District. In the 2012/13 financial year, the operating grants totalled R303,175 million or 92.37 per cent. This increases to R312,661 million and R323,360 million in the respective financial years of the MTREF.

Investment revenue is the second largest revenue source totalling 7.15 per cent or R23,453 million and increases to R26,202 million by 2014/15. The third largest sources is 'other

revenue' which consists of various items such as income received from discounts, sale of tender documents and sundry income

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

Table 27 MBRR SA15 – Detail Investment Information

Investment type	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		388,142	433,660	488,791	8,185	-	-	488,791	113,413	84,929
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	388,142	433,660	488,791	8,185	-	-	488,791	113,413	84,929
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		388,142	433,660	488,791	8,185	-	-	488,791	113,413	84,929

Table 28 MBRR SA16 – Investment particulars by maturity

DC31 Nkangala - Supporting Table SA16 Investment particulars by maturity											
Investments by Maturity	Ref	Period of Investment	Type of investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate %	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Monetary value	Interest to be realised
Name of institution & investment ID	1	Yrs/Months								Rand thousand	
Parent municipality											
S Mayor Banks		Call	Call	yes	fixed	5.45%-5.5%	No	-	Call	110,843	
S Mayor Banks		30 days	30 Days	yes	fixed	5.55% - 5.6%	No	-	30 days	157,706	518
S Mayor Banks		60 - 90 Days	60 - 90 Days	yes	fixed	5.6% - 5.65%	No	-	60 - 90 Days	17,000	2,965
Investec		5 years	Long term	yes	fixed	11.73%	No	-	30-Jun-13	9,105	
Investec		5 Years	Long term	yes	Variable	8.25% - 9.77%	No	-	07 September 2015	16,354	
Municipality sub-total										41,008	3,484
Entities											
Entities sub-total										-	-
TOTAL INVESTMENTS AND INTEREST	1									41,008	3,484

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted surpluses be invested. This surplus is intended to partly fund contribution to local municipalities from own sources as well as ensure adequate cash backing of reserves and funds.

Operating Grants form a significant percentage of the revenue basket for the District. In the 2012/13 financial year, the operating grants totalled R303,175 million or 92.37 per cent. This increases to R312,661 million and R323,360 million in the respective financial years of the

MTREF. Operating Grants includes the RSC Levy Replacement, local government equitable share and other operating grants from national government.

Investment revenue is the second largest revenue source totalling 7.15 per cent or R23,453 million and increases to R26,202 million by 2014/15. The third largest sources is 'other revenue' which consists of various items such as income received from discounts, sale of tender documents and sundry income.

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

Table 29 MBRR Table SA 17 - Detail of borrowings

Borrowing - Categorized by type	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
Parent municipality										
Long-Term Loans (annuity/reducing balance)		56,292	51,514	45,632	-	-	-	40,572	35,186	30,134
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	56,292	51,514	45,632	-	-	-	40,572	35,186	30,134
Entities										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	-	-	-	-	-	-	-	-	-

The following graph illustrates the growth in outstanding borrowing for the 2008/08 to 2014/15 period.

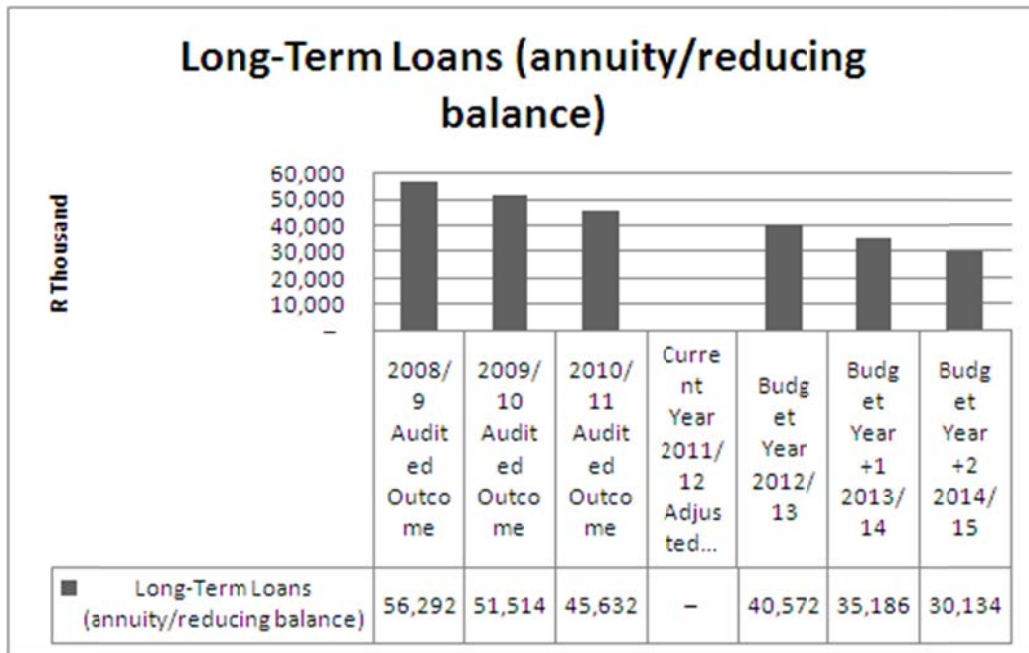


Figure 6 Decline in outstanding borrowing (long-term liabilities)

