
2012/13 SISONKE DISTRICT MUNICIPALITY MTREF BUDGET

2012/2013 MTREF

5/29/2012

2012/13 MTREF FINAL DRAFT BUDGET

Budget & Treasury Office



SCHEDULE A

AN ANNUAL BUDGET AND SUPPORTING DOCUMENTATION OF A MUNICIPALITY



**ANNUAL BUDGET OF
SISONKE
DISTRICT
MUNICIPALITY**

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

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Annexure:

Annexure A: Signed Council Resolution

Annexure B: Budget Related Policies

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Abbreviations and Acronyms

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

Part 1 – Annual Budget

1.1 Mayor's Report

Honourable Speaker,
The Deputy Mayor,
Hounourable Councilors,
Municipal Manager,
Senior Managers and Staff,
Our distinguished and special guest (Traditional leaders, Treasury, COGTA),
Our friends from the media
Ladies and gentlemen

Good morning

It is a great pleasure for me to stand in front of you and present the final draft budget on behalf of the executive committee to council for approval and adoption.

This is our first budget that we are tabling before council ever since our election in May 2011.

When we got into office last year already processes were concluded of preparing the budget and reviewing the IDP. Ours was to confirm the work of the previous council, use the reviewed IDP as our planning tool in this current financial year and implement the budget that was agreed upon in May 2011.

Before I deal with the budget and other related documents, allow me to start by locating my budget speech to a broader context.

We are here today exactly 4 years and 5 months after the historic national conference of the ruling party in Polokwane that gave us a broader mandate in transforming the society and speeding up service delivery. In 2007 conferences of the ruling party were emerged with 5 key priorities from this conference that we continue to serve as a guide for all our spheres of government:

1. Education,
2. Health,
3. Creation of decent work and sustainable livelihoods,
4. Rural development, land reform and agrarian revolution and
5. The fight against crime and corruption

Our IDP and budget must then talk to these broad priorities of government. The above was elaborated further in our 2011 local government manifesto as the ruling party. Our preface to our manifesto was that:

“The fourth local government elections since the dawn of our democracy in 1994 bring another opportunity for South Africans to build on the progress we have made in realizing our vision of a better life for all. Our vision is that of profound transformation of society. As the ANC we know that political transformation without economic emancipation is meaningless, that is why we have to commit to economic freedom in our lifetime and the ANC will always be at the forefront of that economic transformation.

To continue making progress towards such a future we need an economy that creates more jobs, decent work and sustainable livelihoods. We need better quality local public services with access for all. We need to create more united, non-racial, integrated and safer communities, and to strengthen local participation, with effective, accountable and clean local government. The ANC is best placed to carry out this next phase of developing and transforming our cities, towns and villages because of our values and principles, our policies, what we have learnt from our experience in government, and our commitment to ensuring that each community is actively involved in creating better communities.”

The president then entered into performance agreements with Ministers and Premiers, Premiers and MEC's, MEC for COGTA with Mayors, Mayors with municipal managers, Municipal managers with heads of departments etc. We will talk about this in details later when we deal with performance management system and alignment with IDP and Budget. Safe to say that our main focus area or outcome as the sector is outcome 9:

“A RESPONSIVE, ACCOUNTABLE, EFFECTIVE AND EFFICIENT LOCAL GOVERNMENT SYSTEM WITH 7 OUTPUTS”

1. Implement a differentiated approach to financing, planning and support
2. Improving access to basic services
3. Implementation of the community work programme
4. Actions supportive of the human settlement outcome
5. Deepen community participation through a refined ward committee model
6. Administrative and financial capability
7. Single window of coordination

The January 8th statement of the ruling party that is done every year on the 8th of January which serves as marching orders for the respective year to all leaders and cadres of the ruling party details what needs to happen. The only significance about it this time around is that the ruling party is celebrating its centenary (100 years), oldest liberation movement in Africa. This has been celebrated in the United Nations, continental organisations (AU), National parliament, and different legislatures of our provinces, so let us not be shy also to talk about it in this chamber. These are corridors of power, political institutions of government

We were also fortunate to host the centenary flame in the district where among others we have celebrated the lives of the following cadres:

- Zenyuse Mkhulisi
- Reggie Hadebe
- Pass Four Dlamini
- Boy Gwagwa
- David Ndawonde and many more.

I want to take this opportunity and commend Umzimkhulu municipality for allowing the ruling party to erect its monument of fallen heroes and heroines. That constitutes the histand heritage of our country in general and our district in particular.

These activities have reinforced our resolve to rename the Sisonke District Municipality after one of the selfless servants of our people and a freedom fighter, the lion of the Midlands, our father and our leader comrade Harry Gwala.

As the executive committee we are targeting the month of September, the heritage month to secure the President of the Republic to launch the name change officially. We have followed all the processes as we are required by law.

The January 8th statement as presented by the President early this year in Mangaung among others state clearly that:

“A central aim of transformation in our country is to uplift the quality of life of all South Africans, especially the poor, the majority of whom are Africans and females. How we have set about this task, is outlined in the RDP (1993) when it states that we are committed to a programme of sustainable development, which addresses the needs of our people without compromising the interest of future generations. Without meeting basic needs, no political democracy can survive in South Africa. Attacking poverty is (therefore) the first priority of a democratic government

The strategy for meeting basic needs rest on four pillars namely: creating opportunities for all South Africans to develop to their full potential, boosting production and household income through job creation, improving conditions of employment, improving living conditions through better access to basic physical and social services, health care and education and training for urban and rural communities and establishing a social security system and other safety nets to protect the poor, the disabled, the elderly and other vulnerable groups”

We are also meeting here today exactly four months after the state of the nation address that was made by the President of the Republic, his excellence President Jacob Zuma on the 9th of February this year. The gist and essence of the state of the nation address was to continue to change the lives of our people for the better and fast track service delivery.

The president in his address acknowledge the triple challenges that continue to confront our country, poverty, unemployment and inequalities hence he announced an infrastructure revolution. In his words the President said addressing the joint sitting of parliament “ The infrastructure plan will be driven and overseen by the Presidential infrastructure coordination commission, (PICC) which was established in September, bringing together Ministers, Premiers and Metro Mayors under the leadership of the President and the Deputy President.”

Following our engagement with the President for intervention in the district, we have also been included in the 23 municipalities throughout the country that are receiving attention from the Presidential infrastructure coordination commission. Just yesterday I was invited to the PICC meeting in Pretoria.

During the state of the Nation address in February this year, President Zuma outlined a number of strategic integrated projects (SIPs) in the infrastructure plan adopted by Cabinet. One of these strategic integrated projects relates to Municipal Infrastructure to be implemented initially in 23 Districts municipalities across the country.

The aim of the Strategic integrated projects is to address all maintenance backlogs and upgrades required in water, electricity and sanitation bulk infrastructure and roads starting in the 23 least resourced district municipalities. It further aims to integrate municipal infrastructure in a way that shifts the apartheid spatial patterns to build sustainable and integrated settlements.

In the same month of February on the 21st this year we have also received a very progressive state of the province from the Premier Dr Zweli Mkhize, who also took tune from the address

made by the President earlier in that month. The state of the province address was effectively a continuation of the programs announced by the President in a more localized way in terms of the Province.

I was very happy to learn that almost all the issues that we raised in the Cabinet logotla of the Province found expression in the state of the Province address by the premier, The Premier made a commitment on the following projects that affect us as the district:

- Bulwer Dam
- Texas Valley
- Dawn Valley
- Nyala Valley
- Dairy Farming
- Forestry
- Small towns revitalization program etc.

Sisonke District Municipality is one of the ten districts in the province faced with challenges similar to other districts in providing basic services and addressing backlogs. The goal of the leading party is to enhance service delivery aimed at improving the quality of lives for all in the country.

The district council is on its third term since establishment from December 2000 and the current council is completing a year after May 2011 elections. It inherited a number of service delivery challenges and huge backlogs together with the 2011/12 approved budget which had to be ratified by this Council. As Local Government operates in the same area and service the same communities and as a sphere closer to people, it has to strengthen the link between citizens and government overall priorities and spending plans.

Budgeting is primarily about the choices the Municipality has to make between competing priorities and fiscal realities. With this in mind, the Finance Minister Mr. Pravin Gordhan, in his 2012 Medium Term Budget Policy Statement (MTBPS) said it was time for government to make difficult decisions as fiscal constraints force government to choose carefully between competing objectives. He noted that difficult decisions are required to ensure that scarce resources are directed towards economic development and more effective service delivery, while ensuring that debt levels are sustainable.

This 2012/13-2014/15 MTREF is the first budget which this council has vigorously engaged on. I would like to remind the council that in October/November 2011, the Council engaged with the communities prior to the 2011/12 adjustments budget in order to re-align the municipal activities with the mandate given to the current Council during the May 2011 Municipal elections. It is unfortunate that the Council has to adjust the 2011/12 budget downward due to financial constraints faced by the municipality some of which being the over expenditure in 2010/11 financial year and under collection in 2011/12 and some budget projections that we could not realize such as DBSA loan of R100m, That has caused a huge strain to our budget and resulting to the liquidity of the municipality to be questionable. We had to embark on belt tightening measures that were not very easy for some of our operations but it was a decision worth to take if we were to correct the mistakes and shortcomings of the past.

In preparing the 2012/13 budget we had to take into account the above mentioned circumstances. We were very conservative in the expenditure budget in relation to income to be

derived. We needed to remain focused on the effective delivery of the core municipal services through the application of an effective and efficient service delivery mechanism.

The core functions of the District are Water & Sanitation. Increased spending on municipal services and stronger spending on infrastructure maintenance and investments, and support for economic development was also listed as high priorities on the Government's agenda. The minister noted that the main challenge associated with increased fiscal support for the recovery lies in overcoming obstacles to the implementation of infrastructure and job-creating programmes, rather than budgeting for higher levels of expenditure.

As I present MTREF draft budget for the financial year of 2012/2013 we cannot expect to do the same old things and expect different results. Using the Local Government equitable share subsidy, the municipality should focus to support the low-income households while improved targeting. To overcome challenges relating to the Water infrastructure, the following issues need to be addressed;

- i. Improved planning,
- ii. Construction and,
- iii. Maintenance.

With particular reference to Water Services Authorities, municipality requires an integrated approach to water provision, with reticulation supported by sufficient resources that are needed.

BUDGET SUMMARY:

The 2012/2013 Total Revenue is R 460, 4m broken down as follows;

| | |
|---|----------|
| • Government Grants and Subsidies – Capital | R183, 7m |
| • Government Grants and Subsidies – Operational | R217, 6m |
| • Own Revenue | R59m |

Allocated as follows;

| | |
|------------------------|-----------------|
| • Operational budget | R 230 m, |
| • Capital budget | R 209, 3 m, and |
| • Total Budget surplus | R 20, 9 m. |

The staff salaries budget has been budgeted at R81m, representing 35% of the operational budget. Councilor's allowances have been budgeted at R5.5m.

Local government equitable share

The equitable share for 2012/2013 financial year as gazetted from the Division of Revenue Bill is as follows:

| | |
|-------------------------------|---|
| Equitable share | R 181 591 000 |
| RSC LEVY | R 18 799 000(That impact to municipal grading) |
| Special support to Councilors | R 3 166 000 |
| Total Equitable Share | R 203 556 000 |

Over the last years several adjustments have been made to the equitable share formula resulting to increased allocations to poor rural municipalities. We have to provide further input in this respect and support the National Government to review the formula. Further work will be done to review the formula, with revisions making use of the data from the Census, due to be released in March 2013. We expect the revised formula to be introduced from 2014/15 financial year.

For 2012/13 Draft Budget capital projects amounting to R 208 274 553 have been planned under the following categories;

| | |
|-------------------|----------------------|
| • Water | R 137 593 764, |
| • Sanitation | R 58 289 472, |
| • Electrification | R 5 000 000 and |
| • Other Assets | R 7 391 317. |
| TOTAL | R 208 274 553 |

In accordance with the MIG formula for allocating this funding to municipalities

Budget or breakdown allocation per local Municipality is as follows:

| | | | |
|---------------|-----------------|-----|--|
| • Umzimkhulu | R 76 063 086 | 37% | Has a huge number of stand alone water schemes |
| • Ingwe | R 62 522 741 | 30% | Huge Backlogs |
| • Ubuhlebezwe | R 40 252 734 | 19% | Backlogs has been reduced |
| • Kokstad | R 10 522 199 | 5% | Few backlogs in outlying areas |
| • Kwasani | R 5 000 000 and | 2% | No Backlogs |
| • SDM | R 13 913 793 | 7% | |

1. Local Economic Development and Tourism

Sisonke District Municipality has developed a number of local development related strategies and plans that seek to enhance its economic growth. These plans and strategies were circulated to councilors. We've also had an LED Summit in March 2012 which was very strong in context. The district has recently reviewed its led strategy with more emphasis on both growth and redistribution with the aim of reducing poverty and unemployment.

The Sisonke District Municipality has allocated R 7,7m towards LED projects in 2012/13 and a total of R24million in the MTREF in line with this National priority. We are hopeful that our partners, the first and second sphere of Government, in economic development will support in this Endeavour. We also intend to attract private sector investment to our district through the strengthening of our Sisonke Development Agency (SDA). The Board of directors will be in place in July, while the post of the CEO has been advertised. Our LED unit will soon be seconded to be part of the SDA. We will also engage through the Mayoral forum to drive towards having one LED vehicle for the district including LMs being the SDA.

2. Agricultural Sector

In terms of the Provincial Growth and Development Strategy (PGDS), the Sisonke District Municipality has strong potential for agricultural growth. The District has to drive towards food security and commercial agriculture. The district is well known for its high agro-ecological potential due to abundance of high quality soils, high altitude, abundant water, commercial farms etc. The major significant agricultural sub sectors within the district are dairy and livestock, forestry, crops and vegetables. Currently the municipality is preparing an agricultural plan to unlock agricultural potential. In the R7.7m budget, there is provision for support to our co- operatives.

3. Promoting efficient revenue and expenditure management in local government

The minister said municipalities, just like national and provincial governments, needed to closely examine their budgets to ensure they are using their available resources to maximise service delivery and this was centred on both;

- i. Cost-effective spending, and
- ii. Revenue collection.

Looking at this budget it will be noticed that we were very conservative on the expenditure but we will also explore all possible means to recover as much potential revenue as we could collect.

While we have to focus on our mandate and uplifting skills related to our mandate but we cannot overlook the development of youth towards scarce skills in our area as they have a negative impact on the quality of life for our people. Without supporting and building of these skills like health and education, we cannot fully claim to have contributed to sustainable communities.

Sisonke Municipality is committed in developing community and youth residing within the District in the above mentioned skills. A number of projects have been budgeted for in the special programmes unit to ensure that the special groups existing in the Sisonke community are sufficiently catered for.

- DAC Sukumasakhe HIV and AIDS : R1 million (2012/13) and R1,7 million for (2013/14 and 2014/15),
- Cuba students bursary (Doctors) : R 480 000 (2012/13) and R 1 million for (2013/14, 2014/15)
- Disability awareness : R 80 000 (2012/13) and R 172 607 for (2013/14 and 2014/15)
- Women's Programme budget : R 250 000 (2012/13) and R 539 399 for (2013/14 and 2014/15)
- Men's forum in rural sector etc. : R 80 000 (2012/13) and R 172 607 for (2013/14 and 2014/15)

In relation to the above stated points, the Local Government Budgets and Expenditure Review, published by the National Treasury in September 2011, highlights 5 important considerations:

1. **Revenue management** – To ensure the collection of revenues, the municipality should maintain accurate billing systems; timeously send out accounts to residents and strive to collect as much revenues owed as we can.
2. **Collecting outstanding debts** – This requires political commitment, sufficient administrative capacity, and pricing policies that ensure that bills are accurate and affordable, especially for poor households. In this regard, Sisonke has recently completed a data cleansing exercise and is reviewing its Indigent Policy.
3. **Pricing services correctly** – The full cost of services should be reflected in the price charged to residents who can afford to pay. Many municipalities offer overly generous subsidies and rebates that result in services being run at a loss, resulting in funds being diverted away from other priorities. This is a major area in which should pull our socks. Running services at a loss affects the extension of services to other areas and impact negatively on operations and maintenance.
4. **Under spending on repairs and maintenance** – Often seen as a way to reduce spending in the short-term, under spending on maintenance can shorten the life of assets, increase long-term maintenance and refurbishment costs, and cause a deterioration in the reliability of services. This lack of Operations and maintenance also causes uprising by communities due to inadequate supply of services and the questing of democracy.
5. **Spending on non-priorities** – Many municipalities spend significant amounts on non-priority items including unnecessary travel, luxury furnishings, excessive catering and unwarranted public relations projects. Consultants are often used to perform routine tasks. Major attempts would be made to reduce use of consultants. A number of capacity building programmes have been undertaken to improve the capacity which has to result to improved quality of work
6. **Funding local government** -The functions performed by local government rely largely on self-financing. The minister noted that Substantial progress has been made in overcoming the service disparities of the past through transfers from the national fiscus, but large backlogs remain. The major need is to provide municipal infrastructure to poor households and, increasingly, to pay for the institutional and governance needs of poor municipalities. This situation requires us to put more emphasis on job creation and economic development in order to create more opportunities for self-income.
7. Other strategies documents to be linked with the budget are
 - Integrated Development Plan (IDP)
 - Budget
 - Strategic Development Budget Implementation Plan (SDBIP)
 - Performance Management System (PMS)
 - Policies and By-Laws

8. In Conclusion

As I conclude I would like to congratulate our country for its successful bid to host the world biggest SKA radio telescope. Though we are co-hosting with Australia but the huge part of this work is going to be done in South Africa. This is going to help our country, the continent and the whole world in science, technology, education and research. Indeed it is a victory for our country and for our continent.

This huge and significant announcement was made while our country is hosting African Global Diaspora conference that seeks to unite all the people of African origins across the world and explore all possibilities for the African renaissance and development.

In conclusion I would like to take this opportunity and thank the following people and stakeholders

- (a) The honourable speaker for a strategic role that you and your office have played in the community consultation process,
- (b) The executive committee as the principal committee of council for the team effort, unity and commitment that they continue to demonstrate in the work of the municipality,
- (c) The council as the highest decision making body of the municipality for the continued focused and stable leadership and strategic direction that they give to all of us,
- (d) The MM and senior management for their commitment to work under pressure to change things around and more especially to understand us as the political leadership that when we fight with them it's not that we are being personal but we want things to be done, when we began the term we said "ongentla ukhaba ongezantsi kwakhe," and we were very particular to say we won't accept mediocre and underperformance in our team. Thank you for the good work and understanding.
- (e) The IP unit and budget unit for the good work that have done in formulating these very important strategic documents without any help of consultants, there is light at the end of the tunnel that if our staff members are pushed to the right direction, motivated by their senior managers and inspired by their political leadership can really do better and do wonders,
- (f) On that note allow me Somlomo baba to also acknowledge and thank the support that we are receiving from treasury and COGTA, it is immeasurable,
- (g) The district municipality has no wards, the kind of support and cooperation that we continue to receive from local municipalities really put cooperative governance into practice, and it is no longer a theory in this district, colleagues thank you and lets continue to support one another, after all we are one government, advancing one objective "a better life for all."
- (h) Ko Ndabezitha, amakhosi ase ndlunkulu, we are always humbled with your support and in this district very few if any contradictions at all between councilors and the traditional leaders, you are all progressive.
- (i) To all my friends from the media, thank you for the positive reporting about our government. I have no doubt in my mind that even today you will report very

progressively about the state of the district address by the mayor. On a more serious note we welcome the role that you continue to play in educating and informing our communities for as long as it is objectives reporting. Let's all join hands and build the nation.

Together we can build better communities.

I thank you Cllr. M.E Ndobe: District Mayor

1.2 Council Resolutions

On 29 May 2012 the Council of Sisonke met in the Council Chambers of Sisonke District Municipality council chamber to consider the draft budget of the municipality for the financial year 2012/13. The Council approved and adopted the following resolutions:

1. The Council, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The final draft budget of the municipality for the financial year 2012/13 and the multi-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21; and
 - 1.1.4. Multi-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table A6;
 - 1.2.2. Budgeted Cash Flows as contained in Table A7;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table A8;
 - 1.2.4. Asset management as contained in Table A9; and
 - 1.2.5. Basic service delivery measurement as contained in Table A10.
2. The Council, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2012:
 - 2.1. the tariffs for the supply of water – Refer to the tariffs policy in Annexure B
 - 2.2. the tariffs for sanitation services – refer to the tariffs policy in Annexure B
3. The Council, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2012 the tariffs for other services, as set out in tariffs policy.

4. The council, acting in terms of section 24 of the Municipal Finance Management Act , approves and adopts with effect from 1 July 2012 the final draft budget related policies as discussed above.
5. To give proper effect to the municipality's annual budget, the Council approves:
 - 5.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from water and sanitation to ensure that all capital reserves and provisions, and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
 - 5.2. That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the budget. (Refer to Annexure A for the signed Resolution)

1.3 Executive Summary

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

District 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 and stern control measures expenditures such as telephone, internet usage, printing, workshops, accommodation, and catering.

The District has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. 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 and 54, 58 and 59 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 and sanitation infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water (due to tariff increases from Umngeni and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable. However, with this in mind the municipality has planned to engage on an extensive costing exercise with a view to review.
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;

- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2012/13 MTREF process; and

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

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

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

Table 1 Consolidated Overview of the 2012/13 MTREF

| R thousand | Adjustments Budget 2011/12 | Budget 2012/13 | Year 1 2013/14 | Budget Year + 2014/15 |
|--|---------------------------------------|---------------------------|---------------------------|----------------------------------|
| Total Operating Revenue | R 260 910 071 | R 276 679 491 | R 297 147 442 | R 310 725 820 |
| Total Operating Expenditure | R 266 273 865 | R 230 123 412 | R 237 636 912 | R 249 547 102 |
| (Surplus)/ Deficit for the year | R -5 363 794 | R 46 574 079 | R 59 510 530 | R 61 177 718 |
| Total Capital Expenditure | R 268 860 431 | R 209 374 553 | R 254 098 300 | R 295 333 900 |

Total operating revenue has grown by 6% per cent or R16 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 7.4 % and 4.6 % per cent respectively, equating to a total revenue growth of R49.8m over the MTREF when compared to the 2011/12 financial year.