Table 30 MBRR Table SA 18 - Capital transfers and grant receipts

DC31 Nkangala - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		251,840	269,952	284,772	301,822	301,595	376,076	303,175	312,661	323,360
Local Government Equitable Share		8,710	11,114	16,858	19,488	19,488	25,030	19,030	21,060	23,386
RSC Levy Replacement		239,308	256,825	265,446	272,506	272,506	350,366	280,681	289,101	297,774
Finance Management		772	750	1,000	1,250	1,250	680	1,250	1,500	1,250
Municipal Systems Improvement		1,433	735	750	1,000	1,000	-	1,000	1,000	950
		1,616	529	717	7,598	7,371	-	1,214	-	-
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]										
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	251,840	269,952	284,772	301,822	301,595	376,076	303,175	312,661	323,360
Capital Transfers and Grants										
National Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	-	-	-	-	-	-	-	-	-
TOTAL RECEIPTS OF TRANSFERS & GRANTS		251,840	269,952	284,772	301,822	301,595	376,076	303,175	312,661	323,360

2.6.2 Cash Flow Management

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

- Clear separation of receipts and payments within each cash flow category;

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

Table 31 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
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		13,342	3,070	6,184	1,384	1,384	1,384	2,840	1,467	1,555	1,639
Government - operating	1	251,825	269,775	284,772	301,595	301,595	301,595	292,371	303,175	312,661	323,360
Government - capital	1										
Interest		38,417	34,076	31,177	22,228	22,228	20,954	12,223	23,562	24,975	26,324
Dividends											
Payments											
Suppliers and employees		(62,401)	(127,413)	(72,265)	(165,434)	(165,434)	(75,000)	(60,000)			
Finance charges		(3,744)	(3,536)	(3,353)	(3,000)	(3,000)	(2,578)	(1,504)	(5,060)	(5,060)	(5,052)
Transfers and Grants	1	(100,006)	(115,633)	(179,054)	(438,126)	(438,126)	(200,000)	(167,728)	(234,066)	(165,330)	(165,016)
NET CASH FROM/(USED) OPERATING ACTIVITIES		137,432	60,339	67,461	(281,352)	(281,352)	43,356	78,202	89,058	146,801	151,253
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE											
Decrease (increase) in non-current debtors		93									
Decrease (increase) other non-current receivables											
Decrease (increase) in non-current investments		2,000	(872)	(27,279)			10,000		10,000		
Payments											
Capital assets		(9,062)	(5,076)	(12,772)	(36,007)	(44,768)	(13,768)	(10,326)	(66,365)	(19,421)	(20,470)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(6,969)	(5,948)	(40,051)	(36,007)	(44,768)	(3,768)	(10,326)	(56,365)	(19,421)	(20,470)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing		(5,068)	(4,444)	(5,651)	(2,200)	(5,200)	(5,200)	(5,200)	(5,060)	(5,060)	(5,052)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(5,068)	(4,444)	(5,651)	(2,200)	(5,200)	(5,200)	(5,200)	(5,060)	(5,060)	(5,052)
NET INCREASE/ (DECREASE) IN CASH HELD		125,396	49,947	21,759	(319,559)	(331,320)	34,388	62,677	27,633	124,320	125,731
Cash/cash equivalents at the year begin:	2	269,050	394,446	444,393	466,152	466,152	466,152	466,152	500,540	528,173	652,493
Cash/cash equivalents at the year end:	2	394,446	444,393	466,152	146,592	134,832	500,540	528,829	528,173	652,493	778,224

The budgeted cash flow statement is the first measurement in determining if the budget is funded.

It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

It can be seen that the cash levels of the District raised from R394,446 million over the 2008/09 to R466,152 million in 2010/11 period.

The approved 2011/12 MTREF provide for a further net decrease in cash of R319,559 million for the 2011/12 financial year resulting in an overall projected positive cash position of R146,592 million at year end.

Cash and cash equivalents totals R528,173 million as at the end of the 2012/13 financial year and escalates to R778,224 million by 2013/14.

2.6.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

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

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

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 32 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	394,446	444,393	466,152	146,592	134,832	500,540	528,829	528,173	652,493	778,224
Other current investments > 90 days		-	0	0	(141,592)	(134,832)	(500,540)	(528,829)	(62,021)	(561,719)	(715,934)
Non current assets - investments	1	7,313	8,185	35,464	8,185	-	-	-	35,464	35,464	35,464
Cash and investments available:		401,759	452,578	501,616	13,185	-	-	-	501,616	126,238	97,754
Application of cash and investments											
Unspent conditional transfers		601	809	688	-	-	-	-	688	688	688
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	22,215	5,624	46,718	(4,654)	-	-	-	47,577	47,577	47,577
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	480	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		23,276	6,633	47,406	(4,654)	-	-	-	48,265	48,265	48,265
Surplus(shortfall)		378,484	445,945	454,210	17,839	-	-	-	453,351	77,973	49,489

From the above table it can be seen that the cash and investments available total R501,616 million in the 2012/13 financial year and progressively decrease to R97,754 million by 2014/15, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
- 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.
- 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".

- Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
- From the table it can be seen that for the period 2008/09 to 2011/12 the surplus increased from R376,484 million to R454,210 million.
- Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2011/12 MTREF was sufficiently funded.
- 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.

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

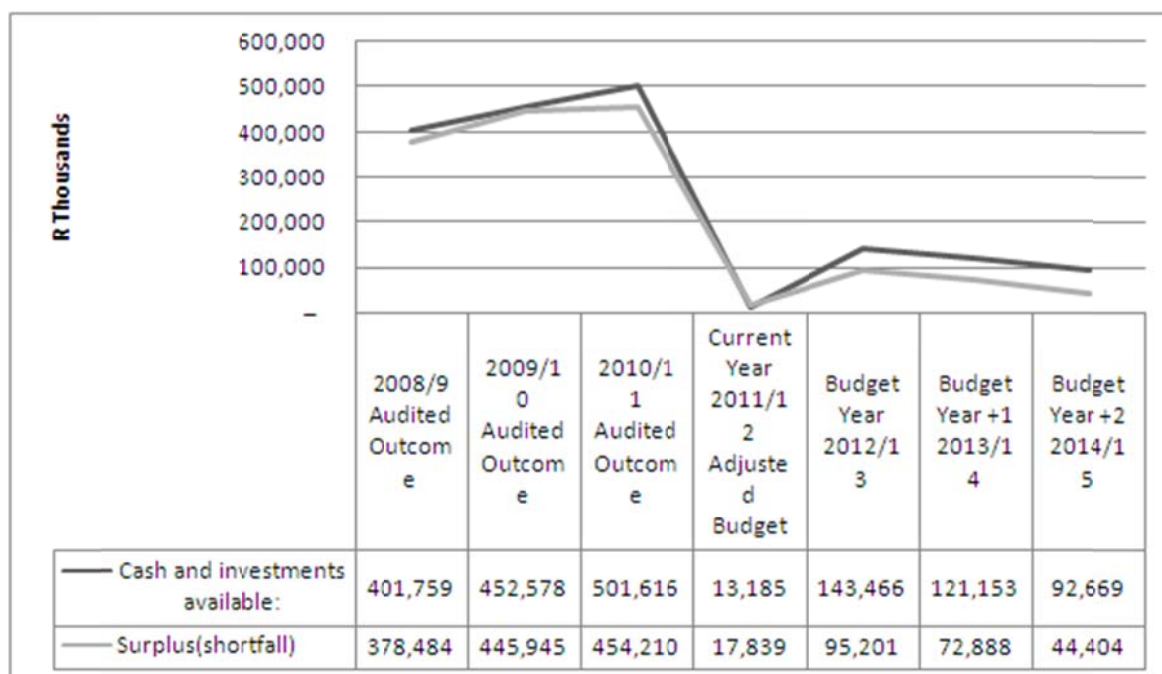


Figure 7 Cash and cash equivalents / Cash backed reserves and accumulated funds

2.6.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 33 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	394,446	444,393	466,152	146,592	134,832	500,540	528,829	528,173	652,493	778,224
Cash + investments at the yr end less applications - R'000	18(1)b	2	378,484	445,945	454,210	17,839	-	-	-	453,351	77,973	49,489
Cash year end/monthly employee/supplier payments	18(1)b	3	150.9	125.9	112.9	16.4	21.9	169.4	120.9	50.0	61.7	69.8
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	146,767	132,501	72,908	(263,560)	(385,178)	179,141	48,272	(284,842)	(12,275)	(18,521)
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	100.0%	106.1%	99.3%	93.1%	93.1%	36.3%	99.4%	93.1%	93.1%	93.1%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	4.0%	2.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital payments % of capital expenditure	18(1);19	8	89.0%	166.0%	(433.3%)	70.7%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10										
Current consumer debtors % change - inc/(decr)	18(1)a	11	N.A.	333.3%	(50.8%)	(63.6%)	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%
Long term receivables % change - inc/(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(v)	13	1.2%	2.0%	2.7%	0.0%	0.0%	0.0%	0.0%	4.0%	3.9%	3.8%
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%

2.6.4.1 Cash/cash equivalent position

The District's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2012/13 MTREF shows R528,173 million, R652,493 million and R778,224 million for each respective financial year.