Total operating expenditure for the 2012/13 financial year has been appropriated at R230 million and translates into a budgeted surplus of R46, 5 million. When compared to the 2011/12 Adjustments Budget, operational expenditure has decreased by 14% per cent in the 2012/13 budget. The operating surplus for the two outer years steadily increases to R59, 5 million and then to R61, 2 million. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R209, 4 million for 2012/13 is 22 per cent less when compared to the 2011/12 Adjustment Budget. The reduction is due to various projects being finalised in the previous financial year as well as affordability constraints in the light of current economic circumstances. The capital programme increases to R254 million in the 2013/14 financial year and peaks out in 2014/15 at R295 million. The capital budget is largely funded from the Government Grants and Subsidies in the MTREF.

1.4 Operating Revenue Framework

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

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the District and continued economic development;
- Efficient revenue management, which aims to ensure a 80 per cent annual collection rate for water and sanitation service charges;
- Achievement in the medium term of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the district.

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

| DC43 Sisonke - Table A4 Budgeted Financial Performance (revenue and expenditure) | | | | | | | | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------------------|------------------------|------------------------|
| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & | | |
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Revenue By Source | | | | | | | | | |
| Property rates | - | 78 | 194 | - | - | - | - | - | - |
| Service charges - water revenue | 17 342 | 23 657 | 16 887 | 27 060 | 23 853 | 23 853 | 25 762 | 27 823 | 30 048 |
| Service charges - sanitation revenue | 7 164 | 12 187 | 14 705 | 13 940 | 9 276 | 9 276 | 10 018 | 10 820 | 11 685 |
| Rental of facilities and equipment | 79 | 80 | 82 | - | - | - | - | - | - |
| Interest earned - external investments | 10 513 | 6 639 | 5 655 | 10 000 | 1 618 | 1 618 | 3 345 | 3 546 | 3 794 |
| Transfers recognised - operational | 141 318 | 202 816 | 165 227 | 192 531 | 195 051 | 195 051 | 217 600 | 233 853 | 240 185 |
| Other revenue | 807 | 716 | 1 595 | 28 519 | 31 111 | 31 111 | 19 955 | 21 106 | 25 012 |
| Gains on disposal of PPE | - | 1 | - | - | - | - | - | - | - |
| Total Revenue (excluding capital transfers and contributions) | 177 223 | 246 174 | 204 345 | 272 050 | 260 910 | 260 910 | 276 679 | 297 147 | 310 725 |

Table 3 Percentage growth in revenue by main revenue source

| DC43 Sisonke - Table A4 Budgeted Financial Performance (revenue and expenditure) | | | | | | | | |
|--|-----------------------|-------------|---|-------------|------------------------|-------------|------------------------|-------------|
| Description | CUURRENT YEAR 2011/12 | | 2012/13 Medium Term Revenue & Expenditure Framework | | | | | |
| | Adjusted Budget | % | Budget Year 2012/13 | % | Budget Year +1 2013/14 | % | Budget Year +2 2014/15 | % |
| Revenue By Source | | | | | | | | |
| Property rates | - | | - | | - | | - | |
| Service charges - water revenue | 23 853 | 9% | 25 762 | 9% | 27 823 | 9% | 30 048 | 10% |
| Service charges - sanitation revenue | 9 276 | 4% | 10 018 | 4% | 10 820 | 4% | 11 685 | 4% |
| Interest earned - external investments | 1 618 | 1% | 3 345 | 1% | 3 546 | 1% | 3 794 | 1% |
| Transfers recognised - operational | 195 051 | 75% | 217 600 | 79% | 233 853 | 79% | 240 185 | 78% |
| Other revenue | 31 111 | 12% | 19 955 | 7% | 21 106 | 7% | 25 012 | 8% |
| Total Revenue (excluding capital transfers and contributions) | 260 910 | 100% | 276 979 | 100% | 302 147 | 100% | 315 725 | 100% |
| Total revenue from rates and service charges | 33 130 | 13% | 35 780 | 13% | 38 642 | 13% | 41 734 | 13% |

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

Revenue generated from services charges forms a small percentage of the revenue basket for the District. Service charges revenue comprises a mere 13% of the total revenue mix. In the 2011/12 financial year, revenue from service charges totaled R 33,1m or 13% per cent. This increases to R35, 7m, R38, 6m and R41, 7m in the respective financial years of the MTREF. A notable trend is the increase in the total percentage revenue generated from services charges which averaging 13% in the MTREF. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1

Operating grants and transfers totals R217,6 m in the 2012/13 financial year and steadily increases to R233,8m 2013/14 and R240m in 2014/15. Note that the year-on-year growth for the 2012/13 financial year is 11.6 per cent and then flattens out to 7.5 % and 2.7 % per cent in the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

| DC43 Sisonke - Supporting Table SA18 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 | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| RECEIPTS: | | | | | | | | | |
| Operating Transfers and Grants | | | | | | | | | |
| National Government: | 101 500 | 120 177 | - | 186 931 | 182 881 | 182 881 | 217 200 | 232 153 | 239 975 |
| Local Government Equitable Share | 100 037 | 120 177 | | 182 881 | 182 881 | 182 881 | 203 556 | 218 521 | 235 753 |
| Finance Management | 250 | | | 1 250 | | | 1 250 | 1 250 | 1 250 |
| Municipal Systems Improvement | 735 | | | 790 | | | 1 000 | 900 | 1 000 |
| WATER SERVICES OPERATING SUBSIDY GRANT | 478 | | | 322 | | | 9 618 | 9 618 | - |
| Rural Transport Services and Infrastructure Grant | | | | 1 688 | | | 1 776 | 1 864 | 1 972 |
| Provincial Government: | 19 703 | - | - | 4 100 | - | - | 400 | 1 700 | 210 |
| Lg seta | 401 | - | - | 500 | - | - | - | - | - |
| In-Service Training - Salaries | | - | - | 300 | - | - | - | - | - |
| Fresh produce markets (afs) | 16 300 | - | - | - | - | - | - | - | - |
| Gijima (afs) | 502 | - | - | - | - | - | - | - | - |
| Intergovernmental grants | 200 | - | - | - | - | - | - | - | - |
| ICT Shared Services Grant (cogta) | - | - | - | 3 000 | - | - | - | - | - |
| Community Development Project | - | - | - | - | - | - | - | 1 500 | - |
| District Growth Development Summit | - | - | - | - | - | - | 400 | - | - |
| Experiential Learning | - | - | - | 300 | - | - | - | - | - |
| Development planning shared services | 2 300 | - | - | - | - | - | - | 200 | 210 |
| Total Operating Transfers and Grants | 121 203 | 120 177 | - | 191 031 | 182 881 | 182 881 | 217 600 | 233 853 | 240 185 |

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

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Umngeni Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's rates and in these tariffs are largely outside the control of the District. Discounting the impact of these price increases in lower consumer tariffs will erode the District future financial position and viability.

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

1.4.1 Sale of Water and Impact of Tariff Increases

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

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

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

Better maintenance of infrastructure, new construction of Bulwer dam and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. Umngeni Water has increased its bulk tariffs by a higher than the CPIX increase from 1 July 2012, which increases the District's water input cost tremendously.

Umngeni Water has undertaken a critical assessment of its capital infrastructure requirements. The assessment indicates that Umngeni Water's current infrastructure is unlikely to sustain its long-term ability to supply water and they had no other choice but to enter capital markets to raise on multi million for infrastructure upgrades, hence the significant increase in the bulk cost of water.

A tariff increase of 8 per cent from 1 July 2012 for water is proposed. This is based on input cost assumptions of 12.1 per cent increase in the cost of bulk water (Umngeni Water), the cost of other inputs increasing by 6 per cent and a surplus generated on the water service of a minimum 15 per cent. In addition 6 kℓ water per 30-day period will again be granted free of charge to all residents.

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

Table 5 Proposed Water Tariffs

Residential

| Consumption in Kl's | 2011/12 | 2012/13 |
|------------------------|---------|---------|
| 0-6 | N/C | N/C |
| 7-20 | R 5.15 | R 5.56 |
| 21-40 | R 8.59 | R 9.27 |
| 41-100 | R 10.02 | R 10.82 |
| 101-200 | R 16.60 | R 17.93 |
| 201 + | R 18.89 | R 20.40 |

| | | |
|--|--|--|
| | | |
|--|--|--|

Commercial & Industrial

| Consumption Increments in R per KI | 2011/12 | 2012/13 | Increase |
|------------------------------------|---------|---------|----------|
| 0-100 | 7.4412 | R 8.04 | R 0.60 |
| 101-200 | 10.017 | R 10.82 | R 0.80 |
| 201-300 | 16.5996 | R 17.93 | R 1.33 |
| 301-400 | 17.7444 | R 19.16 | R 1.42 |
| 401-500 | 18.8892 | R 20.40 | R 1.51 |
| 500 + | 20.034 | R 21.64 | R 1.60 |

| Consumption Increments in R per KI | Public Service & Government institutions | | | Educational Institutions | | | Agricultural | | | Geriatric Institutions, Religious organizations, NGOs and recreational facilities | | |
|------------------------------------|--|---------|----------|--------------------------|---------|----------|--------------|---------|----------|---|---------|----------|
| | 2011/12 | 2012/13 | Increase | 2011/12 | 2012/13 | Increase | 2011/12 | 2012/13 | Increase | 2011/12 | 2012/13 | Increase |
| 0-6 | 7.44 | R 8.04 | R 0.60 | R 7.44 | R 8.04 | R 0.60 | R 7.44 | R 8.04 | R 0.60 | N/C | N/C | |
| 7-100 | 7.44 | R 8.04 | R 0.60 | R 7.44 | R 8.04 | R 0.60 | R 7.44 | R 8.04 | R 0.60 | R 7.44 | R 8.04 | R 0.60 |
| 101-200 | 10.02 | R 10.82 | R 0.80 | R 9.73 | R 10.51 | R 0.78 | R 10.02 | R 10.82 | R 0.80 | R 10.02 | R 10.82 | R 0.80 |
| 201-300 | 16.60 | R 17.93 | R 1.33 | | | | R 16.60 | R 17.93 | R 1.33 | R 16.60 | R 17.93 | R 1.33 |
| 301-400 | 17.74 | R 19.16 | R 1.42 | | | | R 17.74 | R 19.16 | R 1.42 | R 17.74 | R 19.16 | R 1.42 |
| 401-500 | 18.89 | R 20.40 | R 1.51 | | | | R 18.89 | R 20.40 | R 1.51 | R 18.89 | R 20.40 | R 1.51 |
| 501 + | 20.03 | R 21.64 | R 1.60 | | | | R 20.03 | R 21.64 | R 1.60 | R 18.89 | R 20.40 | R 1.51 |

| Road Tanker delivery of water & Static tank hire in the capacity of the road tanker / tank | Road tanker delivery | | | Static tank hire per month | | |
|--|----------------------|-----------|----------|----------------------------|----------|----------|
| | 2011/12 | 2012/13 | Increase | 2011/12 | 2012/13 | Increase |
| 2500 KI. | 1259.28 | 1360.0224 | R 100.74 | R 114.48 | 123.6384 | R 9.16 |

| | | | | | | |
|--------------------|---------|-----------|-----------------|----------|----------|----------------|
| 5000 KI. | 1717.2 | 1854.576 | R 137.38 | R 286.20 | 309.096 | R 22.90 |
| 7500 KI. | 2003.4 | 2163.672 | R 160.27 | R 400.68 | 432.7344 | R 32.05 |
| 10000 KI | 2404.08 | 2596.4064 | R 192.33 | R 572.40 | 618.192 | R 45.79 |
| Del. charge | 228.96 | 247.2768 | R 18.32 | R 228.96 | 247.2768 | R 18.32 |

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

| | Deposit per meter | | | New water meter | | | Disconnections | | |
|--|-------------------|------------|-----------------|-----------------|------------|-----------------|----------------|------------|-----------------|
| | 2011/12 | 2012/13 | Increase | 2011/12 | 2012/13 | Increase | 2011/12 | 2012/13 | Increase |
| Misc. Water related tariffs given in service pipe diameter | | | | | | | | | |
| 15 mm | R 686.88 | R 741.83 | R 54.95 | R 686.88 | R 741.83 | R 54.95 | R 343.44 | R 370.92 | R 27.48 |
| 20 mm | R 858.60 | R 927.29 | R 68.69 | R 973.08 | R 1 050.93 | R 77.85 | R 457.92 | R 494.55 | R 36.63 |
| 50 mm | R 1 144.80 | R 1 236.38 | R 91.58 | R 1 202.04 | R 1 298.20 | R 96.16 | R 858.60 | R 927.29 | R 68.69 |
| 110 mm | R 1 717.20 | R 1 854.58 | R 137.38 | R 2 003.40 | R 2 163.67 | R 160.27 | R 1 144.80 | R 1 236.38 | R 91.58 |
| +100 mm | R 2 289.60 | R 2 472.77 | R 183.17 | R 2 862.00 | R 3 090.96 | R 228.96 | R 1 431.00 | R 1 545.48 | R 114.48 |

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

| Consumption Increments in R per KI | Domestic (Metered) | | |
|------------------------------------|--------------------|---------|---------------|
| | 2011/12 | 2012/13 | Increase |
| 0-6 | N/C | N/C | |
| 7-20 | R 5.15 | R 5.56 | R 0.41 |
| 21-40 | R 8.59 | R 9.27 | R 0.69 |
| 41-100 | R 10.02 | R 10.82 | R 0.80 |
| 101-200 | R 16.60 | R 17.93 | R 1.33 |
| 201 + | R 18.89 | R 20.40 | R 1.51 |
| | | | |

The tariff structure of the 2012/13 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R20.40 per kilolitre for consumption in excess of 201kℓ per 30 day period.

1.4.2 Sanitation and Impact of Tariff Increases

A tariff increase of 8 per cent for sanitation from 1 July 2012 is proposed. This is based on the input cost assumptions related to water. It should be noted that District costs contributes approximately 20 per cent of waste water treatment input costs, therefore the higher than CPI increase of 8 per cent for sanitation tariffs. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- The total revenue expected to be generated from rendering this service amounts to R10 million for the 2012/13 financial year.

The following table compares the current and proposed tariffs:

Table 7 Comparison between current sanitation charges and increases

| | Conservancy tank clearance on site | | | Septic tank clearance on site | | | Disposal into municipal reticulation system | | |
|--|------------------------------------|----------|----------------|-------------------------------|----------|----------------|---|----------|----------------|
| | 2011/12 | 2012/13 | Increase | 2011/12 | 2012/13 | Increase | 2011/12 | 2012/13 | Increase |
| Static sanitation systems given per load | | | | | | | | | |
| Per Load | 240.408 | R 259.64 | R 19.23 | 744.12 | R 803.65 | R 59.53 | R240.4 | R 259.64 | R 19.23 |
| Transport per Km | 7.4412 | R 8.04 | R 0.60 | 7.4412 | R 8.04 | R 0.60 | | | |

| | New connections | | | Disconnect / Reconnection | | |
|---|-----------------|------------|-----------------|---------------------------|----------|----------------|
| | 2011/12 | 2012/13 | Increase | 2011/12 | 2012/13 | Increase |
| Misc. sanitation related tariffs given in service pipe diameter | | | | | | |
| Up to 600 mm | R 2 289.60 | R 2 472.77 | R 183.17 | R 572.40 | R 618.19 | R 45.79 |
| Up to 1200 mm | R 2 862.00 | R 3 090.96 | R 228.96 | R 858.60 | R 927.29 | R 68.69 |

| | | | | | | |
|--|-----------------------------|------------|-----------------|-----------------------------------|------------|-----------------|
| 1200 mm + | R 4 006.80 | R 4 327.34 | R 320.54 | R 1 144.80 | R 1 236.38 | R 91.58 |
| | Road tanker delivery | | | Static tank hire per month | | |
| Road Tanker delivery of water & Static tank hire in the capacity of the road tanker / tank | 2011/12 | 2012/13 | Increase | 2011/12 | 2012/13 | Increase |
| 2500 KI. | 1259.28 | 1360.0224 | R 100.74 | R 114.48 | 123.6384 | R 9.16 |
| 5000 KI. | 1717.2 | 1854.576 | R 137.38 | R 286.20 | 309.096 | R 22.90 |
| 7500 KI. | 2003.4 | 2163.672 | R 160.27 | R 400.68 | 432.7344 | R 32.05 |
| 10000 KI | 2404.08 | 2596.4064 | R 192.33 | R 572.40 | 618.192 | R 45.79 |
| Del. charge | 228.96 | 247.2768 | R 18.32 | R 228.96 | 247.2768 | R 18.32 |

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

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

| Sanitation costs given in terms of water consumption | | | |
|--|---------|---------|----------|
| | 2011/12 | 2012/13 | Increase |
| 0-50 | R 3.50 | R 3.78 | R 0.28 |
| 51-100 | R 4.50 | R 4.86 | R 0.36 |
| 101-200 | R 6.50 | R 7.02 | R 0.52 |
| 201-300 | R 7.50 | R 8.10 | R 0.60 |
| 301-500 | R 8.50 | R 9.18 | R 0.68 |
| 501+ | R 10.00 | R 10.80 | R 0.80 |
| Unmetered / flat rate per month | R 35.00 | R 37.80 | R 2.80 |
| | | | |
| 0-200 | R 3.78 | R 4.08 | R 0.30 |
| 201 + | R 4.86 | R 5.25 | R 0.39 |
| Unmetered / flat rate per month | R 37.80 | R 40.82 | R 3.02 |
| | | | |
| 0-200 | R 4.01 | R 4.33 | R 0.32 |
| 201 + | R 5.15 | R 5.56 | R 0.41 |
| Unmetered / flat rate per month | R 40.07 | R 43.27 | R 3.21 |

1.4.3 Overall impact of tariff increases on households

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

Note that in all instances the overall impact of the tariff increases on household's bills has been kept at an average of 8 per cent, with the same increase for indigent households.

Table 9 MBRR Table SA14 – Household bills

| DC43 Sisonke - Supporting Table SA14 Household bills | | | | | | | | | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|---------------------|------------------------|------------------------|
| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | | |
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Rand/cent | | | | | | | % incr. | | | |
| Monthly Account for Household - 'Middle Income Range' | | | | | | | | | | |
| Rates and services charges: | | | | | | | | | | |
| Water: Basic levy | 2.12 | 2.25 | 2.43 | 2.58 | 2.58 | 2.58 | 8.0% | 2.79 | 3.01 | 3.25 |
| Water: Consumption | 170.09 | 180.30 | 194.72 | 206.41 | 206.41 | 206.41 | 8.0% | 222.92 | 240.75 | 260.01 |
| Sanitation | 76.42 | 81.00 | 87.48 | 92.73 | 92.73 | 92.73 | 8.0% | 100.15 | 108.16 | 116.81 |
| sub-total | 248.63 | 263.55 | 284.63 | 301.72 | 301.72 | 301.72 | 8.0% | 325.86 | 351.93 | 380.07 |
| Total large household bill: | 248.63 | 263.55 | 284.63 | 301.72 | 301.72 | 301.72 | 8.0% | 325.86 | 351.93 | 380.07 |
| % increase/-decrease | | 6.0% | 8.0% | 6.0% | - | - | | 8.0% | 8.0% | 8.0% |
| Monthly Account for Household - 'Affordable Range' | | | | | | | | | | |
| Rates and services charges: | | | | | | | | | | |
| Water: Basic levy | 2.12 | 2.25 | 2.43 | 2.58 | 2.58 | 2.58 | 8.0% | 2.79 | 3.01 | 3.25 |
| Water: Consumption | 141.75 | 150.25 | 162.27 | 172.01 | 172.01 | 172.01 | 8.0% | 185.77 | 200.63 | 216.68 |
| Sanitation | 63.68 | 67.50 | 72.90 | 77.27 | 77.27 | 77.27 | 8.0% | 83.45 | 90.13 | 97.34 |
| sub-total | 207.55 | 220.00 | 237.60 | 251.86 | 251.86 | 251.86 | 8.0% | 272.01 | 293.77 | 317.27 |
| Total small household bill: | 207.55 | 220.00 | 237.60 | 251.86 | 251.86 | 251.86 | 8.0% | 272.01 | 293.77 | 317.27 |
| % increase/-decrease | | 6.0% | 8.0% | 6.0% | - | - | | 8.0% | 8.0% | 8.0% |
| | | | 0.33 | -0.25 | -1.00 | - | | | | |

1.5 Operating Expenditure Framework

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

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

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

Table 10 Summary of operating expenditure by standard classification item

| DC43 Sisonke - Table A4 Budgeted Financial Performance (revenue and expenditure) | | | | | | | | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------------------|------------------------|------------------------|
| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & | | |
| R thousand | 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 By Type | | | | | | | | | |
| Employee related costs | 41 913 | 47 965 | 56 108 | 74 079 | 74 079 | 74 079 | 81 083 | 85 231 | 89 222 |
| Remuneration of councillors | 3 590 | 4 041 | 4 051 | 5 037 | 5 037 | 5 037 | 5 541 | 5 984 | 6 463 |
| Debt impairment | 5 300 | 6 685 | 6 303 | 3 200 | 7 748 | 7 748 | 7 156 | 7 535 | 7 904 |
| Depreciation & asset impairment | 31 732 | 18 651 | 19 812 | 36 750 | 21 200 | 21 200 | 23 000 | 24 219 | 25 406 |
| Finance charges | 647 | 868 | 843 | 5 406 | 3 906 | 3 906 | 3 042 | 3 204 | 3 361 |
| Bulk purchases | 3 379 | 7 566 | 6 998 | 7 200 | 7 200 | 7 200 | 7 500 | 7 898 | 8 284 |
| Contracted services | 1 439 | 28 007 | 27 717 | 5 709 | 39 490 | 39 490 | 32 154 | 29 175 | 30 871 |
| Transfers and grants | 1 789 | 22 303 | 11 482 | 16 500 | - | - | - | - | - |
| Other expenditure | 48 671 | 95 961 | 127 425 | 150 668 | 107 613 | 107 613 | 70 647 | 74 391 | 78 036 |
| Total Expenditure | 138 461 | 232 046 | 260 737 | 304 550 | 266 274 | 266 274 | 230 123 | 237 637 | 249 547 |

The budgeted allocation for employee related costs for the 2012/13 financial year totals R81 m, which equals 35, 4 per cent of the total operating expenditure. The period of the salary wage collective agreement 2009/10 to 2011/12 has come to an end. In the absence of other information from the South African Local Government Bargaining Council, National Treasury issued Circular 58 advising municipalities to budget for a 5 per cent increase. An annual increase of 5, 9 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. As part of the planning assumptions and interventions all vacancies were originally removed from the budget and a report was compiled by the Corporate Services Department relating to the prioritization of critical vacancies within the Municipality. The outcome of this exercise was the inclusion of the critical and strategically important vacancies as well as the inclusion of the staff to be transferred to the Municipality by the Provincial Health Department. In addition expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions.