2.6.4.2 Cash plus investments less application of funds

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

2.6.4.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality

be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the District to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection. The ratio has been increasing for the period 2008/09 to 2011/12, moving from 142.50 to 110.2 with the adopted 2011/12 MTREF. As part of the 2012/13 MTREF the municipalities improving Project expenditure the cash position causes the ratio to down to 0.1 and then raises to 23.8 for the 2013/14 and move slightly downwards to 9.8 in the 2014/15 year. It can be concluded that the District maintains a stable cash position.

2.6.4.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs.

The surplus excluding depreciation offsets raises from R142.137 million in 2008/2009 to R69.957 million in 2010/11. It should be noted that the deficit of R275,473 million estimated in 2012/13 is mainly due to the current commitments on contributions to local municipalities, which is funded from accumulated surpluses.

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

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

This ratio does not apply to the District as no property rates /service charges is collected by the District.

2.6.4.6 Cash receipts as a percentage of other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 100 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 99 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.6.4.7 Debt impairment expense as a percentage of billable revenue

With effect from 1 July 2006 RSC levies were abolished and replaced with a transitional replacement grant and the District has no billable revenue.

2.6.4.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

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

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. No additional borrowings are undertaken.

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

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

2.6.4.11 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding consumer debtors are realistic. With effect from 1 July 2006 RSC levies were abolished and replaced with a transitional replacement grant and the District has no consumer debtors.

2.6.4.12 Repairs and maintenance expenditure level

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

2.6.4.13 Asset renewal/rehabilitation expenditure level

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

2.7 Expenditure on grants and reconciliations of unspent funds

Table 34 MBRR SA19 - Expenditure on transfers and grant programmes

DC31 Nkangala - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
EXPENDITURE:										
Operating expenditure of Transfers and Grants										
National Government:		251,840	269,952	284,772	301,822	301,595	389,827	303,175	312,661	323,360
Local Government Equitable Share		8,710	11,114	16,858	19,468	19,468	25,957	19,030	21,060	23,386
RSC Levy Replacement		239,308	256,825	265,446	272,506	272,506	363,341	280,681	289,101	297,774
Finance Management		772	750	1,000	1,250	1,250	529	1,250	1,500	1,250
Municipal Systems Improvement		1,433	735	750	1,000	1,000	-	1,000	1,000	950
		1,616	529	717	7,888	7,371	-	1,214	-	-
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total operating expenditure of Transfers and Grants		251,840	269,952	284,772	301,822	301,595	389,827	303,175	312,661	323,360
Capital expenditure of Transfers and Grants										
National Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total capital expenditure of Transfers and Grants		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		251,840	269,952	284,772	301,822	301,595	389,827	303,175	312,661	323,360

Table 35 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

DC31 Nkangala - Supporting Table SA20 Reconciliation 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
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		1,586	601	809		688	688			
Current year receipts		250,855	270,160	284,650	301,822	301,595	376,076	303,175	312,661	323,360
Conditions met - transferred to revenue		252,441	270,761	285,459	301,822	302,283	376,764	303,175	312,661	323,360
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
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		(601)	(809)	(688)	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		601	809	688						
Total operating transfers and grants revenue		251,840	269,952	284,772	301,822	302,283	376,764	303,175	312,661	323,360
Total operating transfers and grants - CTBM	2	601	809	688	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
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		-	-	-	-	-	-	-	-	-
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		251,840	269,952	284,772	301,822	302,283	376,764	303,175	312,661	323,360
TOTAL TRANSFERS AND GRANTS - CTBM		601	809	688	-	-	-	-	-	-

2.8 Councillor and employee benefits

Table 36 MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited 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		8,068	7,846	5,146	9,579	7,079	5,699	10,547	11,138	11,738
Pension and UIF Contributions		-	112	692	-	-	952	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	383	2,031	2,134	2,534	2,469	2,637	2,784	2,935
Cellphone Allowance		-	147	309	338	438	361	403	425	448
Housing Allowances		-	-	198	-	-	-	-	-	-
Other benefits and allowances		-	-	2	113	113	5	917	998	1,052
Sub Total - Councillors		8,068	8,488	8,377	12,164	10,264	9,486	14,504	15,345	16,174
% increase	4		5.2%	(1.3%)	45.2%	(15.6%)	(7.6%)	52.9%	5.8%	5.4%
Senior Managers of the Municipality	2									
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
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		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
Other Municipal Staff										
Basic Salaries and Wages		21,852	26,802	32,937	65,883	43,501	32,148	78,722	83,130	87,619
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
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 - Other Municipal Staff		21,852	26,802	32,937	65,883	43,501	32,148	78,722	83,130	87,619
% increase	4		22.7%	22.9%	100.0%	(34.0%)	(26.1%)	144.9%	5.6%	5.4%
Total Parent Municipality		29,920	35,290	41,314	78,047	53,765	41,634	93,225	98,475	103,793
			17.9%	17.1%	88.9%	(31.1%)	(22.6%)	123.9%	5.6%	5.4%

Table 38 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers	Ref	2010/11			Current Year 2011/12			Budget Year 2012/13		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)				55		53	59		59	
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3			5		4	5			5
Other Managers	7			19		8	19			19
Professionals		-	-	-	19	1	16	6	6	-
Finance					1	1		1	1	
Spatial/town planning					4		3	4	4	
Information Technology					1		1	1	1	
Roads					1		1			
Electricity					1		1			
Water					1		1			
Sanitation										
Refuse										
Other					10		9			
Technicians		-	-	-	19	13	4	-	-	-
Finance					1		1			
Spatial/town planning					3		3			
Information Technology					2	2				
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other					13	11				
Clerks (Clerical and administrative)					47	29	4			
Service and sales workers					31	23				
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations					5	2				
TOTAL PERSONNEL NUMBERS		-	-	-	200	68	89	89	6	83
% increase					-	-	-	(55.5%)	(\$1.2%)	(6.7%)
Total municipal employees headcount	6									
Finance personnel headcount	8				28	11	3	16	14	2
Human Resources personnel headcount	8					2		2	1	1

2.9 Monthly targets for revenue, expenditure and cash flow

Table 39 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																		
Service charges - sanitation revenue																		
Service charges - refuse revenue																		
Service charges - other																		
Rental of facilities and equipment																		
Interest earned - external investments		1,954	1,954	1,954	1,954	1,954	1,954	1,954	1,954	1,954	1,954	1,954	1,954	23,453	24,860	26,202		
Interest earned - outstanding debtors		9	9	9	9	9	9	9	9	9	9	9	9	109	116	122		
Dividends received																		
Fines																		
Licences and permits																		
Agency services																		
Transfers recognised - operational		101,058				101,058			101,058					303,175	312,661	323,360		
Other revenue		122	122	122	122	122	122	122	122	122	122	122	122	1,467	1,555	1,639		
Gains on disposal of PPE																		
Total Revenue (excluding capital transfers and contributions)		103,144	2,086	2,086	2,086	103,144	2,086	2,086	103,144	2,086	2,086	2,086	2,086	328,204	339,191	351,323		
Expenditure By Type																		
Employee related costs		6,866	6,866	6,866	6,866	6,866	6,866	6,866	6,866	6,866	6,866	6,866	6,866	82,393	87,007	91,708		
Remuneration of councillors		1,209	1,209	1,209	1,209	1,209	1,209	1,209	1,209	1,209	1,209	1,209	1,209	14,504	15,345	16,174		
Debt impairment		34	34	34	34	34	34	34	34	34	34	34	34	(236)	135	143	150	
Depreciation & asset impairment		542	542	542	542	542	542	542	542	542	542	542	542	6,503	6,893	7,265		
Finance charges		422	422	422	422	422	422	422	422	422	422	422	422	5,060	5,060	5,062		
Bulk purchases																		
Other materials		81	81	81	81	81	81	81	81	81	81	81	81	966	1,028	1,084		
Contracted services		482	482	482	482	482	482	482	482	482	482	482	482	5,791	6,133	6,465		
Transfers and grants		4,391	4,391	4,391	4,391	4,391	4,391	4,391	4,391	4,391	4,391	4,391	4,391	390,786	439,086	488,018		
Other expenditure		4,885	4,885	4,885	4,885	4,885	4,885	4,885	4,885	4,885	4,885	4,885	4,885	58,619	44,526	46,930		
Loss on disposal of PPE		18,910	18,910	18,910	18,910	18,910	18,910	18,910	18,910	18,910	18,910	18,910	18,910	(208,010)				
Total Expenditure		37,820	37,820	37,820	37,820	37,820	37,820	37,820	37,820	37,820	37,820	37,820	197,026	613,046	351,466	369,844		
Surplus/(Deficit)		65,324	(35,734)	(35,734)	(35,734)	65,324	(35,734)	(35,734)	65,324	(35,734)	(35,734)	(35,734)	(194,941)	(284,842)	(12,275)	(18,521)		
Transfers recognised - capital																		
Contributions recognised - capital																		
Contributed assets																		
Surplus/(Deficit) after capital transfers & contributions		65,324	(35,734)	(35,734)	(35,734)	65,324	(35,734)	(35,734)	65,324	(35,734)	(35,734)	(35,734)	(194,941)	(284,842)	(12,275)	(18,521)		
Taxation																		
Attributable to minorities																		
Share of surplus/(deficit) of associate																		
Surplus/(Deficit)	1	65,324	(35,734)	(35,734)	(35,734)	65,324	(35,734)	(35,734)	65,324	(35,734)	(35,734)	(35,734)	(194,941)	(284,842)	(12,275)	(18,521)		