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

The provision of debt impairment was determined based on an annual collection rate of 80 per cent and the Debt Write-off Policy of the Municipality. For the 2012/13 financial year this amount equates to R7, 1m and escalates to R7, 5m by 2013/14. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation 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 R23m for the 2012/13 financial and equates to 10 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1.3 per cent of operating expenditure.. As previously noted, the District has reached its prudential limits for borrowing – hence the planned borrowing to finance the capital budget does not result in finance charges as a percentage of operational expenditure increasing.

Bulk purchases are directly informed by the purchase of water from Umngeni Water in the Ubuhlebezwe area. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Contracted services have been identified as a cost saving area for the Municipality. As part of the compilation of the 2012/13 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2012/13 financial year, this group of expenditure totals R32, 1 million showing a decrease of 18.6 %, clearly demonstrating the application of cost efficiencies. For the two outer years growth has been limited to 9.3 % and 5.8 per cent. As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2012/13 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented. Further details relating to contracted services can be seen in Table 64 MBRR SA1.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been decreased by 34 per cent from the adjusted budget for 2012/13 and curbed at 5.3 and 4.9 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 MBRR SA1.

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

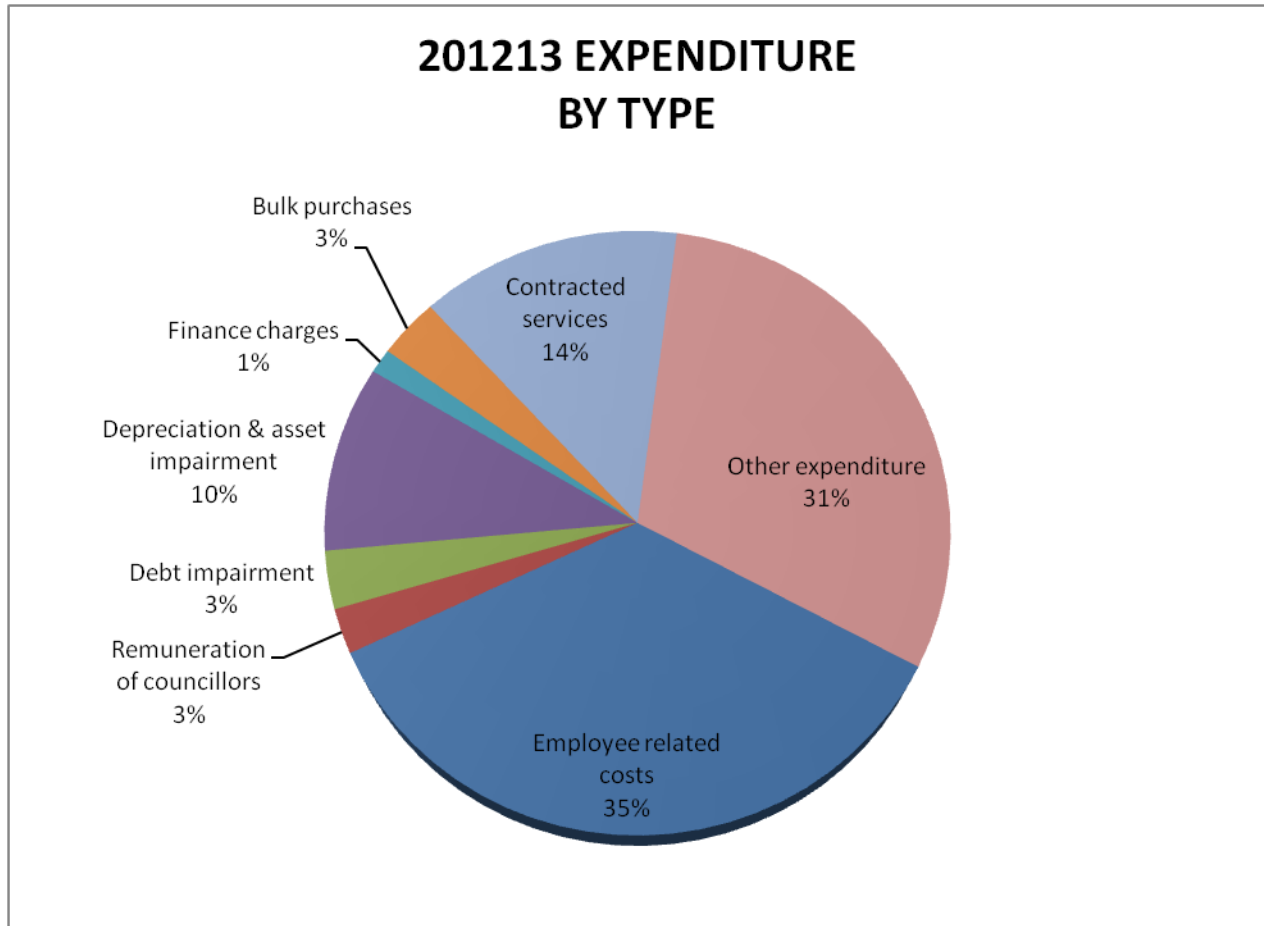


Figure 1 Main operational expenditure categories for the 2012/13 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the district's current infrastructure, the 2012/13 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the 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 these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 11 Operational repairs and maintenance

| DC43 Sisonke - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance' | | | | | | | | | |
|---|---------------|---------------|----------|----------------------|---------------|---------------|-------------------------------|---------------|---------------|
| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & | | |
| | Audited | Audited | Audited | Original | Adjusted | Full Year | Budget Year | Budget Year | Budget Year |
| Repairs and Maintenance by Expenditure Item | | | | | | | | | |
| Employee related costs | 19 022 | 25 950 | - | 29 493 | 29 493 | 29 493 | 31 263 | 33 139 | 35 127 |
| Other materials | 13 315 | 18 165 | - | 20 645 | 20 645 | 20 645 | 21 884 | 23 197 | 24 589 |
| Contracted Services | 3 804 | 5 190 | - | 5 899 | 5 899 | 5 899 | 6 253 | 6 628 | 7 025 |
| Other Expenditure | 1 902 | 2 595 | - | 2 949 | 2 949 | 2 949 | 3 126 | 3 314 | 3 513 |
| Total Repairs and Maintenance Expenditure | 38 043 | 51 900 | - | 58 987 | 58 987 | 58 987 | 62 526 | 66 278 | 70 254 |

During the compilation of the 2012/13 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the district infrastructure and historic deferred maintenance. To this end, repairs and maintenance was substantially increased by 6 per cent in the 2011/12 financial year, from R58, 9 million to R62, 5 million. During the 2011 Adjustment Budget this allocation was adjusted slightly downwards to R58, 9 million owing to the cash flow challenges faced by the Municipality. Notwithstanding this reduction, as part of the 2012/13 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2012/13 equates to R62, 5 million a growth of 6 per cent in relation to the Adjustment Budget and continues to 6 in the following year and 6 per cent in 2013/14 over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 6 per cent for the respective financial years of the MTREF.

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

Table 12 Repairs and maintenance per asset class

| DC43 Sisonke - Table A9 Asset Management | | | | | | | | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure | | |
| | 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 OTHER ITEMS | | | | | | | | | |
| Depreciation & asset impairment | 31 732 | 18 651 | 19 812 | 36 750 | 21 200 | 21 200 | 23 000 | 24 219 | 25 406 |
| Repairs and Maintenance by Asset Class | 38 043 | 51 900 | - | 58 987 | 58 987 | 58 987 | 62 526 | 66 278 | 70 254 |
| <i>Infrastructure - Road transport</i> | - | - | - | 105 | 105 | 105 | 111 | 118 | 125 |
| <i>Infrastructure - Water</i> | 19 713 | 28 960 | - | 34 081 | 34 081 | 34 081 | 36 126 | 38 294 | 40 591 |
| <i>Infrastructure - Sanitation</i> | 17 639 | 21 920 | - | 23 501 | 23 501 | 23 501 | 24 911 | 26 405 | 27 990 |
| <i>Infrastructure</i> | 37 352 | 50 880 | - | 57 687 | 57 687 | 57 687 | 61 148 | 64 817 | 68 706 |
| <i>Other assets</i> | 691 | 1 020 | - | 1 300 | 1 300 | 1 300 | 1 378 | 1 461 | 1 548 |
| TOTAL EXPENDITURE OTHER ITEMS | 69 776 | 70 551 | 19 812 | 95 737 | 80 187 | 80 187 | 85 526 | 90 497 | 95 660 |

For the 2012/13 financial year, 97 per cent of total repairs and maintenance will be spent on infrastructure assets. This signifies the implementation of the municipality's plans of maintaining its infrastructure levels high to ensure uninterrupted service delivery.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the district Indigent Policy. The target is to register 20 000 or more indigent

households during the 2012/13 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

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

1.6 Capital expenditure

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

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

| DC43 Sisonke - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding | | | | | | | | |
|---|----------------------|-------------|---|-------------|------------------------|------------|------------------------|-------------|
| Vote Description | Current year 2011/12 | | 2012/13 Medium Term Revenue & Expenditure Framework | | | | | |
| | Adjusted Budget | % | Budget Year 2012/13 | % | Budget Year +1 2013/14 | % | Budget Year +2 2014/15 | % |
| R thousand | | | | | | | | |
| Capital expenditure - Vote | | | | | | | | |
| Multi-year expenditure to be appropriated | | | | | | | | |
| Vote 1 - Executive & Council | 200 | 0% | - | 0% | - | 0% | - | 0% |
| Vote 3 - Corporate Services | 1 510 | 1% | 1 100 | 1% | 1 158 | 0% | 1 154 | 0% |
| Vote 4 - Economic & Community Services | 4 000 | 1% | - | 0% | - | 0% | - | 0% |
| Vote 5 - Infrastructure Services | 263 150 | 98% | 208 275 | 99% | 201 240 | 79% | 244 130 | 83% |
| Vote 6 - Water Services | - | | - | | 51 700 | 20% | 50 050 | 17% |
| Capital multi-year expenditure sub-total | 268 860 | 100% | 209 375 | 100% | 254 098 | 99% | 295 334 | 100% |

For 2012/13 an amount of R208 million has been appropriated for the development of infrastructure which represents 99 per cent of the total capital budget. In the outer years this amount totals R201 million, 79 per cent and R244 million, 83 per cent respectively for each of the financial years.

Total new assets represent 93.4 per cent or R195million of the total capital budget while asset renewal equates to 5.6 per cent or R13, 7million. Further detail relating to asset classes and proposed capital expenditure is contained in Table MBRR A9 (Asset Management). In addition to the MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Refer to table MBRR SA36 for the detailed listing of the capital projects.

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.

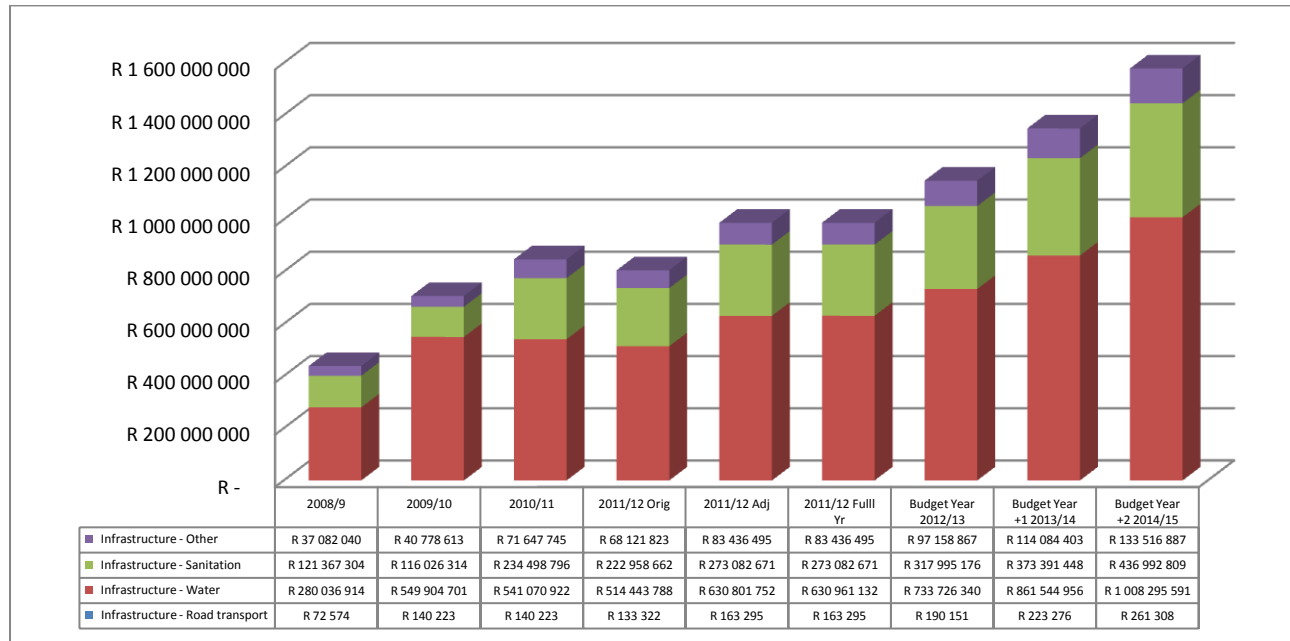


Figure 2 Capital Infrastructure Programme

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 MBRR SA35. This table shows that future operational costs associated with the capital programme totals R31 million in 2012/13 and escalates to R35 million by 2013/14. This concomitant operational expenditure is expected to escalate to R40 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 - Parent Municipality

The following 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 14 MBRR Table A1 - Budget Summary

| DC43 Sisonke - Table A1 Budget Summary | | | | | | | | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------------------|------------------------|------------------------|
| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & | | |
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousands | | | | | | | | | |
| Financial Performance | | | | | | | | | |
| Property rates | - | 78 | 194 | - | - | - | - | - | - |
| Service charges | 24 507 | 35 844 | 31 592 | 41 000 | 33 130 | 33 130 | 35 780 | 38 642 | 41 734 |
| Investment revenue | 10 513 | 6 639 | 5 655 | 10 000 | 1 618 | 1 618 | 3 345 | 3 546 | 3 794 |
| Transfers recognised - operational | 141 318 | 202 816 | 165 227 | 192 531 | 195 051 | 195 051 | 217 600 | 233 853 | 240 185 |
| Other own revenue | 886 | 797 | 1 678 | 28 519 | 31 111 | 31 111 | 19 955 | 21 106 | 25 012 |
| Total Revenue (excluding capital transfers and contributions) | 177 224 | 246 174 | 204 345 | 272 050 | 260 910 | 260 910 | 276 679 | 297 147 | 310 725 |
| Employee costs | 41 913 | 47 965 | 56 108 | 74 079 | 74 079 | 74 079 | 81 083 | 85 231 | 89 222 |
| Remuneration of councillors | 3 590 | 4 041 | 4 051 | 5 037 | 5 037 | 5 037 | 5 541 | 5 984 | 6 463 |
| Depreciation & asset impairment | 31 732 | 18 651 | 19 812 | 36 750 | 21 200 | 21 200 | 23 000 | 24 219 | 25 406 |
| Finance charges | 647 | 868 | 843 | 5 406 | 3 906 | 3 906 | 3 042 | 3 204 | 3 361 |
| Materials and bulk purchases | 3 379 | 7 566 | 6 998 | 7 200 | 7 200 | 7 200 | 7 500 | 7 898 | 8 284 |
| Transfers and grants | 1 789 | 22 303 | 11 482 | 16 500 | - | - | - | - | - |
| Other expenditure | 55 410 | 130 652 | 161 445 | 159 577 | 154 851 | 154 851 | 109 957 | 111 102 | 116 812 |
| Total Expenditure | 138 461 | 232 046 | 260 737 | 304 550 | 266 274 | 266 274 | 230 123 | 237 637 | 249 547 |
| Surplus/(Deficit) | 38 763 | 14 127 | (56 392) | (32 500) | (5 364) | (5 364) | 46 556 | 59 511 | 61 178 |
| Transfers recognised - capital | 105 136 | 98 720 | 128 661 | 179 647 | 202 114 | 202 114 | 183 745 | 195 240 | 238 130 |
| Contributions recognised - capital & contributed assets | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | 143 899 | 112 848 | 72 270 | 147 147 | 196 750 | 196 750 | 230 301 | 254 751 | 299 308 |
| Share of surplus/ (deficit) of associate | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) for the year | 143 899 | 112 848 | 72 270 | 147 147 | 196 750 | 196 750 | 230 301 | 254 751 | 299 308 |
| Capital expenditure & funds sources | | | | | | | | | |
| Capital expenditure | 118 307 | 128 689 | 152 003 | 294 808 | 268 860 | 217 950 | 209 375 | 254 098 | 295 334 |
| Transfers recognised - capital | 118 307 | 118 145 | 135 412 | 179 647 | 217 950 | 217 950 | 209 375 | 254 098 | 289 334 |
| Public contributions & donations | - | - | - | - | - | - | - | - | - |
| Borrowing | - | - | 16 591 | 110 910 | 50 910 | - | - | - | - |
| Internally generated funds | - | 10 544 | - | 4 250 | - | - | - | - | 6 000 |
| Total sources of capital funds | 118 307 | 128 689 | 152 003 | 294 808 | 268 860 | 217 950 | 209 375 | 254 098 | 295 334 |
| Financial position | | | | | | | | | |
| Total current assets | 174 773 | 123 501 | 46 966 | 171 367 | 29 968 | 29 968 | 52 828 | 65 921 | 78 479 |
| Total non current assets | 503 641 | 786 437 | 974 514 | 1 220 025 | 1 133 368 | 1 082 458 | 1 319 593 | 1 549 472 | 1 813 400 |
| Total current liabilities | 94 375 | 111 940 | 121 258 | 78 570 | 83 570 | 83 570 | 30 183 | 39 761 | 47 910 |
| Total non current liabilities | 6 127 | 12 192 | 42 608 | 110 910 | 56 452 | 33 833 | 31 973 | 29 009 | 26 107 |
| Community wealth/Equity | 577 912 | 785 807 | 857 614 | 1 201 912 | 1 023 314 | 995 023 | 1 310 265 | 1 546 623 | 1 817 863 |
| Cash flows | | | | | | | | | |
| Net cash from (used) operating | 139 186 | 185 157 | 98 602 | 156 810 | 145 437 | 166 558 | 247 695 | 272 874 | 318 101 |
| Net cash from (used) investing | (111 733) | (205 270) | (104 491) | (231 631) | (211 972) | (161 062) | (214 375) | (256 598) | (291 834) |
| Net cash from (used) financing | (14 141) | 3 294 | 1 435 | 65 395 | 46 771 | (4 140) | (3 765) | (3 564) | (3 740) |
| Cash/cash equivalents at the year end | 21 416 | 4 597 | 144 | 28 070 | (19 621) | 1 500 | 31 055 | 43 768 | 66 294 |

| DC43 Sisonke - Table A1 Budget Summary | | | | | | | | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------------------|------------------------|------------------------|
| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & | | |
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Cash backing/surplus reconciliation | | | | | | | | | |
| Cash and investments available | 138 402 | 114 429 | 7 058 | 138 070 | 6 945 | 6 945 | 34 236 | 44 447 | 64 471 |
| Application of cash and investments | (146 376) | 104 154 | 89 050 | 51 348 | 55 995 | 55 995 | 9 347 | 16 645 | 31 445 |
| Balance - surplus (shortfall) | 284 778 | 10 275 | (81 992) | 86 722 | (49 050) | (49 050) | 24 888 | 27 802 | 33 026 |
| Asset management | | | | | | | | | |
| Asset register summary (WDV) | 503 641 | 786 437 | 974 514 | 1 220 025 | 1 133 368 | 1 082 458 | 1 319 593 | 1 549 472 | 1 813 400 |
| Depreciation & asset impairment | 31 732 | 18 651 | 19 812 | 36 750 | 21 200 | 21 200 | 23 000 | 24 219 | 25 406 |
| Renewal of Existing Assets | - | 46 513 | 16 725 | 52 200 | 4 050 | 4 050 | 13 709 | 16 486 | - |
| Repairs and Maintenance | 38 043 | 51 900 | - | 58 987 | 58 987 | 58 987 | 62 526 | 66 278 | 70 254 |
| Free services | | | | | | | | | |
| Cost of Free Basic Services provided | 5 382 | 5 980 | 5 980 | 6 924 | 6 924 | 6 924 | 7 478 | 8 076 | 8 722 |
| Revenue cost of free services provided | 60 892 | 62 134 | 65 863 | 69 814 | 69 814 | 69 814 | 75 399 | 81 431 | 87 946 |
| Households below minimum service level | | | | | | | | | |
| Water: | 45 | 33 | 34 | 32 | 27 | 27 | 23 | 21 | 17 |
| Sanitation/sewerage: | 2 | - | - | - | - | - | - | - | - |

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Sisonke district municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasizes the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a) The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b) Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Internally generated funds is financed from a combination of the current operating surplus and VAT refunds on Conditional Grants. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF

there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2013/14, when a small surplus is reflected.

- Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2013/14 the water backlog will have been very nearly eliminated.

Table 15 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

| DC43 Sisonke - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification) | | | | | | | | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------------------|------------------------|------------------------|
| Standard Classification Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & | | |
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Revenue - Standard | | | | | | | | | |
| <i>Governance and administration</i> | 142 510 | 160 877 | 169 185 | 227 540 | 218 571 | 218 571 | 229 105 | 245 323 | 266 809 |
| Executive and council | 1 269 | 1 087 | 511 | - | 913 | 913 | - | - | - |
| Budget and treasury office | 140 779 | 159 190 | 168 581 | 223 440 | 217 658 | 217 658 | 229 105 | 245 323 | 266 809 |
| Corporate services | 462 | 600 | 93 | 4 100 | - | - | - | - | - |
| <i>Economic and environmental services</i> | 295 | 103 | 13 160 | 3 000 | 9 085 | 9 085 | 400 | 1 700 | 210 |
| Planning and development | 295 | 103 | 13 160 | 3 000 | 9 085 | 9 085 | 400 | 1 700 | 210 |
| <i>Trading services</i> | 139 554 | 183 914 | 150 662 | 221 157 | 235 367 | 235 367 | 230 919 | 245 364 | 281 836 |
| Water | 24 507 | 35 844 | 31 592 | 41 322 | 33 452 | 33 452 | 45 698 | 48 260 | 41 734 |
| Waste water management | 115 047 | 148 071 | 119 070 | 179 835 | 201 916 | 201 916 | 185 521 | 197 104 | 240 102 |
| Total Revenue - Standard | 282 360 | 344 894 | 333 007 | 451 697 | 463 024 | 463 024 | 460 424 | 492 387 | 548 855 |
| | | | | | | | | | |
| Expenditure - Standard | | | | | | | | | |
| <i>Governance and administration</i> | 52 162 | 115 689 | 133 356 | 156 372 | 136 699 | 136 699 | 116 568 | 122 746 | 128 761 |
| Executive and council | 16 140 | 23 103 | 45 704 | 49 605 | 44 343 | 44 343 | 32 905 | 34 649 | 36 347 |
| Budget and treasury office | 16 433 | 43 823 | 53 688 | 68 813 | 60 495 | 60 495 | 52 189 | 54 955 | 57 648 |
| Corporate services | 19 589 | 48 763 | 33 963 | 37 954 | 31 862 | 31 862 | 31 473 | 33 142 | 34 766 |
| <i>Economic and environmental services</i> | 24 794 | 20 128 | 23 571 | 43 699 | 41 708 | 41 708 | 25 536 | 26 890 | 28 207 |
| Planning and development | 24 794 | 20 128 | 23 571 | 43 699 | 41 708 | 41 708 | 25 536 | 26 890 | 28 207 |
| <i>Trading services</i> | 61 505 | 96 229 | 103 810 | 104 478 | 87 866 | 87 866 | 88 019 | 88 001 | 92 579 |
| Water | 20 579 | 22 377 | 12 714 | 14 901 | 12 782 | 12 782 | 11 255 | 11 852 | 12 433 |
| Waste water management | 40 926 | 73 852 | 91 096 | 89 577 | 75 085 | 75 085 | 76 764 | 76 149 | 80 146 |
| Total Expenditure - Standard | 138 461 | 232 046 | 260 737 | 304 550 | 266 274 | 266 274 | 230 123 | 237 637 | 249 547 |
| Surplus/(Deficit) for the year | 143 899 | 112 848 | 72 270 | 147 147 | 196 750 | 196 750 | 230 301 | 254 751 | 299 308 |

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

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
- Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

- Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for District, Water and Waste water functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
- Other functions show a deficit between revenue and expenditure are being financed from equitable share and other revenue sources reflected under the Budget and Treasury vote.

Table 16 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

| DC43 Sisonke - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote) | | | | | | | | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------------------|------------------------|------------------------|
| Vote Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & | | |
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Revenue by Vote | | | | | | | | | |
| Vote 1 - Executive & Council | 1 269 | 1 087 | 511 | - | 913 | 913 | - | - | - |
| Vote 2 - Finance | 140 779 | 142 435 | 168 581 | 223 440 | 217 658 | 217 658 | 229 105 | 245 323 | 266 809 |
| Vote 3 - Corporate Services | 462 | 600 | 93 | 4 100 | - | - | - | - | - |
| Vote 4 - Economic &Community Services | 295 | 103 | 13 160 | 3 000 | 9 085 | 9 085 | 400 | 1 700 | 210 |
| Vote 5 - Infrastructure Services | 115 047 | 164 825 | 31 592 | 179 835 | 201 916 | 201 916 | 185 521 | 197 104 | 240 102 |
| Vote 6 - Water Services | 24 507 | 35 844 | 119 070 | 41 322 | 33 452 | 33 452 | 45 398 | 48 260 | 41 734 |
| Total Revenue by Vote | 282 360 | 344 894 | 333 007 | 451 697 | 463 024 | 463 024 | 460 424 | 492 387 | 548 855 |
| Expenditure by Vote to be appropriated | | | | | | | | | |
| Vote 1 - Executive & Council | 16 140 | 33 103 | 45 704 | 49 605 | 44 343 | 44 343 | 32 905 | 34 649 | 36 347 |
| Vote 2 - Finance | 16 433 | 36 168 | 53 688 | 68 813 | 60 495 | 60 495 | 52 189 | 54 955 | 57 648 |
| Vote 3 - Corporate Services | 19 589 | 48 763 | 33 963 | 37 954 | 31 862 | 31 862 | 31 473 | 33 142 | 34 766 |
| Vote 4 - Economic &Community Services | 24 794 | 17 783 | 23 571 | 43 699 | 41 708 | 41 708 | 25 536 | 26 890 | 28 207 |
| Vote 5 - Infrastructure Services | 20 579 | 22 377 | 12 714 | 14 901 | 12 782 | 12 782 | 11 255 | 11 852 | 12 433 |
| Vote 6 - Water Services | 40 926 | 73 852 | 91 096 | 89 577 | 75 085 | 75 085 | 76 764 | 76 149 | 80 146 |
| Total Expenditure by Vote | 138 461 | 232 046 | 260 737 | 304 550 | 266 274 | 266 274 | 230 123 | 237 637 | 249 547 |
| Surplus/(Deficit) for the year | 143 899 | 112 848 | 72 270 | 147 147 | 196 750 | 196 750 | 230 301 | 254 751 | 299 308 |

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

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

Table 17 Surplus/ (Deficit) calculations for the trading services

| DC43 Sisonke - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote) | | | | | | | | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------------------|------------------------|------------------------|
| Vote Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & | | |
| R thousand | 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 |
| Water | | | | | | | | | |
| Total Revenue | 24 507 | 35 844 | 119 070 | 41 322 | 33 452 | 33 452 | 45 398 | 48 260 | 41 734 |
| Operating Expenditure | 40 926 | 73 852 | 91 096 | 89 577 | 75 085 | 75 085 | 76 764 | 76 149 | 80 146 |
| Surplus/(Deficit) for the year | (16 419) | (38 009) | 27 974 | (48 255) | (41 633) | (41 633) | (31 366) | (27 889) | (38 413) |
| Percentage Surplus | -67% | -106% | 23% | -117% | -124% | -124% | -69% | -58% | -92% |

2. The municipality currently operates on a deficit in its trading services. This is largely attributable to higher percentage increase in the input cost as compared to the increase in tariffs. The municipality is currently reviewing the costing of the tariff structure with a view to recovering the cost of providing these services and also ensuring financial sustainability.

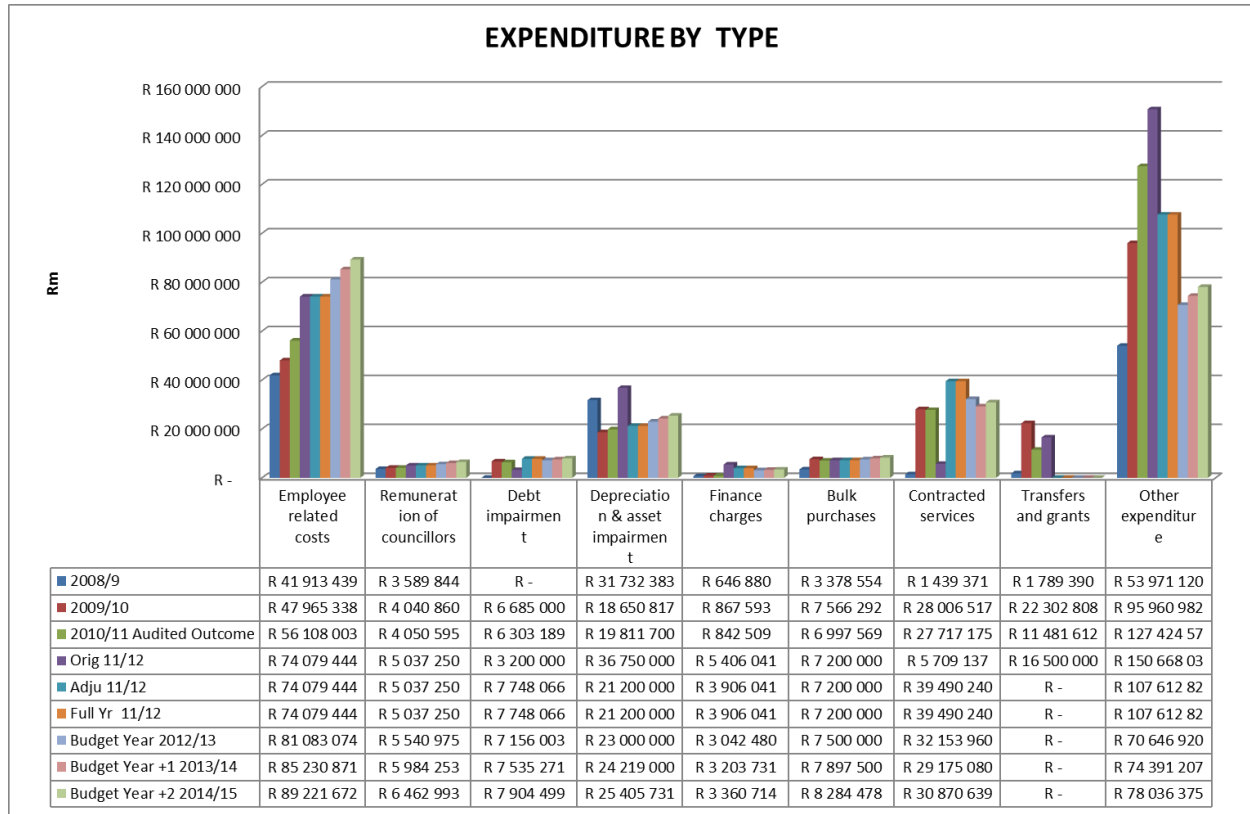
Table 18 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

| DC43 Sisonke - Table A4 Budgeted Financial Performance (revenue and expenditure) | | | | | | | | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------------------|------------------------|------------------------|
| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & | | |
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Revenue By Source | | | | | | | | | |
| Property rates | - | 78 | 194 | - | - | - | - | - | - |
| Service charges - water revenue | 17 342 | 23 657 | 16 887 | 27 060 | 23 853 | 23 853 | 25 762 | 27 823 | 30 048 |
| Service charges - sanitation revenue | 7 164 | 12 187 | 14 705 | 13 940 | 9 276 | 9 276 | 10 018 | 10 820 | 11 685 |
| Rental of facilities and equipment | 79 | 80 | 82 | - | - | - | - | - | - |
| Interest earned - external investments | 10 513 | 6 639 | 5 655 | 10 000 | 1 618 | 1 618 | 3 345 | 3 546 | 3 794 |
| Transfers recognised - operational | 141 318 | 202 816 | 165 227 | 192 531 | 195 051 | 195 051 | 217 600 | 233 853 | 240 185 |
| Other revenue | 807 | 716 | 1 595 | 28 519 | 31 111 | 31 111 | 19 955 | 21 106 | 25 012 |
| Gains on disposal of PPE | - | 1 | - | - | - | - | - | - | - |
| Total Revenue (excluding capital transfers and contributions) | 177 223 | 246 174 | 204 345 | 272 050 | 260 910 | 260 910 | 276 679 | 297 147 | 310 725 |
| Expenditure By Type | | | | | | | | | |
| Employee related costs | 41 913 | 47 965 | 56 108 | 74 079 | 74 079 | 74 079 | 81 083 | 85 231 | 89 222 |
| Remuneration of councillors | 3 590 | 4 041 | 4 051 | 5 037 | 5 037 | 5 037 | 5 541 | 5 984 | 6 463 |
| Debt impairment | 5 300 | 6 685 | 6 303 | 3 200 | 7 748 | 7 748 | 7 156 | 7 535 | 7 904 |
| Depreciation & asset impairment | 31 732 | 18 651 | 19 812 | 36 750 | 21 200 | 21 200 | 23 000 | 24 219 | 25 406 |
| Finance charges | 647 | 868 | 843 | 5 406 | 3 906 | 3 906 | 3 042 | 3 204 | 3 361 |
| Bulk purchases | 3 379 | 7 566 | 6 998 | 7 200 | 7 200 | 7 200 | 7 500 | 7 898 | 8 284 |
| Contracted services | 1 439 | 28 007 | 27 717 | 5 709 | 39 490 | 39 490 | 32 154 | 29 175 | 30 871 |
| Transfers and grants | 1 789 | 22 303 | 11 482 | 16 500 | - | - | - | - | - |
| Other expenditure | 48 671 | 95 961 | 127 425 | 150 668 | 107 613 | 107 613 | 70 647 | 74 391 | 78 036 |
| Total Expenditure | 138 461 | 232 046 | 260 737 | 304 550 | 266 274 | 266 274 | 230 123 | 237 637 | 249 547 |
| Surplus/(Deficit) | 38 763 | 14 127 | (56 392) | (32 500) | (5 364) | (5 364) | 46 556 | 59 511 | 61 178 |
| Transfers recognised - capital | 105 136 | 98 720 | 128 661 | 179 647 | 202 114 | 202 114 | 183 745 | 195 240 | 238 130 |
| Surplus/(Deficit) after capital transfers & contributions | 143 899 | 112 848 | 72 270 | 147 147 | 196 750 | 196 750 | 230 301 | 254 751 | 299 308 |
| Surplus/(Deficit) after taxation | 143 899 | 112 848 | 72 270 | 147 147 | 196 750 | 196 750 | 230 301 | 254 751 | 299 308 |
| Surplus/(Deficit) attributable to municipality | 143 899 | 112 848 | 72 270 | 147 147 | 196 750 | 196 750 | 230 301 | 254 751 | 299 308 |
| Surplus/(Deficit) for the year | 143 899 | 112 848 | 72 270 | 147 147 | 196 750 | 196 750 | 230 301 | 254 751 | 299 308 |

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

1. Total revenue is R276.6 million in 2012/13 and escalates to R297.1 million by 2013/14. This represents a year-on-year increase of 6 per cent for the 2012/13 financial year and 7.4 per cent for the 2013/14 and 4.6 % in 2014/15 financial year.
2. Services charges relating to water and sanitation constitutes the biggest component of the own revenue basket of the district totaling R35.7 million for the 2012/13 financial year and increasing to R38.6 million by 2013/14. For the 2012/13 financial year services charges amount to 13 per cent of the total revenue and also over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of water.
3. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF to 11.6 per cent and 10.2 per cent for the two outer years.
4. The following graph illustrates the major expenditure items per type.

Figure 3 Expenditure by major type



5. Bulk purchases have significantly increased over the 2008/9 to 2012/14 period escalating from R3.3 Million to R8.2 Million. These increases can be attributed to the substantial increase in the cost of water from Umngeni Water.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 19 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

| DC43 Sisonke - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding | | | | | | | | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------------------|------------------------|------------------------|
| Vote Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & | | |
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Capital expenditure - Vote | | | | | | | | | |
| Multi-year expenditure to be appropriated | | | | | | | | | |
| Vote 1 - Executive & Council | - | - | - | 200 | 200 | 200 | - | - | - |
| Vote 3 - Corporate Services | 363 | 4 082 | 9 563 | 1 550 | 1 510 | 1 510 | 1 100 | 1 158 | 1 154 |
| Vote 4 - Economic & Community Services | 709 | 6 871 | 15 777 | 4 000 | 4 000 | 4 000 | - | - | - |
| Vote 5 - Infrastructure Services | 115 394 | 116 738 | 125 176 | 289 058 | 263 150 | 212 240 | 208 275 | 201 240 | 244 130 |
| Vote 6 - Water Services | 1 841 | 998 | 1 487 | - | - | - | - | 51 700 | 50 050 |
| Capital multi-year expenditure sub-total | 118 307 | 128 689 | 152 003 | 294 808 | 268 860 | 217 950 | 209 375 | 254 098 | 295 334 |
| Total Capital Expenditure - Vote | 118 307 | 128 689 | 152 003 | 294 808 | 268 860 | 217 950 | 209 375 | 254 098 | 295 334 |
| Capital Expenditure - Standard | | | | | | | | | |
| Governance and administration | 363 | 4 082 | 9 563 | 1 750 | 1 710 | 1 710 | 1 100 | 1 158 | 1 154 |
| Executive and council | - | - | - | 200 | 200 | 200 | - | - | - |
| Corporate services | 363 | 4 082 | 9 563 | 1 550 | 1 510 | 1 510 | 1 100 | 1 158 | 1 154 |
| Economic and environmental services | 709 | 6 871 | 15 777 | 4 000 | 4 000 | 4 000 | - | - | - |
| Planning and development | 709 | 6 871 | 15 777 | 4 000 | 4 000 | 4 000 | - | - | - |
| Trading services | 117 236 | 117 736 | 126 663 | 289 058 | 263 150 | 212 240 | 208 275 | 252 940 | 294 180 |
| Water | 1 841 | 998 | 1 487 | - | - | - | - | 51 700 | 50 050 |
| Waste water management | 115 394 | 116 738 | 125 176 | 289 058 | 263 150 | 212 240 | 208 275 | 201 240 | 244 130 |
| Total Capital Expenditure - Standard | 118 307 | 128 689 | 152 003 | 294 808 | 268 860 | 217 950 | 209 375 | 254 098 | 295 334 |
| Funded by: | | | | | | | | | |
| National Government | 80 400 | 83 145 | 99 193 | 132 000 | 160 407 | 160 407 | 209 375 | 254 098 | 289 334 |
| Provincial Government | 37 907 | 35 000 | 36 220 | 47 647 | 57 543 | 57 543 | - | - | - |
| Transfers recognised - capital | 118 307 | 118 145 | 135 412 | 179 647 | 217 950 | 217 950 | 209 375 | 254 098 | 289 334 |
| Borrowing | - | - | 16 591 | 110 910 | 50 910 | - | - | - | - |
| Internally generated funds | - | 10 544 | - | 4 250 | - | - | - | - | 6 000 |
| Total Capital Funding | 118 307 | 128 689 | 152 003 | 294 808 | 268 860 | 217 950 | 209 375 | 254 098 | 295 334 |

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

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year appropriation); 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.
- 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 R208 million has been allocated of the total R209 million infrastructural budget, which totals 99 per cent. This capital budget allocation escalates to R252 million in 2013/14 and then flattens out to R294 million in 2014/15 owing primarily to the fact that various projects reach completion in 2013/14 hence the spike in expenditure in year two.
- Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the District. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

4. The capital programme is funded mainly from national and provincial grants and subsidies. For 2012/13, capital transfers totals R183 million and escalates to R238 million by 2014/15. No borrowing applications are expected to result in the MTREF. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 20 MBRR Table A6 - Budgeted Financial Position

| DC43 Sisonke - Table A6 Budgeted Financial Position | | | | | | | | | |
|---|-----------------|-----------------|------------------|----------------------|------------------|--------------------|-------------------------------|------------------------|------------------------|
| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & | | |
| R thousand | 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 |
| ASSETS | | | | | | | | | |
| Current assets | | | | | | | | | |
| Cash | 21 416 | 4 597 | 144 | 28 070 | 1 945 | 1 945 | 24 236 | 31 947 | 49 471 |
| Call investment deposits | 116 986 | 109 832 | 6 914 | 110 000 | 5 000 | 5 000 | 10 000 | 12 500 | 15 000 |
| Consumer debtors | 9 490 | 2 512 | 5 310 | 23 333 | 13 058 | 13 058 | 10 242 | 12 707 | 4 802 |
| Other debtors | 26 850 | 6 510 | 34 543 | 9 965 | 9 965 | 9 965 | 8 350 | 8 768 | 9 206 |
| Inventory | 30 | 50 | 54 | - | - | - | - | - | - |
| Total current assets | 174 773 | 123 501 | 46 966 | 171 367 | 29 968 | 29 968 | 52 828 | 65 921 | 78 479 |
| Non current assets | | | | | | | | | |
| Property, plant and equipment | 503 641 | 785 573 | 973 810 | 1 219 875 | 1 133 218 | 1 082 308 | 1 319 593 | 1 549 472 | 1 813 400 |
| Intangible | - | 864 | 704 | 150 | 150 | 150 | - | - | - |
| Total non current assets | 503 641 | 786 437 | 974 514 | 1 220 025 | 1 133 368 | 1 082 458 | 1 319 593 | 1 549 472 | 1 813 400 |
| TOTAL ASSETS | 678 414 | 909 939 | 1 021 480 | 1 391 392 | 1 163 336 | 1 112 425 | 1 372 420 | 1 615 393 | 1 891 879 |
| LIABILITIES | | | | | | | | | |
| Current liabilities | | | | | | | | | |
| Borrowing | 950 | 1 534 | 4 191 | 1 850 | 1 850 | 1 850 | 3 774 | 3 573 | 3 373 |
| Consumer deposits | 605 | 723 | 787 | 848 | 848 | 848 | 857 | 847 | 836 |
| Trade and other payables | 89 524 | 105 452 | 111 301 | 71 200 | 76 200 | 76 200 | 20 555 | 30 000 | 38 000 |
| Provisions | 3 296 | 4 231 | 4 978 | 4 672 | 4 672 | 4 672 | 4 997 | 5 341 | 5 701 |
| Total current liabilities | 94 375 | 111 940 | 121 258 | 78 570 | 83 570 | 83 570 | 30 183 | 39 761 | 47 910 |
| Non current liabilities | | | | | | | | | |
| Borrowing | 6 127 | 7 933 | 37 067 | 110 910 | 50 910 | 28 291 | 25 878 | 22 304 | 18 731 |
| Provisions | - | 4 259 | 5 541 | - | 5 541 | 5 541 | 6 095 | 6 705 | 7 375 |
| Total non current liabilities | 6 127 | 12 192 | 42 608 | 110 910 | 56 452 | 33 833 | 31 973 | 29 009 | 26 107 |
| TOTAL LIABILITIES | 80 502 | 124 132 | 163 866 | 189 480 | 140 021 | 89 111 | 62 156 | 68 770 | 74 016 |
| NET ASSETS | 577 912 | 785 807 | 857 614 | 1 201 912 | 1 023 314 | 995 023 | 1 310 265 | 1 546 623 | 1 817 863 |
| COMMUNITY WEALTH/EQUITY | | | | | | | | | |
| Accumulated Surplus/(Deficit) | 577 912 | 785 807 | 857 614 | 1 201 912 | 1 023 314 | 995 023 | 1 310 265 | 1 546 623 | 1 817 863 |
| TOTAL COMMUNITY WEALTH/EQUITY | 577 912 | 785 807 | 857 614 | 1 201 912 | 1 023 314 | 995 023 | 1 310 265 | 1 546 623 | 1 817 863 |