Table 40 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		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Vote 2 - ADMINISTRATION		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Vote 3 - FINANCE		103,144	2,086	2,086	2,086	103,144	2,086	2,086	103,144	2,086	2,086	2,086	2,086	328,204	339,191	351,323	
Vote 4 - SOCIAL SERVICES		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Vote 5 - Technical Services and PMU		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Vote 6 - LED AGENCY		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Vote 7 - DRU AND IDP		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Vote 8 - PLANNING & DEVELOPMENT CONTRIBUT		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Vote 9 - [NAME OF VOTE 9]		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Vote 10 - [NAME OF VOTE 10]		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Vote 11 - [NAME OF VOTE 11]		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Vote 12 - [NAME OF VOTE 12]		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Vote 13 - [NAME OF VOTE 13]		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Vote 14 - [NAME OF VOTE 14]		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Vote 15 - [NAME OF VOTE 15]		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Total Revenue by Vote		103,144	2,086	2,086	2,086	103,144	2,086	2,086	103,144	2,086	2,086	2,086	2,086	328,204	339,191	351,323	
Expenditure by Vote to be appropriated																	
Vote 1 - EXECUTIVE AND COUNCIL		4,346	4,346	5,611	4,346	4,346	5,611	4,346	4,346	5,611	4,346	4,346	5,611	57,207	51,903	54,424	
Vote 2 - ADMINISTRATION		792	792	792	792	792	792	792	792	792	792	792	792	5,852	14,588	16,225	
Vote 3 - FINANCE		3,112	3,112	3,112	3,112	3,112	3,112	3,112	3,112	3,112	3,112	3,112	3,112	8,172	42,398	28,959	
Vote 4 - SOCIAL SERVICES		3,489	3,489	3,489	3,489	3,489	3,489	3,489	3,489	3,489	3,489	3,489	3,489	8,549	46,928	38,236	
Vote 5 - Technical Services and PMU		5,640	5,640	5,640	5,640	5,640	5,640	5,640	5,640	5,640	5,640	5,640	5,640	10,700	72,742	32,855	
Vote 6 - LED AGENCY		2,804	2,804	2,804	2,804	2,804	2,804	2,804	2,804	2,804	2,804	2,804	2,804	7,884	38,704	24,681	
Vote 7 - DRU AND IDP		1,749	1,749	1,749	1,749	1,749	1,749	1,749	1,749	1,749	1,749	1,749	1,749	6,809	26,044	20,357	
Vote 8 - PLANNING & DEVELOPMENT CONTRIBUT		3,094	9,282	12,378	15,470	21,658	24,752	27,846	34,034	37,127	37,127	40,221	51,489	314,456	139,951	148,949	
Vote 9 - [NAME OF VOTE 9]		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Vote 10 - [NAME OF VOTE 10]		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Vote 11 - [NAME OF VOTE 11]		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Vote 12 - [NAME OF VOTE 12]		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Vote 13 - [NAME OF VOTE 13]		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Vote 14 - [NAME OF VOTE 14]		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Vote 15 - [NAME OF VOTE 15]		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Total Expenditure by Vote		25,025	31,213	35,572	37,401	43,589	47,948	49,776	55,964	60,323	59,058	62,152	105,025	613,046	351,466	369,844	
Surplus/(Deficit) before assoc.		78,119	(29,127)	(33,486)	(35,315)	59,556	(45,862)	(47,691)	47,180	(50,238)	(56,973)	(60,067)	(102,939)	(284,842)	(12,275)	(18,521)	
Taxation		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Attributable to minorities		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Share of surplus/(deficit) of associate		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Surplus/(Deficit)	1	78,119	(29,127)	(33,486)	(35,315)	59,556	(45,862)	(47,691)	47,180	(50,238)	(56,973)	(60,067)	(102,939)	(284,842)	(12,275)	(18,521)	