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 63 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 21 MBRR Table A7 - Budgeted Cash Flow Statement

| DC43 Sisonke - Table A7 Budgeted Cash Flows | | | | | | | | | |
|--|------------------|------------------|------------------|----------------------|------------------|--------------------|-------------------------------|------------------------|------------------------|
| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & | | |
| R thousand | 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 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Ratepayers and other | 167 142 | 22 500 | 22 864 | 51 200 | 69 414 | 69 414 | 48 579 | 52 020 | 58 399 |
| Government - operating | 121 203 | 165 175 | 167 780 | 191 031 | 186 242 | 186 242 | 217 600 | 233 853 | 240 185 |
| Government - capital | 107 729 | 117 072 | 118 918 | 150 585 | 174 662 | 174 662 | 183 745 | 195 240 | 238 130 |
| Interest | 10 513 | 6 639 | 5 655 | 10 000 | 1 880 | 1 880 | 3 345 | 3 546 | 3 794 |
| Payments | | | | | | | | | |
| Suppliers and employees | (266 754) | (125 361) | (215 374) | (240 600) | (282 843) | (261 723) | (202 531) | (208 581) | (219 046) |
| Finance charges | (647) | (868) | (1 240) | (5 406) | (3 917) | (3 917) | (3 042) | (3 204) | (3 361) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 139 186 | 185 157 | 98 602 | 156 810 | 145 437 | 166 558 | 247 695 | 272 874 | 318 101 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Proceeds on disposal of PPE | - | 1 | - | - | - | - | - | - | - |
| Decrease (increase) in non-current investments | (27 360) | 7 154 | 102 918 | 17 500 | 5 977 | 5 977 | - | - | - |
| Payments | | | | | | | | | |
| Capital assets | (84 373) | (212 425) | (207 409) | (249 131) | (217 950) | (167 039) | (214 375) | (256 598) | (291 834) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (111 733) | (205 270) | (104 491) | (231 631) | (211 972) | (161 062) | (214 375) | (256 598) | (291 834) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Borrowing long term/refinancing | 353 | 4 173 | 2 430 | 110 910 | 50 910 | - | - | - | - |
| Increase (decrease) in consumer deposits | 156 | - | - | - | - | - | 9 | 10 | 12 |
| Payments | | | | | | | | | |
| Repayment of borrowing | (14 649) | (879) | (994) | (45 516) | (4 140) | (4 140) | (3 774) | (3 573) | (3 752) |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | (14 141) | 3 294 | 1 435 | 65 395 | 46 771 | (4 140) | (3 765) | (3 564) | (3 740) |
| NET INCREASE/ (DECREASE) IN CASH HELD | 13 313 | (16 819) | (4 453) | (9 426) | (19 764) | 1 356 | 29 555 | 12 712 | 22 527 |
| Cash/cash equivalents at the year begin: | 8 103 | 21 416 | 4 597 | 37 496 | 144 | 144 | 1 500 | 31 055 | 43 768 |
| Cash/cash equivalents at the year end: | 21 416 | 4 597 | 144 | 28 070 | (19 621) | 1 500 | 31 055 | 43 768 | 66 294 |

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 Sisonke fell significantly over the 2008/09 to 2010/11 period owing directly to a net decrease in cash for the 2008/09 financial year.
4. As part of the 2011/12 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations and rationalisation of spending priorities.
5. The 2012/13 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
6. Cash and cash equivalents totals R31 million as at the end of the 2012/13 financial year and escalates to R66 million by 2014/15.

Table 22 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

| DC43 Sisonke - Table A8 Cash backed reserves/accumulated surplus reconciliation | | | | | | | | | |
|---|------------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------------------|------------------------|------------------------|
| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & | | |
| R thousand | 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 |
| Cash and investments available | | | | | | | | | |
| Cash/cash equivalents at the year end | 21 416 | 4 597 | 144 | 28 070 | (19 621) | 1 500 | 31 055 | 43 768 | 66 294 |
| Other current investments > 90 days | 116 986 | 109 832 | 6 914 | 110 000 | 26 565 | 5 445 | 3 180 | 679 | (1 824) |
| Cash and investments available: | 138 402 | 114 429 | 7 058 | 138 070 | 6 945 | 6 945 | 34 236 | 44 447 | 64 471 |
| Application of cash and investments | | | | | | | | | |
| Unspent conditional transfers | 87 371 | 68 081 | 60 891 | 20 555 | 30 000 | 40 000 | - | - | - |
| Other working capital requirements | (237 042) | 31 842 | 23 180 | 26 121 | 21 323 | 11 323 | 4 350 | 11 304 | 25 744 |
| Other provisions | 3 296 | 4 231 | 4 978 | 4 672 | 4 672 | 4 672 | 4 997 | 5 341 | 5 701 |
| Total Application of cash and investm | (146 376) | 104 154 | 89 050 | 51 348 | 55 995 | 55 995 | 9 347 | 16 645 | 31 445 |
| Surplus(shortfall) | 284 778 | 10 275 | (81 992) | 86 722 | (49 050) | (49 050) | 24 888 | 27 802 | 33 026 |

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 2010/11 to 2014/15 the surplus escalates from R24.9 million to R33 million
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2011/12 Draft Budget MTREF was not funded owing to the significant deficit.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2012/13 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
8. According to this schedule, The 2012/13 draft budget is funded.

Table 23 MBRR Table A9 - Asset Management

| DC43 Sisonke - Table A9 Asset Management | | | | | | | | | |
|---|-----------------|-----------------|-----------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure | | |
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| CAPITAL EXPENDITURE | | | | | | | | | |
| Total New Assets | 118 307 | 82 177 | 135 278 | 242 608 | 264 810 | 213 900 | 195 665 | 237 613 | 295 334 |
| Infrastructure - Road transport | 800 | - | - | - | 5 121 | 5 121 | - | - | - |
| Infrastructure - Electricity | 14 640 | - | - | 6 000 | 7 852 | 7 852 | 5 000 | - | - |
| Infrastructure - Water | 62 415 | 63 445 | 108 393 | 166 467 | 171 869 | 135 483 | 133 885 | 166 742 | 241 372 |
| Infrastructure - Sanitation | 26 943 | - | - | 58 390 | 68 609 | 54 084 | 48 289 | 35 512 | 31 808 |
| Infrastructure - Other | 2 000 | 473 | 58 | - | 2 650 | 2 650 | 1 400 | 19 500 | 15 000 |
| Infrastructure | 106 798 | 63 918 | 108 451 | 230 858 | 256 100 | 205 190 | 188 574 | 221 754 | 288 180 |
| Community | 2 000 | 1 462 | 15 777 | - | - | - | - | - | - |
| Other assets | 9 109 | 16 797 | 11 051 | 11 600 | 8 560 | 8 560 | 7 091 | 15 858 | 7 154 |
| Intangibles | 400 | - | - | 150 | 150 | 150 | - | - | - |
| Total Renewal of Existing Assets | - | 46 513 | 16 725 | 52 200 | 4 050 | 4 050 | 13 709 | 16 486 | - |
| Infrastructure - Water | - | 46 513 | 16 725 | 43 700 | 4 050 | 4 050 | 10 187 | 8 217 | - |
| Infrastructure - Sanitation | - | - | - | 8 500 | - | - | 3 522 | 1 269 | - |
| Infrastructure - Other | - | - | - | - | - | - | - | 3 000 | - |
| Infrastructure | - | 46 513 | 16 725 | 52 200 | 4 050 | 4 050 | 13 709 | 12 486 | - |
| Other assets | - | - | - | - | - | - | - | 4 000 | - |
| Total Capital Expenditure | | | | | | | | | |
| Infrastructure - Road transport | 800 | - | - | - | 5 121 | 5 121 | - | - | - |
| Infrastructure - Electricity | 14 640 | - | - | 6 000 | 7 852 | 7 852 | 5 000 | - | - |
| Infrastructure - Water | 62 415 | 109 958 | 125 118 | 210 167 | 175 919 | 139 533 | 144 072 | 174 959 | 241 372 |
| Infrastructure - Sanitation | 26 943 | - | - | 66 890 | 68 609 | 54 084 | 51 812 | 36 781 | 31 808 |
| Infrastructure - Other | 2 000 | 473 | 58 | - | 2 650 | 2 650 | 1 400 | 22 500 | 15 000 |
| Infrastructure | 106 798 | 110 431 | 125 176 | 283 058 | 260 150 | 209 240 | 202 283 | 234 240 | 288 180 |
| Community | 2 000 | 1 462 | 15 777 | - | - | - | - | - | - |
| Other assets | 9 109 | 16 797 | 11 051 | 11 600 | 8 560 | 8 560 | 7 091 | 19 858 | 7 154 |
| Intangibles | 400 | - | - | 150 | 150 | 150 | - | - | - |
| TOTAL CAPITAL EXPENDITURE - Asset class | 118 307 | 128 689 | 152 003 | 294 808 | 268 860 | 268 860 | 209 375 | 254 098 | 295 334 |
| ASSET REGISTER SUMMARY - PPE (WDV) | | | | | | | | | |
| Infrastructure - Road transport | 73 | 140 | 140 | 133 | 163 | 163 | 190 | 223 | 261 |
| Infrastructure - Water | 280 037 | 549 905 | 541 071 | 514 444 | 630 802 | 580 051 | 733 726 | 861 545 | 1 008 296 |
| Infrastructure - Sanitation | 121 367 | 116 026 | 234 499 | 222 959 | 273 083 | 273 083 | 317 995 | 373 391 | 436 993 |
| Infrastructure - Other | 37 082 | 40 779 | 71 648 | 68 122 | 83 436 | 83 436 | 97 159 | 114 084 | 133 517 |
| Infrastructure | 438 559 | 706 850 | 847 358 | 805 658 | 987 484 | 936 733 | 1 149 071 | 1 349 244 | 1 579 067 |
| Community | 19 510 | 22 570 | 37 695 | 35 840 | 43 897 | 43 897 | 51 117 | 60 022 | 70 246 |
| Other assets | 45 573 | 56 154 | 88 757 | 378 377 | 101 836 | 101 677 | 119 405 | 140 206 | 164 088 |
| Intangibles | - | 864 | 704 | 150 | 150 | 150 | - | - | - |
| TOTAL ASSET REGISTER SUMMARY - PPE (WDV) | 503 641 | 786 437 | 974 514 | 1 220 025 | 1 133 368 | 1 133 368 | 1 319 593 | 1 549 472 | 1 813 400 |
| EXPENDITURE OTHER ITEMS | | | | | | | | | |
| Depreciation & asset impairment | 31 732 | 18 651 | 19 812 | 36 750 | 21 200 | 21 200 | 23 000 | 24 219 | 25 406 |
| Repairs and Maintenance by Asset Class | 38 043 | 51 900 | - | 58 987 | 58 987 | 58 987 | 62 526 | 66 278 | 70 254 |
| Infrastructure - Road transport | - | - | - | 105 | 105 | 105 | 111 | 118 | 125 |
| Infrastructure - Water | 19 713 | 28 960 | - | 34 081 | 34 081 | 34 081 | 36 126 | 38 294 | 40 591 |
| Infrastructure - Sanitation | 17 639 | 21 920 | - | 23 501 | 23 501 | 23 501 | 24 911 | 26 405 | 27 990 |
| Infrastructure | 37 352 | 50 880 | - | 57 687 | 57 687 | 57 687 | 61 148 | 64 817 | 68 706 |
| Other assets | 691 | 1 020 | - | 1 300 | 1 300 | 1 300 | 1 378 | 1 461 | 1 548 |
| TOTAL EXPENDITURE OTHER ITEMS | 69 776 | 70 551 | 19 812 | 95 737 | 80 187 | 80 187 | 85 526 | 90 497 | 95 660 |
| Renewal of Existing Assets as % of total capex | 0.0% | 36.1% | 11.0% | 17.7% | 1.5% | 1.9% | 6.5% | 6.5% | 0.0% |
| Renewal of Existing Assets as % of deprecn" | 0.0% | 249.4% | 84.4% | 142.0% | 19.1% | 19.1% | 59.6% | 68.1% | 0.0% |
| R&M as a % of PPE | 7.6% | 6.6% | 0.0% | 4.8% | 5.2% | 5.5% | 4.7% | 4.3% | 3.9% |
| Renewal and R&M as a % of PPE | 8.0% | 13.0% | 2.0% | 9.0% | 6.0% | 6.0% | 6.0% | 5.0% | 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. Due to the extremely high infrastructure backlogs that exists in our district a huge allocation of the conditional funding arising from prior years multi- year capital budget appropriations has been committed towards new water and sanitation infrastructure. However the revised infrastructure plan will see a shift of more funds being allocated towards the refurbishment of assets as advised by National Treasury.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the district strategy to address the maintenance backlog.

Figure 4 Depreciation in relation to repairs and maintenance over the MTREF

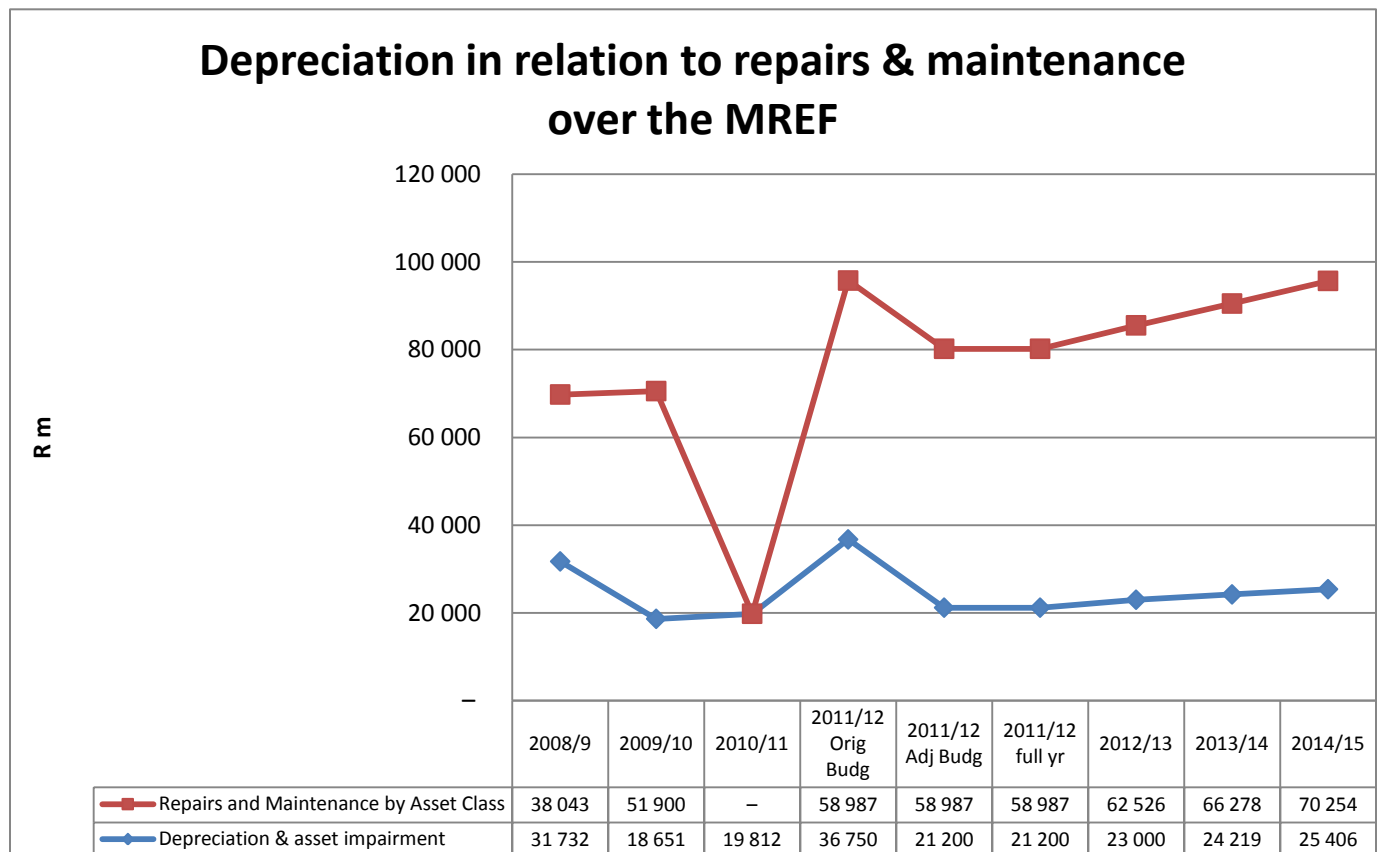


Table 24 MBRR Table A10 - Basic Service Delivery Measurement

| DC43 Sisonke - Table A10 Basic service delivery measurement | | | | | | | | | |
|--|----------------|----------------|----------------|-------------------|-----------------|--------------------|---------------------|------------------------|------------------------|
| Description | 2008/9 | 2009/10 | 2010/11 | rent Year 2011/12 | | | 2012/13 | | |
| | Outcome | Outcome | Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Household service targets | | | | | | | | | |
| Water: | | | | | | | | | |
| Piped water inside dwelling | 26 | 35 | 38 | 43 | 43 | 43 | 45 | 47 | 49 |
| Piped water inside yard (but not in dwelling) | 17 | 16 | 17 | 19 | 19 | 19 | 20 | 21 | 23 |
| Using public tap (at least min.service level) | 22 | 19 | 21 | 23 | 23 | 23 | 24 | 26 | 27 |
| <i>Minimum Service Level and Above sub-total</i> | 65 364 | 70 965 | 76 965 | 85 158 | 85 158 | 85 158 | 89 415 | 93 886 | 98 581 |
| No water supply | 45 | 33 | 34 | 32 | 27 | 27 | 23 | 21 | 17 |
| <i>Below Minimum Service Level sub-total</i> | 45 017 | 32 817 | 33 817 | 32 127 | 27 127 | 27 127 | 23 484 | 20 854 | 17 237 |
| Total number of households | 110 381 | 103 782 | 110 782 | 117 284 | 112 284 | 112 284 | 112 900 | 114 741 | 115 818 |
| Sanitation/sewerage: | | | | | | | | | |
| Flush toilet (connected to sewerage) | 44 | 51 | 55 | 61 | 61 | 61 | 64 | 67 | 70 |
| Flush toilet (with septic tank) | 8 | 11 | 12 | 13 | 13 | 13 | 13 | 14 | 15 |
| Pit toilet (ventilated) | 56 | 43 | 45 | 51 | 51 | 51 | 54 | 56 | 59 |
| <i>Minimum Service Level and Above sub-total</i> | 108 135 | 103 656 | 110 656 | 124 387 | 124 387 | 124 387 | 130 606 | 137 137 | 143 993 |
| <i>Below Minimum Service Level sub-total</i> | 2 245 | - | - | - | - | - | - | - | - |
| Total number of households | 110 381 | 103 656 | 110 656 | 124 387 | 124 387 | 124 387 | 130 606 | 137 137 | 143 993 |
| Households receiving Free Basic Service | | | | | | | | | |
| Water (6 kilolitres per household per month) | 8 | 8 | 9 | 10 | 10 | 10 | 10 | 10 | 10 |
| Cost of Free Basic Services provided (R'000) | | | | | | | | | |
| Water (6 kilolitres per household per month) | 2 867 | 3 186 | 3 186 | 3 689 | 3 689 | 3 689 | 3 984 | 4 303 | 4 647 |
| Sanitation (free sanitation service) | 2 515 | 2 794 | 2 794 | 3 235 | 3 235 | 3 235 | 3 494 | 3 773 | 4 075 |
| Total cost of FBS provided (minimum social package) | 5 382 | 5 980 | 5 980 | 6 924 | 6 924 | 6 924 | 7 478 | 8 076 | 8 722 |
| Highest level of free service provided | | | | | | | | | |
| Water (kilolitres per household per month) | 0 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Revenue cost of free services provided (R'000) | | | | | | | | | |
| Water | 48 068 | 49 049 | 51 992 | 55 111 | 55 111 | 55 111 | 59 520 | 64 282 | 69 424 |
| Sanitation | 12 824 | 13 086 | 13 871 | 14 703 | 14 703 | 14 703 | 15 879 | 17 150 | 18 521 |
| Total revenue cost of free services provided (total social package) | 60 892 | 62 134 | 65 863 | 69 814 | 69 814 | 69 814 | 75 399 | 81 431 | 87 946 |

Explanatory notes to Table A10 - Basic Service Delivery Measurement

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
- The district continues to make good progress with the eradication of backlogs:
 - Water services – The table shows an increase in the number of household accessing water in the MTREF. These households are largely found in ‘reception areas’ and will need to be moved to formal areas so that they can receive services.
 - Sanitation services – backlog will be reduced greatly in the MTREF.
- The budget provides for 9796 households to be registered as indigent in 2012/13, and therefore entitled to receiving Free Basic Services.
- It is anticipated that these Free Basic Services will cost the municipality R7.5 million in the MTREF. This is covered by the municipality’s equitable share allocation from national government.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

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

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

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

2.1.1 Budget Process Overview

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

The Mayor tabled in Council the required the IDP and budget time schedule on 25 August 2011. Key dates applicable to the process were:

- **August 2011** – Joint strategic planning session of the Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2012/13 MTREF;
- **November 2011** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **3 to 7 January 2012** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2012** – Multi-year budget proposals are submitted to the Executive Committee for endorsement;
- **28 January 2012** - Council considers the 2011/12 Mid-year Review and Adjustments Budget;

- **February 2012** - Recommendations of the Executive Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2012/13 MTREF is revised accordingly;
- **29 MARCH 2012** - Tabling in Council of the draft 2012/13 IDP and 2012/13 MTREF for public consultation;
- **April 2012** – Public consultation;
- **6 May 2012** - Closing date for written comments;
- **6 to 21 May 2012** – finalisation of the 2012/13 IDP and 2012/13 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **29 May 2012** - Tabling of the 2012/13 MTREF before Council for consideration and approval.

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

2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the first IDP setting the vision and mission of the newly elected Council. The budget process 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 Sisonke district 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 fifth 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 Modeling 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
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

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

2.1.4 Community Consultation

The draft 2012/13 MTREF as tabled before Council on 29 MARCH 2012 for community consultation was published on the municipality's website, and hard copies were made available at satellite offices, municipal notice boards and various libraries. In addition E-mail notifications were sent to all organisations on the municipality's database, including ratepayer associations, community-based organisations and organised business. The opportunity to give electronic feedback was also communicated on the Sisonke district municipality's website, and the district call centre was engaged in collecting inputs via e-mail, fax and SMS.

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

Ward Committees were utilised to facilitate the community consultation process from 02 to 27 April 2012, and included nine public briefing sessions. The applicable dates and venues were published in all the local newspapers and local municipalities a notice board on average attendance of 350 was recorded per meeting. This is up on the previous year's process. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and izimbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2012/13 MTREF. Feedback and responses

to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

- 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 poor condition of water (drinking water) and the state of road infrastructure;
- Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;
- The affordability of tariff increases was raised on numerous occasions. This concern was also raised by organised business as an obstacle to economic growth;
- Pensioners cannot afford the tariff increases due to low annual pension increases; and
- During the community consultation process large sections of the community made it clear that they are not in favour of any further tariff increases to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money.

Significant changes effected in the final 2012/13 MTREF compared to the draft 2012/13 MTREF that was tabled for community consultation, include:

- The final Eskom bulk tariff increase, applicable to municipalities from 1 July 2012, was factored into the proposed consumer tariffs, applicable from 1 July 2012. This resulted in an overall increase of 8 per cent;
- The 2012 Division of Revenue Act (DORA) grant allocations were finalised and aligned to the gazetted allocations; and
- Funding was allocated to address metering discrepancies and unmetered premises.

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 2012/13 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 25 IDP Strategic Objectives

| 2011/12 Financial Year | 2012/13 MTREF |
|--|--|
| 1. The provision of quality basic services and infrastructure | 1. Provision of quality basic services and infrastructure |
| 2. Acceleration of higher and shared economic growth and development | 2. Economic growth and development that leads to sustainable job creation |
| 3. Fighting of poverty, building clean, healthy, safe and sustainable communities | 3.1 Fight poverty and build clean, healthy, safe and sustainable communities |
| | 3.2 Integrated Social Services for empowered and sustainable communities |
| 4. Fostering participatory democracy and adherence to Sisonke district principles through a caring, accessible and | 4. Foster participatory democracy and Sisonke district principles through a caring, accessible and accountable service |

| | |
|--|---|
| accountable service | |
| 5. Good governance, Financial viability and institutional governance | 5.1 Promote sound governance |
| | 5.2 Ensure financial sustainability |
| | 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives |

In order to ensure integrated and focused service delivery between all spheres of government it was important for the 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 water;
- Provide sanitation;
- Provide housing;
- 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:

- Effective implementation of the Indigent Policy;
- Ensuring all waste water treatment works are operating optimally;
- Working with strategic partners such as SAPS to address crime;
- Ensuring safe working environments by effective enforcement of building and health regulations;
- Promote viable, sustainable communities through proper zoning; and
- Promote environmental sustainability by protecting wetlands and key open spaces.

3.2 Integrated Social Services for empowered and sustainable communities

- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

4. Foster participatory democracy and 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.

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

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

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

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

- Strengthening the analysis and strategic planning processes of the District;

- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 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 26 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

| DC43 Sisonke - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue) | | | | | | | | | | |
|---|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| Strategic Objective | Goal | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousand | | | | | | | | | | |
| Good Governance | To promote local economic growth and development, tourism and investment by creating an enabling environment for economic development initiatives to take place | 1 269 | 1 704 | 511 | - | - | - | - | - | - |
| Financial Viability and Sustainability | Ensuring that the residents have access to an environment that is not harmful to their health and well being. Ensuring the promotion of social and economic upliftment of its residents. | 137 741 | 137 539 | 168 581 | 223 440 | 229 043 | 229 043 | 229 105 | 245 323 | 266 809 |
| Muni Trans & Instit Dev | Infrastructure Services | - | - | - | 4 100 | 4 203 | 4 203 | - | - | - |
| Muni Trans & Instit Dev | Meet Basic Service & address Backlogs | 462 | 620 | 3 661 | - | - | - | - | - | - |
| Socio Economic Development | | 1 204 | 1 615 | - | - | - | - | 400 | 1 700 | 210 |
| Socio Economic Development | | - | - | - | 3 000 | 3 075 | 3 075 | 0 | | |
| Infrastructure & Services | | 117 177 | 170 522 | 128 661 | 179 835 | 184 345 | 184 345 | 185 521 | 197 104 | 240 102 |
| Water Services | | 24 507 | 32 893 | 31 592 | 41 322 | 42 358 | 42 358 | 45 398 | 48 260 | 41 734 |
| Allocations to other priorities | | | | | | | | | | |
| Total Revenue (excluding capital transfers and contributions) | | 282 360 | 344 894 | 333 007 | 451 697 | 463 024 | 463 024 | 460 424 | 492 387 | 548 855 |

Table 27 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

| DC43 Sisonke - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure) | | | | | | | | | | |
|---|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| Strategic Objective | Goal | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousand | | | | | | | | | | |
| Good Governance | Promote the Support of Activities of Sport & Recreation, Youth Development, Elderly, Women & Physically-Challenged | 6 497 | 13 000 | 14 023 | 18 800 | 13 605 | 13 605 | 11 115 | 11 673 | 12 207 |
| Good Governance | Ensure Accessibility & Promote Governance | 7 428 | 16 578 | 16 637 | 19 897 | 16 141 | 16 141 | 11 443 | 11 970 | 12 458 |
| Good Governance | To Create an Efficient & Accountable Administration | 7 993 | 13 534 | 15 045 | 10 908 | 14 597 | 14 597 | 10 348 | 11 006 | 11 682 |
| Financial Viability and Sustainability | Strategic & Sustainability Budgeting, Revenue Enhancement & Value for Money Spending | 22 088 | 22 663 | 53 688 | 68 813 | 60 495 | 60 495 | 52 189 | 54 955 | 57 648 |
| Muni Trans & Instit Dev | HR Dev. (Including Healthy & Productive Employees) & Organisational dev. | 5 889 | 9 970 | 6 919 | 10 150 | 6 491 | 6 491 | 6 773 | 7 132 | 7 482 |
| Muni Trans & Instit Dev | Effective & Efficient Admin & IT Support Service Provision | 12 841 | 21 741 | 23 666 | 19 384 | 22 202 | 22 202 | 21 540 | 22 682 | 23 793 |
| Muni Trans & Instit Dev | Efficient Fleet Management Service | 3 136 | 5 310 | 3 378 | 8 420 | 3 169 | 3 169 | 3 160 | 3 327 | 3 491 |
| Socio Economic Development | To promote local economic growth and development, tourism and investment by creating an enabling environment for economic development initiatives to take place | 14 237 | 24 106 | 14 476 | 28 807 | 25 615 | 25 615 | 15 876 | 16 718 | 17 537 |
| Socio Economic Development | To create the disaster management unit that seeks to prevent; mitigate; preparedness; response; recovery and rehabilitation to disasters | 587 | 993 | 5 709 | 8 780 | 10 102 | 10 102 | 6 064 | 6 386 | 6 698 |
| Socio Economic Development | Ensuring that the residents have access to an environment that is not harmful to their health and well being. Ensuring the promotion of social and economic upliftment of its residents. | 884 | 5 842 | 3 386 | 6 112 | 5 991 | 5 991 | 3 596 | 3 787 | 3 972 |
| Infrastructure & Services | Infrastructure Services | 15 362 | 26 010 | 12 714 | 14 901 | 12 782 | 12 782 | 11 255 | 11 852 | 12 433 |
| Water Services | Meet Basic Service & address Backlogs | 41 519 | 72 299 | 91 096 | 89 577 | 75 085 | 75 085 | 76 764 | 76 149 | 80 146 |
| Total Expenditure | | 138 461 | 232 046 | 260 737 | 304 550 | 266 274 | 266 274 | 230 123 | 237 637 | 249 547 |

Table 28 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

| DC43 Sisonke - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure) | | | | | | | | | | |
|---|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------------------|------------------------|------------------------|
| Strategic Objective | Goal | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & | | |
| R thousand | | 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 |
| Good Governance | Ensure Accessibility & Promote Governance | - | - | - | 200 | 200 | 200 | - | - | - |
| Muni Trans & Instit Dev | Effective & Efficient Admin & IT Support Service Provision | 363 | 394 | 6 303 | 1 550 | 1 510 | 1 510 | 1 100 | 1 158 | 1 154 |
| Muni Trans & Instit Dev | Efficient Fleet Management Service | - | - | 3 318 | - | - | - | - | - | - |
| Socio Economic Development | To promote local economic growth and development, tourism and investment by creating an enabling environment for economic development initiatives to take place | 709 | 771 | 15 719 | - | - | - | - | - | - |
| Socio Economic Development | To create the disaster management unit that seeks to prevent; mitigate; preparedness; response; recovery and rehabilitation to disasters | - | - | - | 4 000 | 4 000 | 4 000 | - | - | - |
| Infrastructure & Services | Infrastructure Services | 115 394 | 125 521 | 125 176 | 289 058 | 263 150 | 212 240 | 208 275 | 201 240 | 244 130 |
| Water Services | Meet Basic Service & address Backlogs | 1 841 | 2 003 | 1 487 | - | - | - | - | 51 700 | 50 050 |
| Allocations to other priorities | | - | - | - | - | - | - | - | - | - |
| Total Capital Expenditure | | 118 307 | 128 689 | 152 003 | 294 808 | 268 860 | 217 950 | 209 375 | 254 098 | 295 334 |

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:

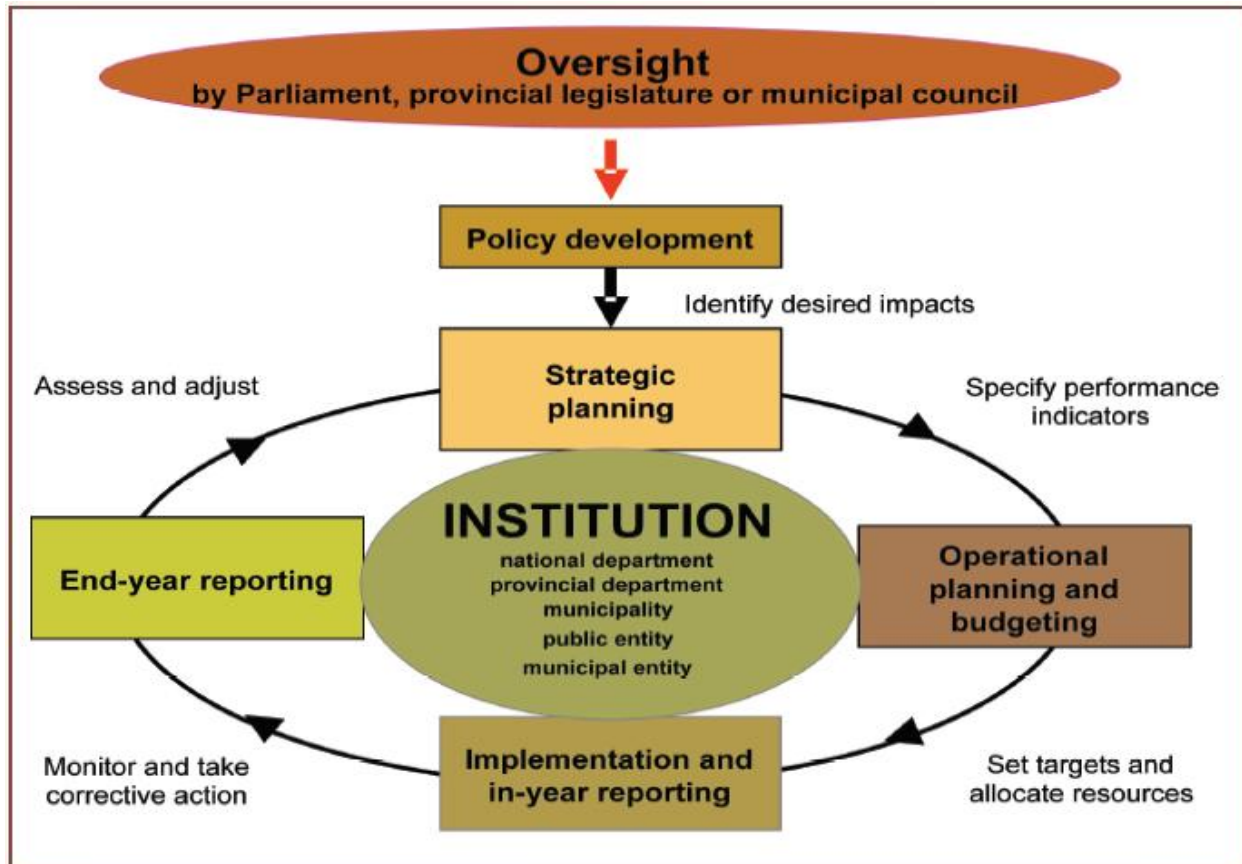


Figure 5 Planning, budgeting and reporting cycle

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:

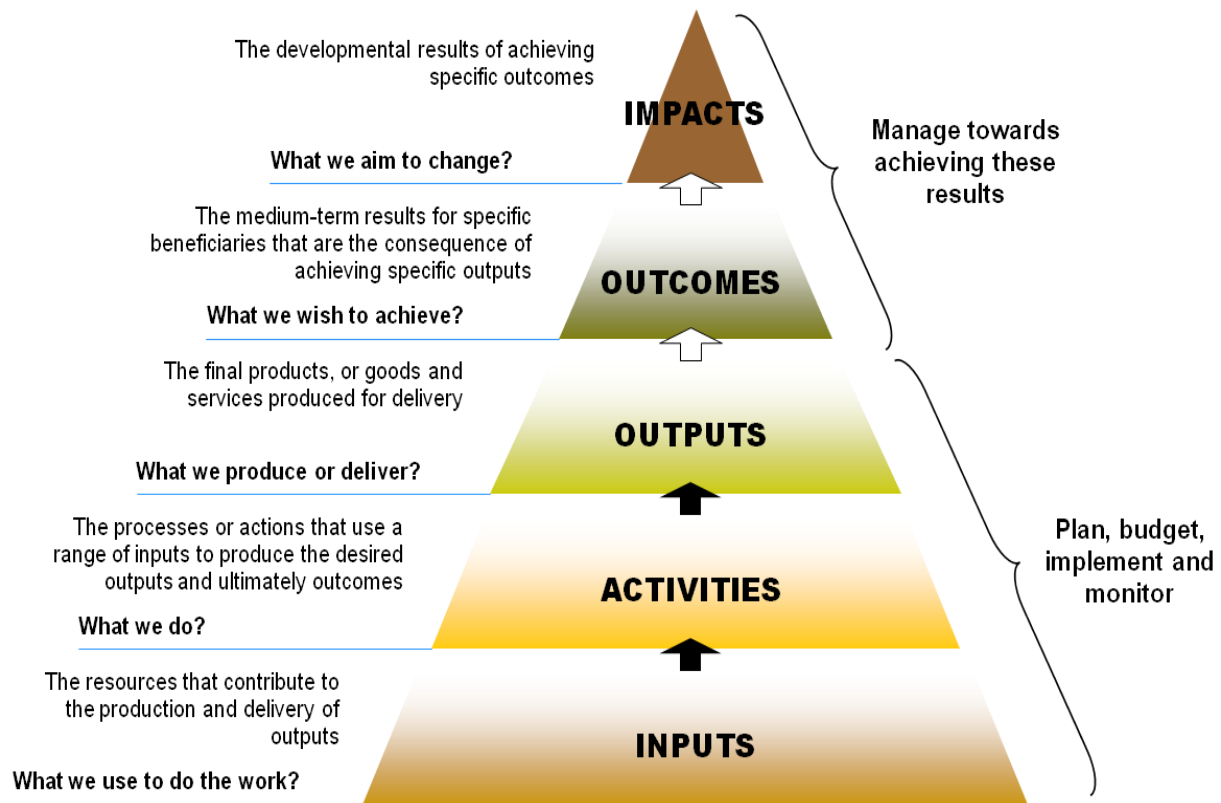


Figure 6 Definition of performance information concepts

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

Table 29 MBRR Table SA7 - Measurable performance objectives

| DC43 Sisonke - Supporting Table SA7 Measureable performance objectives | | | | | | | | | | |
|--|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------------------|------------------------|------------------------|
| Description | Unit of measurement | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & | | |
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Vote1 - Executive & Council | | | | | | | | | | |
| Function 1 - Operations Department | | | | | | | | | | |
| Sub-function 1 - Youth Development | | | | | | | | | | |
| <i>To render youth developmentn projects</i> | Number of programmes | 22 | 23 | 20 | 16 | 14 | 14 | 10 | 10 | 10 |
| Sub-function 2 - Sports and Recreation | | | | | | | | | | |
| <i>To promote sports initiatives and activities</i> | Number of games & events held | 4 | 4 | 6 | 6 | 6 | 6 | 8 | 8 | 8 |
| Sub-function 3 - Communication and Public Relations | | | | | | | | | | |
| <i>To render intergrated communication services</i> | Information Dissemination | 10 | 10 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Sub-function 4 - Special Programmes | | | | | | | | | | |
| <i>Programs for the Elderly, Disabled, HIV&Aids and Cultural Activities</i> | Number of Programmes implemented | 10 | 10 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Sub-function 5 - IDP/PMS | | | | | | | | | | |
| <i>Compilation of Annual Report, SDBIP, Annual Performance Contracts and Rewarding Performance</i> | Number of Reports | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Sub-function 6 - Intergovernmental Relations | | | | | | | | | | |
| <i>To hold the meetings as part of the intergovemental realltions within the dictrect</i> | Number of meeting Held | 0 | 10 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Vote2 - Finance | | | | | | | | | | |
| Function 1 - Budget & Treasury Office | | | | | | | | | | |
| Sub-function 1 - Budgeting & Reporting | | | | | | | | | | |
| <i>Financial Viability & Management</i> | Number of Reports Produced | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| Vote3 - Corporate Services | | | | | | | | | | |
| Function 1 - Corporate Services | | | | | | | | | | |
| Sub-function 2 - Human Resource Services | | | | | | | | | | |
| <i>To provide Human Resource Management Services</i> | Number of plans, Strategies, Policies dev eloped Staff Capacity Building | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |

| DC43 Sisonke - Supporting Table SA7 Measureable performance objectives | | | | | | | | | | |
|--|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------------|------------------------|------------------------|
| Description | Unit of measurement | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & | | |
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Vote4 - Economic & Community Services | | | | | | | | | | |
| Function 1 - Development & Planning | | | | | | | | | | |
| Sub-function 1 - Planning & GIS | | | | | | | | | | |
| <i>To provide Development Planning Services</i> | Number of Precinct Plans Developed | 1 | 0 | 2 | 4 | 3 | 3 | 4 | 4 | 4 |
| | Physical Developments of Parks | | | | 2 | | | | | |
| Sub-function 2 - Environmental Health | | | | | | | | | | |
| <i>The municipality shall therefore ensure that, its residents have access to an environment that is not harmful to their health and well being. (Section 24 of the constitution), and it shall ensure the promotion of social and economic upliftment (object of the municipal systems act) of its residents.</i> | % Enforcements undertaken | 30% | 45% | 80% | 100% | 100% | 100% | 100% | 100% | 100% |
| | Surveillance of Business Premises | 0 | 0 | 0 | 240 | 240 | 240 | 240 | 240 | 240 |
| | Percentage of samples taken of functional water schemes | 60% | 65% | 68% | 70% | 70% | 70% | 80% | 90% | 100% |
| Sub-function 3 - Disaster Management | | | | | | | | | | |
| <i>Turnaround time to respond to any disaster</i> | % Enforcements undertaken | 5 Hrs turnaround time | 5 Hrs turnaround time | 5 Hrs turnaround time | 5 Hrs turnaround time | 5 Hrs turnaround time | 5 Hrs turnaround time | 5 Hrs turnaround time | 5 Hrs turnaround time | 5 Hrs turnaround time |
| | Construction of Disaster Management Centre | 0.0% | 0.0% | | 100% | | | | | |
| Vote5 - Infrastructure Services | | | | | | | | | | |
| Function 1 - Waste Water Infrastructure | | | | | | | | | | |
| Sub-function 1 - Water | | | | | | | | | | |
| <i>Reduction in water backlogs</i> | Total number of HH with access to water | 5304 | 5894 | 6435 | 6893 | 6755 | 6755 | 6435 | 6435 | 6435 |
| | Bulk Water & Sewer Infrastructure | 160 | 168 | 176 | 187 | 183 | 183 | 176 | 176 | 176 |
| Sub-function 2 - Sanitation | | | | | | | | | | |
| <i>Reduction in sanitation backlogs</i> | Number of household with new access to VIP sanitation | 1752 | 1844 | 1956 | 2043 | 1941 | 1941 | 1956 | 1956 | 1956 |
| Sub-function 3 - Electricity | | | | | | | | | | |
| <i>To provide electricity to the existing water schemes</i> | No of hh with electricity connection in the water scheme | 85 | 90 | 95 | 100 | 98 | 98 | 95 | 95 | 95 |
| Vote6 - Water Services | | | | | | | | | | |
| Function 1 - Water | | | | | | | | | | |
| Sub-function 1 - Water & Sanitation infrastructure Planning & Design | | | | | | | | | | |
| <i>To ensure the effective management of all water Infrastructure</i> | Water Feasibility Studies, Business Plans Approved | 10 | 10 | 10 | 10 | 8 | 8 | 10 | 10 | 10 |
| | Sanitation Feasibility Studies, Business Plans Approved | 4 | 4 | 5 | 4 | 5 | 5 | 8 | 10 | 12 |
| Sub-function 2 - Water & Sanitation Services Operations and Maintenance | | | | | | | | | | |
| <i>To render effective water & sanitation services</i> | % Reduction in water losses Minimum Night Flows in main supply areas | 80.0% | 90.0% | 95.0% | 100% | 98% | 98% | 100% | 100% | 100% |
| | % reduction in the number of sewer overflows | 80.0% | 90.0% | 95.0% | 100% | 100% | 100% | 100% | 100% | 100% |
| | % Progress made towards Blue drop and Green drop Status DWA | <50% | <50% | >50% | >50% | >50% | >50% | >65% | >80% | >95% |