Table 41 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																
Revenue - Standard																
Governance and administration		103,144	2,086	2,086	2,086	103,144	2,086	2,086	103,144	2,086	2,086	2,086	2,086	328,204	339,191	351,323
Executive and council														-	-	-
Budget and treasury office		103,144	2,086	2,086	2,086	103,144	2,086	2,086	103,144	2,086	2,086	2,086	2,086	328,204	339,191	351,323
Corporate services														-	-	-
Community and public safety																
Community and social services														-	-	-
Sport and recreation														-	-	-
Public safety														-	-	-
Housing														-	-	-
Health														-	-	-
Economic and environmental services																
Planning and development														-	-	-
Road transport														-	-	-
Environmental protection														-	-	-
Trading services																
Electricity														-	-	-
Water														-	-	-
Waste water management														-	-	-
Waste management														-	-	-
Other																
Total Revenue - Standard		103,144	2,086	2,086	2,086	103,144	2,086	2,086	103,144	2,086	2,086	2,086	2,086	328,204	339,191	351,323
Expenditure - Standard																
Expenditure - Standard																
Governance and administration		8,249	8,249	9,514	8,249	8,249	9,514	8,249	8,249	9,514	8,249	8,249	19,634	114,173	95,386	99,599
Executive and council		4,346	4,346	5,611	4,346	4,346	5,611	4,346	4,346	5,611	4,346	4,346	5,611	57,207	51,903	54,424
Budget and treasury office		3,112	3,112	3,112	3,112	3,112	3,112	3,112	3,112	3,112	3,112	3,112	8,172	42,398	28,089	28,950
Corporate services		792	792	792	792	792	792	792	792	792	792	792	5,852	14,568	15,384	16,225
Community and public safety		3,489	3,489	3,489	3,489	3,489	3,489	3,489	3,489	3,489	3,489	3,489	3,726	42,104	33,126	34,915
Community and social services		3,489	3,489	3,489	3,489	3,489	3,489	3,489	3,489	3,489	3,489	3,489	(15,410)	22,969	17,774	18,734
Sport and recreation														-	-	-
Public safety													19,136	19,136	15,352	16,181
Housing														-	-	-
Health														-	-	-
Economic and environmental services		13,286	19,474	22,568	25,662	31,850	34,944	38,038	44,226	47,320	47,320	50,414	81,665	456,769	222,955	235,330
Planning and development		13,286	19,474	22,568	25,662	31,850	34,944	38,038	44,226	47,320	47,320	50,414	76,842	451,946	217,845	229,944
Road transport														-	-	-
Environmental protection													4,823	4,823	5,110	5,386
Trading services																
Electricity														-	-	-
Water														-	-	-
Waste water management														-	-	-
Waste management														-	-	-
Other																
Total Expenditure - Standard		25,029	31,213	35,572	37,491	43,589	47,948	49,776	55,964	60,323	59,058	62,152	105,023	613,046	351,466	369,844
Surplus/(Deficit) before assoc.		78,119	(29,127)	(33,486)	(35,315)	59,556	(45,862)	(47,691)	47,180	(50,238)	(56,973)	(60,067)	(102,939)	(284,842)	(12,275)	(18,521)
Share of surplus/ (deficit) of associate																
Surplus/(Deficit)	1	78,119	(29,127)	(33,486)	(35,315)	59,556	(45,862)	(47,691)	47,180	(50,238)	(56,973)	(60,067)	(102,939)	(284,842)	(12,275)	(18,521)

Table 42 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

DC31 Nkangala - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Multi-year expenditure to be appropriated	1															
Vote 1 - EXECUTIVE AND COUNCIL																
Vote 2 - ADMINISTRATION																
Vote 3 - FINANCE																
Vote 4 - SOCIAL SERVICES																
Vote 5 - Technical Services and PMU																
Vote 6 - LED AGENCY																
Vote 7 - DRU AND IDP																
Vote 8 - PLANNING & DEVELOPMENT CONTRIBUTIONS TO LOCAL MUNIS																
Vote 9 - [NAME OF VOTE 9]																
Vote 10 - [NAME OF VOTE 10]																
Vote 11 - [NAME OF VOTE 11]																
Vote 12 - [NAME OF VOTE 12]																
Vote 13 - [NAME OF VOTE 13]																
Vote 14 - [NAME OF VOTE 14]																
Vote 15 - [NAME OF VOTE 15]																
Capital multi-year expenditure sub-total	2															
Single-year expenditure to be appropriated																
Vote 1 - EXECUTIVE AND COUNCIL		290			290		290			290		290	290	1,742	1,556	1,640
Vote 2 - ADMINISTRATION		21			21		21			21		21	21	126	133	140
Vote 3 - FINANCE		17			17		17			17		17	17	103	92	97
Vote 4 - SOCIAL SERVICES		3,892			3,892		3,892			3,892		3,892	3,892	23,352	6,387	6,731
Vote 5 - Technical Services and PMU		6,809			6,809		6,809			6,809		6,809	6,809	40,853	11,054	11,651
Vote 6 - LED AGENCY		3			3		3			3		3	3	19	20	21
Vote 7 - DRU AND IDP		28			28		28			28		28	28	170	180	189
Vote 8 - PLANNING & DEVELOPMENT CONTRIBUTE																
Vote 9 - [NAME OF VOTE 9]																
Vote 10 - [NAME OF VOTE 10]																
Vote 11 - [NAME OF VOTE 11]																
Vote 12 - [NAME OF VOTE 12]																
Vote 13 - [NAME OF VOTE 13]																
Vote 14 - [NAME OF VOTE 14]																
Vote 15 - [NAME OF VOTE 15]																
Capital single-year expenditure sub-total	2	11,061			11,061		11,061			11,061		11,061	11,061	66,365	19,421	20,470
Total Capital Expenditure	2	11,061			11,061		11,061			11,061		11,061	11,061	66,365	19,421	20,470

Table 43 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

DC31 Nkangala - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital Expenditure - Standard	1															
<i>Governance and administration</i>		329	-	-	329	-	329	-	-	329	-	329	329	1,971	1,781	1,877
Executive and council		290	-	-	290	-	290	-	-	290	-	290	290	1,742	1,556	1,640
Budget and treasury office		17	-	-	17	-	17	-	-	17	-	17	17	103	92	97
Corporate services		21	-	-	21	-	21	-	-	21	-	21	21	126	133	140
<i>Community and public safety</i>		3,892	-	-	3,892	-	3,892	-	-	3,892	-	3,892	3,892	23,352	6,387	6,731
Community and social services		3,892	-	-	3,892	-	3,892	-	-	3,892	-	3,892	3,892	23,352	6,387	6,731
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		6,840	-	-	6,840	-	6,840	-	-	6,840	-	6,840	6,840	41,041	11,253	11,861
Planning and development		6,840	-	-	6,840	-	6,840	-	-	6,840	-	6,840	6,840	41,041	11,253	11,861
Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	2	11,061	-	-	11,061	-	11,061	-	-	11,061	-	11,061	11,061	66,365	19,421	20,470

Table 44 MBRR SA30 - Budgeted monthly cash flow

DC31 Nkangala - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand															
Cash Receipts By Source													1		
Property rates															
Property rates - penalties & collection charges															
Service charges - electricity revenue															
Service charges - water revenue															
Service charges - sanitation revenue															
Service charges - refuse revenue															
Service charges - other															
Rental of facilities and equipment															
Interest earned - external investments	1,954	1,954	1,954	1,954	1,954	1,954	1,954	1,954	1,954	1,954	1,954	1,954	23,453	24,850	26,202
Interest earned - outstanding debtors	9	9	9	9	9	9	9	9	9	9	9	9	109	116	122
Dividends received															
Fines															
Licences and permits															
Agency services															
Transfer receipts - operational	101,058				101,058			101,058					303,175	312,861	323,360
Other revenue	122	122	122	122	122	122	122	122	122	122	122	122	1,467	1,555	1,639
Cash Receipts by Source	103,144	2,086	2,086	2,086	103,144	2,086	2,086	103,144	2,086	2,086	2,086	2,086	326,204	339,191	351,323
Other Cash Flows by Source															
Transfer receipts - capital															
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	103,144	2,086	2,086	2,086	103,144	2,086	2,086	103,144	2,086	2,086	2,086	2,086	326,204	339,191	351,323
Cash Payments by Type															
Employee related costs	6,866	6,866	6,866	6,866	6,866	6,866	6,866	6,866	6,866	6,866	6,866	6,866	82,393	87,007	91,708
Remuneration of councillors	1,209	1,209	1,209	1,209	1,209	1,209	1,209	1,209	1,209	1,209	1,209	1,209	14,504	15,345	16,174
Finance charges	34	34	34	34	34	34	34	34	34	34	34	34	(236)	135	150
Bulk purchases - Electricity	542	542	542	542	542	542	542	542	542	542	542	542	6,503	6,893	7,265
Bulk purchases - Water & Sewer	422	422	422	422	422	422	422	422	422	422	422	422	5,060	5,060	5,062
Other materials															
Contracted services	81	81	81	81	81	81	81	81	81	81	81	81	966	1,026	1,084
Transfers and grants - other municipalities	482	482	482	482	482	482	482	482	482	482	482	482	5,781	6,133	6,485
Transfers and grants - other	4,391	4,391	4,391	4,391	4,391	4,391	4,391	4,391	4,391	4,391	4,391	4,391	390,766	439,086	485,330
Other expenditure	4,835	4,835	4,835	4,835	4,835	4,835	4,835	4,835	4,835	4,835	4,835	4,835	58,619	64,526	68,930
Cash Payments by Type	18,919	18,919	18,919	18,919	18,919	18,919	18,919	18,919	18,919	18,919	18,919	18,919	485,036	613,046	651,466
Other Cash Flows/ Payments by Type															
Capital assets	11,061			11,061		11,061			11,061		11,061		66,365	19,421	20,470
Repayment of borrowing			1,300			1,300					1,300		5,200	5,200	5,200
Other Cash Flows/ Payments															
Total Cash Payments by Type	29,971	18,919	20,219	29,971	18,919	31,271	18,919	18,919	31,271	18,919	29,971	417,397	684,611	376,087	395,514
NET INCREASE/(DECREASE) IN CASH HELD	73,173	(16,824)	(18,124)	(27,885)	84,234	(29,185)	(16,824)	84,234	(29,185)	(16,824)	(27,885)	(415,311)	(356,407)	(36,896)	(44,191)
Cash/cash equivalents at the month/year begin:	500,540	573,713	556,889	538,785	510,879	595,114	565,298	549,104	633,331	604,153	587,329	559,444	500,540	144,133	107,237
Cash/cash equivalents at the month/year end:	573,713	556,889	538,785	510,879	595,114	565,298	549,104	633,331	604,153	587,329	559,444	144,133	144,133	107,237	63,048