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

Table 30 MBRR Table SA8 - Performance indicators and benchmarks

| DC43 Sisonke - Supporting Table SA8 Performance indicators and benchmarks | | | | | | | | | | | |
|--|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|-------------------------------|------------------------|------------------------|
| Description of financial indicator | Basis of calculation | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | | 2012/13 Medium Term Revenue & | | |
| | | 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 | | | | | | | | | | | |
| Capital Charges to Operating Expenditure | Interest & Principal Paid /Operating Expenditure | 11.0% | 0.8% | 0.7% | 16.7% | 3.0% | 3.0% | 0.0% | 3.0% | 2.9% | 2.9% |
| Capital Charges to Own Revenue | Finance charges & Repayment of borrowing /Own Revenue | 42.6% | 4.0% | 4.7% | 64.0% | 12.2% | 12.2% | 0.0% | 11.5% | 10.7% | 10.1% |
| Borrowed funding of 'own' capital expenditure | Borrowing/Capital expenditure ex cl. transfers and grants and contributions | 0.0% | 39.6% | 14.6% | 96.3% | 100.0% | 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 | 2.3 | 1.1 | 0.4 | 2.2 | 0.4 | 0.4 | - | 1.8 | 1.7 | 1.6 |
| Current Ratio adjusted for aged debtors | Current assets less debtors > 90 days/current liabilities | 2.3 | 1.1 | 0.3 | 2.1 | 0.3 | 0.3 | - | 1.5 | 1.5 | 1.5 |
| Liquidity Ratio | Monetary Assets/Current Liabilities | 1.9 | 1.0 | 0.1 | 1.8 | 0.1 | 0.1 | - | 1.1 | 1.1 | 1.3 |
| Revenue Management | | | | | | | | | | | |
| Annual Debtors Collection Rate (Payment Level %) | Last 12 Mths Receipts/Last 12 Mths Billing | | 658.2% | 61.3% | 68.3% | 73.6% | 108.1% | 108.1% | 0.0% | 87.2% | 87.1% |
| Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue) | | | 658.2% | 61.3% | 68.3% | 73.6% | 108.1% | 108.1% | 0.0% | 87.2% | 87.1% |
| Outstanding Debtors to Revenue | Total Outstanding Debtors to Annual Revenue | 20.5% | 3.7% | 19.5% | 12.2% | 8.8% | 8.8% | 0.0% | 6.7% | 7.2% | 4.5% |
| Longstanding Debtors Recovered | Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% |
| Creditors Management | | | | | | | | | | | |
| Creditors System Efficiency | % of Creditors Paid Within Terms (within MFMA' s 65(e)) | 40.0% | 40.0% | 40.0% | 45.0% | 50.0% | 60.0% | | 75.0% | 95.0% | 100.0% |
| Creditors to Cash and Investments | | 42.0% | 812.9% | 35065.9% | 180.4% | -235.5% | 2413.3% | 0.0% | 66.2% | 68.5% | 57.3% |
| Other Indicators | | | | | | | | | | | |
| Electricity Distribution Losses (2) | % Volume (units purchased and generated less units sold)/units purchased and generated | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Water Distribution Losses (2) | % Volume (units purchased and own source less units sold)/Total units purchased and own source | 60.0% | 45.0% | 35.0% | 32.0% | 32.0% | 32.0% | | 25.0% | 20.0% | 15.0% |
| Employee costs | Employee costs/(Total Revenue - capital revenue) | 23.6% | 19.5% | 27.5% | 27.2% | 28.4% | 28.4% | 0.0% | 29.3% | 28.7% | 28.7% |
| Remuneration | Total remuneration/(Total Revenue - capital revenue) | 25.7% | 20.9% | 29.4% | 29.1% | 30.3% | 30.3% | | 31.3% | 30.7% | 30.8% |
| Repairs & Maintenance | R&M/(Total Revenue excluding capital revenue) | 21.5% | 21.1% | 0.0% | 21.7% | 22.6% | 22.6% | | 22.6% | 22.3% | 22.6% |
| Finance charges & Depreciation | FC&D/(Total Revenue - capital revenue) | 18.3% | 7.9% | 10.1% | 15.5% | 9.6% | 9.6% | 0.0% | 9.4% | 9.2% | 9.3% |
| IDP regulation financial viability indicators | | | | | | | | | | | |
| i. Debt coverage | (Total Operating Revenue - Operating Grants)/Debt service payments due within financial year | 4.8 | 6.5 | 0.7 | 13.2 | 13.2 | 13.2 | - | 8.3 | 8.4 | 9.3 |
| ii. O/S Service Debtors to Revenue | Total outstanding service debtors/annual revenue received for services | 148.3% | 25.1% | 125.1% | 81.2% | 69.5% | 69.5% | 0.0% | 52.0% | 55.6% | 33.6% |
| iii. Cost coverage | (Available cash + Investments)/monthly fixed operational expenditure | 4.3 | 0.4 | 0.0 | 2.6 | (1.3) | 0.1 | - | 2.3 | 3.2 | 4.6 |

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, Sisonke's borrowing strategy is primarily informed by the affordability of debt repayments. 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 2 per cent to 1 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.
- *No projects are funded from Borrowing in the MTREF*

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

2.3.1.2 Liquidity (reference SA8)

- *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 1.5, hence at no point in time should this ratio be less than 1. For the 2012/13 MTREF the current ratio is 1.8 in the 2012/13 financial year and 1.7, 1.6 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2012/13 financial year the ratio was 1.1 and it has been increased to 1.3 in the 2013/14 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the District. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

2.3.1.3 Revenue Management

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

2.3.1.4 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 will seek to ensure an improvement 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 business.

2.3.1.5 Other Indicators

- The water distribution losses have been reduced from 35 per cent in 2010/11 to 32 per cent in 2011/12. This has been achieved with the introduction of a water leakage report and action centre. The intention is to further rollout additional depots within the District to further leverage from the efficiency that the centre offers. It is planned to further reduce distribution losses from 32 per cent in 2011/12 to 25 per cent by 2012/13.
- Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of Sisonke's strategy to ensure the management of its asset base.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the District.

For the 2012/13 financial year all households in the district have been budgeted for the 6 free kilo litres. Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

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

2.3.3 Providing clean water and managing waste water

Sisonke district is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. Only in the Ubuhlebezwe local municipal area is a districts bulk water needs provided by Umngeni water and Ugu District municipality while the remaining supplier is generated from the district own water sources, such as boreholes and small dams.

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

The following is briefly the main challenges facing the district:

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

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

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

2.4 Overview of budget related-policies

The district 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

As the most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme

also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2012/13 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 80 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the district's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

2.4.2 Asset Management, Infrastructure Investment and Funding Policy

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

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

2.4.3 Budget Adjustment Policy

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

2.4.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in May 2011. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

2.4.5 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the

legislative framework of the MFMA and the district system of delegations. The Budget and Virement Policy was approved by Council after having been amended accordingly.

2.4.6 Cash Management and Investment Policy

The District's Cash Management and Investment Policy were amended by Council in February 2012. The aim of the policy is to ensure that the district surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and a cash equivalent required at any point in time and introduces time frames to achieve certain benchmarks.

2.4.7 Tariff Policies

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

2.4.8 Financial Modelling and Scenario Planning Policy

The Financial Modelling and Scenario Planning Policy have directly informed the compilation of the 2012/13 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The model and scenario planning outcomes are taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Approved 2011/12 Adjustments Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e. Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

All the above policies are available on the district website, as well as the following budget related policies:

- Funding and Reserves Policy;

- Borrowing Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

2.5 Overview of budget assumptions

2.5.1 External factors

The economy is still recovering from the recession it has had in the past 2 years. Owing to the economic slowdown and the high unemployment levels, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the district's finances.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 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;
- The increase in the price of bulk water; and other input costs like District and fuel,
- The increase in the cost of remuneration. Employee related costs comprise 35 per cent of total operating expenditure in the 2012/13 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget. The wage agreement SALGBC concluded with the municipal workers unions on 31 July 2009 as well as the categorisation and job evaluation wage curves collective agreement signed on 21 April 2010 must be noted.

2.5.3 Collection rate for revenue services

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

The rate of revenue collection is currently expressed as a percentage (80 per cent) of annual billings. Cash flow is assumed to be 80 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.4 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the district, household formation growth rate and the poor household change rate.

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

2.5.5 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 5.9 per cent.

2.5.6 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.

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

It is estimated that a spending rate of at least 99 per cent is achieved on operating expenditure and 100 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 31 Breakdown of the operating revenue over the medium-term

| DC43 Sisonke - Table A4 Budgeted Financial Performance (revenue and expenditure) | | | | | | | | |
|--|----------------------|-------------|---|-------------|------------------------|-------------|------------------------|-------------|
| Description | CUURENT 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 | % |
| R thousand | | | | | | | | |
| Revenue By Source | | | | | | | | |
| Property rates | – | | – | | – | | – | |
| Service charges - water revenue | 23 853 | 9% | 25 762 | 9% | 27 823 | 9% | 30 048 | 10% |
| Service charges - sanitation revenue | 9 276 | 4% | 10 018 | 4% | 10 820 | 4% | 11 685 | 4% |
| Interest earned - external investments | 1 618 | 1% | 3 345 | 1% | 3 546 | 1% | 3 794 | 1% |
| Transfers recognised - operational | 195 051 | 75% | 217 600 | 79% | 233 853 | 79% | 240 185 | 78% |
| Other revenue | 31 111 | 12% | 19 955 | 7% | 21 106 | 7% | 25 012 | 8% |
| Total Revenue (excluding capital transfers and contributions) | 260 910 | 100% | 276 979 | 100% | 302 147 | 100% | 315 725 | 100% |
| Total revenue from rates and service charges | 33 130 | 13% | 35 780 | 13% | 38 642 | 13% | 41 734 | 13% |
| Surplus/(Deficit) | (5 364) | | 46 556 | | 59 511 | | 61 178 | |

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

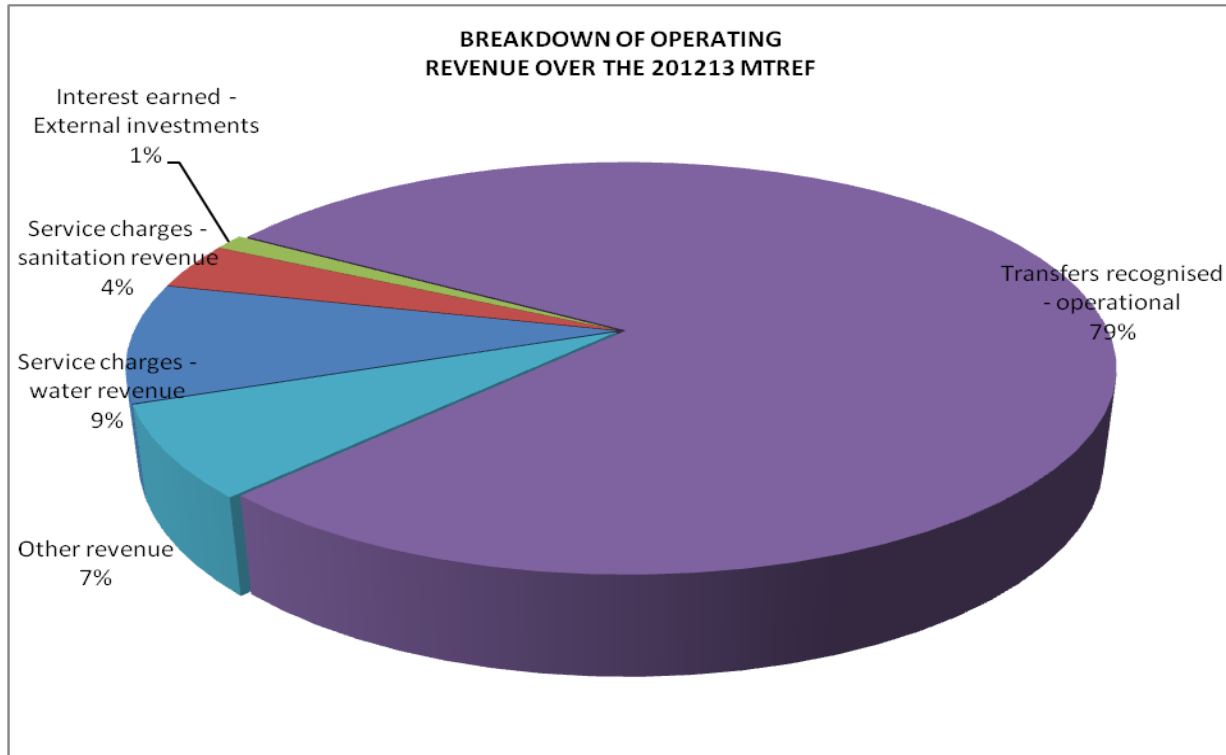


Figure 7 Breakdown of operating revenue over the 2012/13 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The district derives most of its operational revenue from the provision of goods and services such as water and sanitation.

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

- Growth in the District and economic development;
- Revenue management and enhancement;
- Achievement of a 80 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- District tariff increases within the National District Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- And the ability to extend new services and obtain cost recovery levels.

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

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

Table 32 Proposed tariff increases over the medium-term

| DC43 Sisonke - Supporting Table SA14 Household bills | | | | | | |
|--|--------------------------------|--------------------------------|--------------------------------|---|---|--|
| REVENUE CATEGORY | 2012/13 | 2013/14 | 2014/15 | 2012/13 | 2013/14 | 2014/15 |
| | PROPOSED TARIFF INCREASE | PROPOSED TARIFF INCREASE | PROPOSED TARIFF INCREASE | ADDITIONALREVENUE FOR EACH 1% TARIFF INCREASE | ADDITIONALREVENUE FOR EACH 1% TARIFF INCREASE | ADDITIONALREVENUE FOR EACH 1% TARIFF INCREASE |
| | % | % | % | | | |
| Service Charges-water revenue | 8% | 8% | 8% | 257 616 | 278 225 | 300 483 |
| Service Charges-sanitation revenue | 8% | 8% | 8% | 100 184 | 108 199 | 116 855 |
| TOTAL | | | | 357 800 | 386 424 | 417 338 |

Services charges relating to water and sanitation constitute the biggest component of the revenue basket of the district totaling R331 million for the 2012/13 financial year and increasing to R357 million by 2013/14. For the 2012/13 financial year services charges amount to 13 per cent of the total revenue base and grows by 1 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of water.

Operational grants and subsidies amount to R217 million, R233 million and R240 million for each of the respective financial years of the MTREF, or 11, 6, 7.5 and 2.7 per cent of operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 11.6 per cent and 10.2 per cent for the two outer years. The percentage of the total operational grants and transfers in relation to the total operating revenue is distorted owing to the high increases in revenue relating to services charges.

Investment revenue contributes marginally to the revenue base of the District with a budget allocation of R3.3 million, R3.5 million and R3.7 million for the respective three financial years of the 2012/13 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

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

Table 33 MBRR SA15 – Detail Investment Information

| DC43 Sisonke - Supporting Table SA15 Investment particulars by type | | | | | | | | | |
|---|--------------------|--------------------|--------------------|----------------------|--------------------|-----------------------|-------------------------------|---------------------------|---------------------------|
| Investment type | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & | | |
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousand | | | | | | | | | |
| Parent municipality | | | | | | | | | |
| Deposits - Bank | 116 986 | 109 832 | 6 914 | 110 000 | 5 000 | 5 000 | 10 000 | 12 500 | 15 000 |
| Municipality sub-total | 116 986 | 109 832 | 6 914 | 110 000 | 5 000 | 5 000 | 10 000 | 12 500 | 15 000 |
| Consolidated total: | 116 986 | 109 832 | 6 914 | 110 000 | 5 000 | 5 000 | 10 000 | 12 500 | 15 000 |

Table 34 MBRR SA16 – Investment particulars by maturity

| DC43 Sisonke - Supporting Table SA16 Investment particulars by maturity | | | | | | | | | | |
|---|----------------------|--------------------|-----------------------------|---------------------------------|------------------|-------------------------|----------------------|---------------------------|----------------|-------------------------|
| Investments by Maturity | Period of Investment | Type of Investment | Capital Guarantee (Yes/ No) | Variable or Fixed interest rate | Interest Rate 3. | Commission Paid (Rands) | Commission Recipient | Expiry date of investment | Monetary value | Interest to be realised |
| Name of institution & investment ID | Yrs/Months | | | | | | | | Rand thousand | |
| Parent municipality | | | | | | | | | | |
| NEDBANK 18214604 | Indefinite | NEDTERM | NO | Variable | Prime + | None | None | N/A | 599 | 200 |
| FNB 62095523281 | Indefinite | MONEY MARKET | NO | Variable | Prime + | None | None | N/A | 641 | 214 |
| RMB 100456-DC03F0018 | Indefinite | 0 | NO | Variable | Prime + | None | None | N/A | 794 | 266 |
| FNB 621-3853-8692 | Indefinite | CALL ACCOUNT | NO | Variable | Prime + | None | None | N/A | 2 991 | 1 001 |
| FNB 62095523281 | Indefinite | MONEY MARKET | NO | Variable | Prime + | None | None | N/A | 641 | 214 |
| FNB 62032587331 | Indefinite | CALL ACCOUNT | NO | Variable | Prime + | None | None | N/A | 4 334 | 1 450 |
| Municipality sub-total | | | | | | | | | 10 000 | 3 345 |
| TOTAL INVESTMENTS AND INTEREST | | | | | | | | | 10 000 | 3 345 |

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted surplus of R46.5 million, R59.5 million and R61.1 million in each of the financial years. This surplus is intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds.

2.6.2 Medium-term outlook: capital revenue

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

Table 35 Sources of capital revenue over the MTREF

| DC43 Sisonke - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding | | | | | | | | |
|---|----------------------|-------------|---|-------------|------------------------|-------------|------------------------|-------------|
| Vote Description | Current Year 2011/12 | | 2012/13 Medium Term Revenue & Expenditure Framework | | | | | |
| | Adjusted Budget | % | Budget Year 2012/13 | % | Budget Year +1 2013/14 | % | Budget Year +2 2014/15 | % |
| R thousand | | | | | | | | |
| Funded by: | | | | | | | | |
| National Government | 160 407 | | 209 375 | | 254 098 | | 289 334 | |
| Provincial Government | 57 543 | | – | | – | | – | |
| Transfers recognised - capital | 217 950 | 81% | 209 375 | 100% | 254 098 | 100% | 289 334 | 98% |
| Borrowing | 50 910 | 19% | – | | – | | – | |
| Internally generated funds | – | | – | | – | | 6 000 | 2% |
| Total Capital Funding | 268 860 | 100% | 209 375 | 100% | 254 098 | 100% | 295 334 | 100% |

The above table is graphically represented as follows for the 2012/13 financial year.

Sources of Capital Revenue for 2012/13

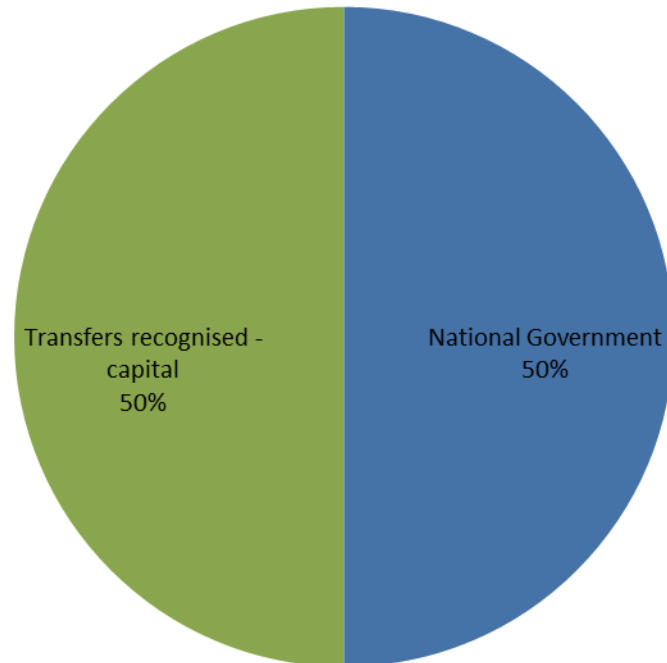


Figure 8 Sources of capital revenue for the 2012/13 financial year

Capital grants and receipts equates to 100 per cent of the total funding source which represents R183 million for the 2012/13 financial year and steadily increase to R195 million and R238 for 2014/15. Growth relating to an average receipts of 19.1 per cent over the medium-term.

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

Table 36 MBRR Table SA 17 - Detail of borrowings

| DC43 Sisonke - Supporting Table SA17 Borrowing | | | | | | | | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------------------|------------------------|------------------------|
| Borrowing - Categorised by type | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & | | |
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Parent municipality | | | | | | | | | |
| Long-Term Loans (annuity/reducing balance) | | - | - | - | - | - | - | - | - |
| Long-Term Loans (non-annuity) | 6 126 869 | 7 932 515 | 37 066 973 | 110 910 480 | 50 910 480 | 28 291 341 | 25 877 562 | 22 304 369 | 18 731 177 |
| Municipality sub-total | 6 127 | 7 933 | 37 067 | 110 910 | 50 910 | 28 291 | 25 878 | 22 304 | 18 731 |
| Total Borrowing | 6 127 | 7 933 | 37 067 | 110 910 | 50 910 | 28 291 | 25 878 | 22 304 | 18 731 |

The following graph illustrates the growth in outstanding borrowing for the 2008/09 to 2014/15 period.

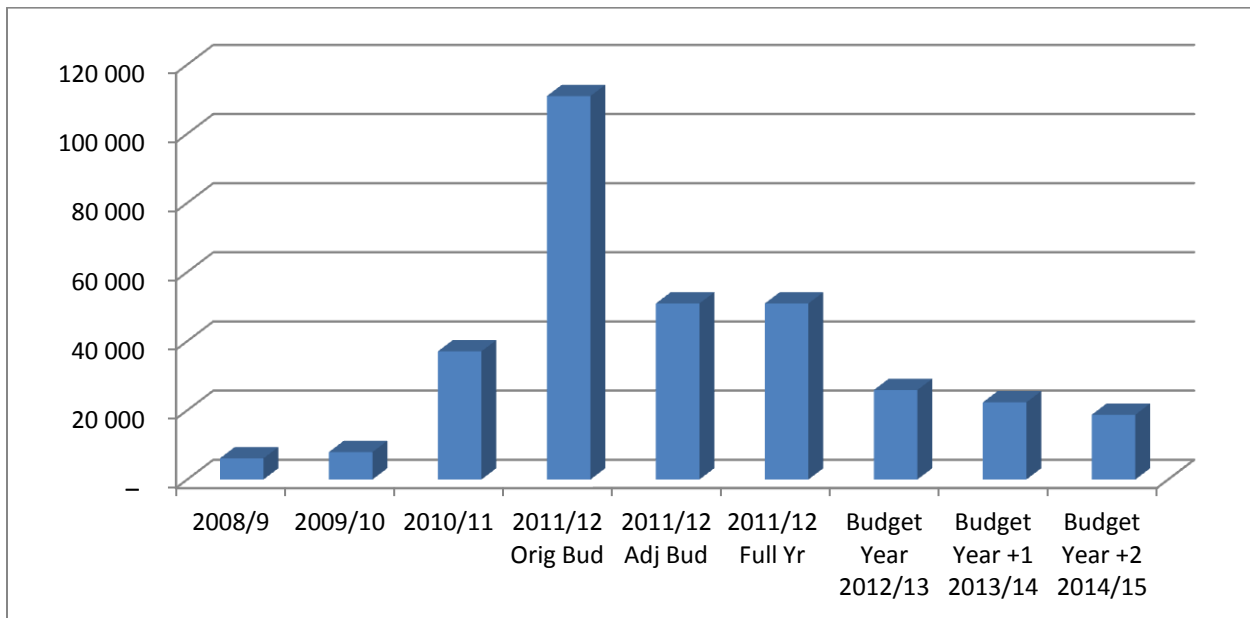


Figure 9 Growth in outstanding borrowing (long-term liabilities)

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below.

Table 37 MBRR Table SA 18 - Capital transfers and grant receipts

| DC43 Sisonke - Supporting Table SA18 Transfers and grant receipts | | | | | | | | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------------------|------------------------|------------------------|
| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & | | |
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Capital Transfers and Grants | | | | | | | | | |
| National Government: | 111 889 | 105 955 | - | 138 585 | - | - | 183 745 | 195 240 | 238 130 |
| Municipal Infrastructure Grant (MIG) | 106 901 | 105 955 | - | 136 610 | - | - | 165 717 | 174 811 | 191 930 |
| Expanded public works programme incentive grant | - | - | - | 1 975 | - | - | 3 028 | - | - |
| Neighbourhood Development Partnership | 4 988 | - | - | - | - | - | - | - | - |
| Regional Bulk Infrastructure | - | - | - | - | - | - | 15 000 | 20 429 | 46 200 |
| Provincial Government: | 22 463 | 49 743 | - | 12 000 | - | - | - | - | - |
| Dlga -umzimkhulu assistance grant | 22 463 | 49 743 | - | 12 000 | - | - | - | - | - |
| Total Capital Transfers and Grants | 134 352 | 155 698 | - | 150 585 | - | - | 183 745 | 195 240 | 238 130 |

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councilors 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 38 MBRR Table A7 - Budget cash flow statement

| DC43 Sisonke - Table A7 Budgeted Cash Flows | | | | | | | | | |
|--|------------------|------------------|------------------|----------------------|------------------|--------------------|-------------------------------|------------------------|------------------------|
| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & | | |
| R thousand | 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 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Ratepayers and other | 167 142 | 22 500 | 22 864 | 51 200 | 69 414 | 69 414 | 48 579 | 52 020 | 58 399 |
| Government - operating | 121 203 | 165 175 | 167 780 | 191 031 | 186 242 | 186 242 | 217 600 | 233 853 | 240 185 |
| Government - capital | 107 729 | 117 072 | 118 918 | 150 585 | 174 662 | 174 662 | 183 745 | 195 240 | 238 130 |
| Interest | 10 513 | 6 639 | 5 655 | 10 000 | 1 880 | 1 880 | 3 345 | 3 546 | 3 794 |
| Payments | | | | | | | | | |
| Suppliers and employees | (266 754) | (125 361) | (215 374) | (240 600) | (282 843) | (261 723) | (202 531) | (208 581) | (219 046) |
| Finance charges | (647) | (868) | (1 240) | (5 406) | (3 917) | (3 917) | (3 042) | (3 204) | (3 361) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 139 186 | 185 157 | 98 602 | 156 810 | 145 437 | 166 558 | 247 695 | 272 874 | 318 101 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Proceeds on disposal of PPE | - | 1 | - | - | - | - | - | - | - |
| Decrease (increase) in non-current investments | (27 360) | 7 154 | 102 918 | 17 500 | 5 977 | 5 977 | - | - | - |
| Payments | | | | | | | | | |
| Capital assets | (84 373) | (212 425) | (207 409) | (249 131) | (217 950) | (167 039) | (214 375) | (256 598) | (291 834) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (111 733) | (205 270) | (104 491) | (231 631) | (211 972) | (161 062) | (214 375) | (256 598) | (291 834) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Borrowing long term/refinancing | 353 | 4 173 | 2 430 | 110 910 | 50 910 | - | - | - | - |
| Increase (decrease) in consumer deposits | 156 | - | - | - | - | - | 9 | 10 | 12 |
| Payments | | | | | | | | | |
| Repayment of borrowing | (14 649) | (879) | (994) | (45 516) | (4 140) | (4 140) | (3 774) | (3 573) | (3 752) |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | (14 141) | 3 294 | 1 435 | 65 395 | 46 771 | (4 140) | (3 765) | (3 564) | (3 740) |
| NET INCREASE/ (DECREASE) IN CASH HELD | 13 313 | (16 819) | (4 453) | (9 426) | (19 764) | 1 356 | 29 555 | 12 712 | 22 527 |
| Cash/cash equivalents at the year begin: | 8 103 | 21 416 | 4 597 | 37 496 | 144 | 144 | 1 500 | 31 055 | 43 768 |
| Cash/cash equivalents at the year end: | 21 416 | 4 597 | 144 | 28 070 | (19 621) | 1 500 | 31 055 | 43 768 | 66 294 |

The above table shows that cash and cash equivalents of the District were largely depleted between the 2008/09 and 2011/12 financial year moving from a cash balance of R21.4 million to R28 million with the approved 2011/12 MTREF. With the 2011/12 adjustments budget various cost efficiencies and savings had to be realised to ensure the District could meet its operational expenditure commitments. In addition the District undertook an extensive debt collection process but it was not that successful. These interventions have translated into a deficit for the District and it is projected that cash and cash equivalents on hand showed a deficit of R19.6 million by the financial year end. For the 2012/13 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash

levels anticipated to be R31 million by 2012/13 and steadily increasing to R66.2 million by 2014/15.

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

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

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

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

Table 39 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

| DC43 Sisonke - Table A8 Cash backed reserves/accumulated surplus reconciliation | | | | | | | | | |
|---|------------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------------------|------------------------|------------------------|
| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & | | |
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Cash and investments available | | | | | | | | | |
| Cash/cash equivalents at the year end | 21 416 | 4 597 | 144 | 28 070 | (19 621) | 1 500 | 31 055 | 43 768 | 66 294 |
| Other current investments > 90 days | 116 986 | 109 832 | 6 914 | 110 000 | 26 565 | 5 445 | 3 180 | 679 | (1 824) |
| Cash and investments available: | 138 402 | 114 429 | 7 058 | 138 070 | 6 945 | 6 945 | 34 236 | 44 447 | 64 471 |
| Application of cash and investments | | | | | | | | | |
| Unspent conditional transfers | 87 371 | 68 081 | 60 891 | 20 555 | 30 000 | 40 000 | - | - | - |
| Other working capital requirements | (237 042) | 31 842 | 23 180 | 26 121 | 21 323 | 11 323 | 4 350 | 11 304 | 25 744 |
| Other provisions | 3 296 | 4 231 | 4 978 | 4 672 | 4 672 | 4 672 | 4 997 | 5 341 | 5 701 |
| Total Application of cash and investments | (146 376) | 104 154 | 89 050 | 51 348 | 55 995 | 55 995 | 9 347 | 16 645 | 31 445 |
| Surplus(shortfall) | 284 778 | 10 275 | (81 992) | 86 722 | (49 050) | (49 050) | 24 888 | 27 802 | 33 026 |

From the above table it can be seen that the cash and investments available total R34.2 million in the 2012/13 financial year and progressively increase to R44.4 million by 2013/14, 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:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued.
- There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the District to meet its creditor obligations.
- Against other provisions an amount R5 million has been provided for the 2012/13 financial year and this increases to R5.7 million by 2014/15. This liability is informed by, amongst others, the supplementary pension liability.

The 2012/13 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. From a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the District will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

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 10 Cash and cash equivalents / Cash backed reserves and accumulated funds

2.6.5 Funding compliance measurement

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

Table 40 MBRR SA10 – Funding compliance measurement

| DC43 Sisonke Supporting Table SA10 Funding measurement | | | | | | | | | | | |
|---|--------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|-------------------------------|------------------------|------------------------|
| Description | MFMA section | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | | 2012/13 Medium Term Revenue & | | |
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Funding measures | | | | | | | | | | | |
| Cash/cash equivalents at the year end - R'000 | 18(1)b | 21 416 | 4 597 | 144 | 28 070 | (19 621) | 1 500 | 144 | 31 055 | 43 768 | 66 294 |
| Cash + investments at the yr end less applications - R'000 | 18(1)b | 284 778 | 10 275 | (81 992) | 86 722 | (49 050) | (49 050) | - | 24 888 | 27 802 | 33 026 |
| Cash year end/monthly employee/supplier payments | 18(1)b | 4.1 | 0.4 | 0.0 | 2.6 | (1.3) | 0.1 | - | 2.3 | 3.2 | 4.6 |
| Surplus/(Deficit) excluding depreciation offsets: R'000 | 18(1) | 143 899 | 131 499 | 92 081 | 183 897 | 217 950 | 217 950 | - | 253 301 | 278 970 | 324 713 |
| Service charge rev % change - macro CPIX target exclusive | 18(1)a,(2) | N.A. | 40.6% | (17.5%) | 23.0% | (25.2%) | (6.0%) | (106.0%) | 2.0% | 2.0% | 2.0% |
| Cash receipts % of Ratepayer & Other revenue | 18(1)a,(2) | 658.2% | 61.3% | 68.3% | 73.6% | 108.1% | 108.1% | 0.0% | 87.2% | 87.1% | 87.5% |
| Debt impairment expense as a % of total billable revenue | 18(1)a,(2) | 21.6% | 18.6% | 19.8% | 7.8% | 23.4% | 23.4% | 0.0% | 20.0% | 19.5% | 18.9% |
| Capital payments % of capital expenditure | 18(1)c;19 | 71.3% | 165.1% | 136.5% | 84.5% | 81.1% | 76.6% | 0.0% | 102.4% | 101.0% | 98.8% |
| Borrowing receipts % of capital expenditure (excl. transfers) | 18(1)c | 0.0% | 39.6% | 14.6% | 96.3% | 100.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Grants % of Govt. legislated/gazetted allocations | 18(1)a | | | | | | | | 99.9% | 98.8% | 99.0% |
| Current consumer debtors % change - incr(decr) | 18(1)a | N.A. | (75.2%) | 341.7% | (16.4%) | (30.9%) | 0.0% | (100.0%) | (19.2%) | 15.5% | (34.8%) |
| Long term receivables % change - incr(decr) | 18(1)a | N.A. | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| R&M % of Property Plant & Equipment | 20(1)(vi) | 7.6% | 6.6% | 0.0% | 4.8% | 5.2% | 5.5% | 0.0% | 4.7% | 4.3% | 3.9% |
| Asset renewal % of capital budget | 20(1)(vi) | 0.0% | 36.1% | 11.0% | 17.7% | 1.5% | 1.9% | 0.0% | 6.5% | 6.5% | 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 R31 million, R43.7 million and R66.2 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. 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. Notably, the ratio has been falling significantly for the period 2008/09 to 2011/12, moving from 4.3 to 2.6, this ratio improved from 2.3 to 4.6 in the 2012/13 MTREF.

2.6.4.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2012/13 MTREF the indicative outcome is a surplus of R230 million, R254 million and R299 million.

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 Service charge revenue as a percentage increase less macro inflation target

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

The factor is calculated by deducting the maximum macro-economic inflation target increase. The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 2 per cent for the respective financial year of the 2012/13 MTREF. Considering tariff increase in relation to revenue generated from rates and services charges is 8 per cent. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

2.6.4.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 87.2, 87.1 and 87.5 per cent for each of the respective financial years. Given that the assumed collection rate was based on an 80 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the

mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.6.4.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 20, 19.5 and 18.9 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.6.4.8 Capital payments percentage of capital expenditure

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

2.6.4.9 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.

2.6.4.10 Consumer debtors change (Current and Non-current)

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

2.6.4.11 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.

2.6.4.12 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low

level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR SA34b.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 41 MBRR SA19 - Expenditure on transfers and grant programmes

| DC43 Sisonke - Supporting Table SA19 Expenditure on transfers and grant programme | | | | | | | | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------------------|------------------------|------------------------|
| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & | | |
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| EXPENDITURE: | | | | | | | | | |
| Operating expenditure of Transfers and Grants | | | | | | | | | |
| National Government: | 101 500 | 120 177 | - | 186 931 | 182 881 | 182 881 | 217 200 | 232 153 | 239 975 |
| Local Government Equitable Share | 100 037 | 120 177 | - | 182 881 | 182 881 | 182 881 | 203 556 | 218 521 | 235 753 |
| Finance Management | 250 | - | - | 1 250 | - | - | 1 250 | 1 250 | 1 250 |
| Municipal Systems Improvement | 735 | - | - | 790 | - | - | 1 000 | 900 | 1 000 |
| WATER SERVICES OPERATING SUBSIDY GRANT | 478 | - | - | 322 | - | - | 9 618 | 9 618 | - |
| WATER SERVICES OPERATING SUBSIDY | - | - | - | - | - | - | - | - | - |
| Rural Transport Services and Infrastructure Grant | - | - | - | 1 688 | - | - | 1 776 | 1 864 | 1 972 |
| Provincial Government: | 19 703 | - | - | 4 100 | - | - | 400 | 1 700 | 210 |
| Lg seta | 401 | - | - | 500 | - | - | - | - | - |
| In-Service Training - Salaries | - | - | - | 300 | - | - | - | - | - |
| Fresh produce markets (afs) | 16 300 | - | - | - | - | - | - | - | - |
| Gijima (afs) | 502 | - | - | - | - | - | - | - | - |
| Intergovernmental grants | 200 | - | - | - | - | - | - | - | - |
| ICT Shared Services Grant (cogta) | - | - | - | 3 000 | - | - | - | - | - |
| Community Development Project | - | - | - | - | - | - | - | 1 500 | - |
| District Growth Development Summit | - | - | - | - | - | - | 400 | - | - |
| Experiential Learning | - | - | - | 300 | - | - | - | - | - |
| Development planning shared services | 2 300 | - | - | - | - | - | - | 200 | 210 |
| Total operating expenditure of Transfers and Grants: | 121 203 | 120 177 | - | 191 031 | 182 881 | 182 881 | 217 600 | 233 853 | 240 185 |

Table 42 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

| DC43 Sisonke - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds | | | | | | | | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------------------|------------------------|------------------------|
| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & | | |
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Operating transfers and grants: | | | | | | | | | |
| National Government: | | | | | | | | | |
| Balance unspent at beginning of the year | – | 3 923 | 3 266 | – | – | – | | | |
| Current year receipts | 137 915 | 191 441 | 146 161 | 186 931 | 189 451 | 189 451 | 217 200 | 232 153 | 239 975 |
| Conditions met - transferred to revenue | 137 915 | 192 099 | 148 474 | 186 931 | 189 451 | 189 451 | 217 200 | 232 153 | 239 975 |
| Conditions still to be met - transferred to liabilities | | 3 266 | 953 | | | | | | |
| Provincial Government: | | | | | | | | | |
| Balance unspent at beginning of the year | – | 14 416 | 10 794 | 1 500 | 1 500 | 1 500 | | | |
| Current year receipts | 3 403 | 7 094 | 7 459 | 4 100 | 4 100 | 4 100 | 400 | 1 700 | 210 |
| Conditions met - transferred to revenue | 3 403 | 10 717 | 16 752 | 5 600 | 5 600 | 5 600 | 400 | 1 700 | 210 |
| Conditions still to be met - transferred to liabilities | – | 10 794 | 1 500 | – | – | – | – | – | – |
| Total operating transfers and grants revenue | 141 318 | 202 816 | 165 227 | 192 531 | 195 051 | 195 051 | 217 600 | 233 853 | 240 185 |
| Total operating transfers and grants - CTBM | – | 14 060 | 2 453 | – | – | – | – | – | – |
| Capital transfers and grants: | | | | | | | | | |
| National Government: | | | | | | | | | |
| Balance unspent at beginning of the year | 3 000 | 11 308 | 5 379 | – | 38 303 | 38 303 | 25 630 | 58 858 | 51 204 |
| Current year receipts | 99 007 | 75 701 | 100 207 | 138 585 | 138 585 | 138 585 | 183 745 | 195 240 | 238 130 |
| Conditions met - transferred to revenue | 102 007 | 81 630 | 99 930 | 138 585 | 176 888 | 176 888 | 209 375 | 254 098 | 289 334 |
| Conditions still to be met - transferred to liabilities | | 5 379 | 5 657 | | | | | | |
| Provincial Government: | | | | | | | | | |
| Balance unspent at beginning of the year | | 16 233 | 19 581 | 29 062 | 29 062 | 29 062 | | | |
| Current year receipts | 16 300 | 39 863 | 44 964 | 12 000 | 12 000 | 12 000 | – | – | – |
| Conditions met - transferred to revenue | 16 300 | 36 515 | 35 483 | 41 062 | 41 062 | 41 062 | – | – | – |
| Conditions still to be met - transferred to liabilities | | 19 581 | 29 062 | | | | | | |
| Total capital transfers and grants revenue | 118 307 | 118 145 | 135 412 | 179 647 | 217 950 | 217 950 | 209 375 | 254 098 | 289 334 |
| Total capital transfers and grants - CTBM | – | 24 960 | 34 719 | – | – | – | – | – | – |
| TOTAL TRANSFERS AND GRANTS REVENUE | 259 625 | 320 961 | 300 639 | 372 178 | 413 001 | 413 001 | 426 975 | 487 951 | 529 519 |
| TOTAL TRANSFERS AND GRANTS - CTBM | – | 39 019 | 37 172 | – | – | – | – | – | – |

2.8 Councilor and employee benefits

Table 43 MBRR SA22 - Summary of councilor and staff benefits

| DC43 Sisonke - Supporting Table SA22 Summary councilor and staff benefits | | | | | | | | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| Summary of Employee and Councillor remuneration | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousand | A | B | C | D | E | F | G | H | I |
| Councillors (Political Office Bearers plus Other) | | | | | | | | | |
| Basic Salaries and Wages | 1 957 | 2 203 | 2 209 | 2 747 | 2 747 | 2 747 | 3 021 | 3 263 | 3 524 |
| Pension and UIF Contributions | 256 | 288 | 289 | 359 | 359 | 359 | 395 | 427 | 461 |
| Medical Aid Contributions | 60 | 68 | 68 | 85 | 85 | 85 | 93 | 101 | 109 |
| Motor Vehicle Allowance | 755 | 850 | 852 | 1 060 | 1 060 | 1 060 | 1 166 | 1 259 | 1 360 |
| Cellphone Allowance | 166 | 186 | 187 | 232 | 232 | 232 | 256 | 276 | 298 |
| Housing Allowances | - | - | - | - | - | - | - | - | - |
| Other benefits and allowances | 395 | 445 | 446 | 554 | 554 | 554 | 610 | 658 | 711 |
| Sub Total - Councillors | 3 590 | 4 041 | 4 051 | 5 037 | 5 037 | 5 037 | 5 541 | 5 984 | 6 463 |
| % increase | | 12.6% | 0.2% | 24.4% | - | - | 10.0% | 8.0% | 8.0% |
| Senior Managers of the Municipality | | | | | | | | | |
| Basic Salaries and Wages | 1 033 | 2 695 | 3 309 | 3 535 | 3 535 | 3 535 | 3 818 | 4 047 | 4 290 |
| Pension and UIF Contributions | - | 49 | 68 | 2 | 2 | 2 | 2 | 2 | 3 |
| Medical Aid Contributions | - | 41 | 81 | 4 | 4 | 4 | 4 | 4 | 5 |
| Overtime | - | - | - | - | - | - | - | - | - |
| Performance Bonus | | | | 488 | 488 | 488 | 527 | 559 | 592 |
| Motor Vehicle Allowance | 691 | 1 879 | 2 031 | 2 210 | 2 210 | 2 210 | 2 387 | 2 530 | 2 682 |
| Cellphone Allowance | 33 | | 112 | 103 | 103 | 103 | 112 | 118 | 126 |
| Housing Allowances | | | | | | | - | - | - |
| Other benefits and allowances | 658 | 113 | 0 | 3 | 3 | 3 | 3 | 4 | 4 |
| Sub Total - Senior Managers of Municipality | 2 414 | 4 777 | 5 600 | 6 346 | 6 346 | 6 346 | 6 853 | 7 265 | 7 701 |
| % increase | | 97.9% | 17.2% | 13.3% | - | - | 8.0% | 6.0% | 6.0% |
| Other Municipal Staff | | | | | | | | | |
| Basic Salaries and Wages | 28 944 | 32 472 | 37 636 | 48 310 | 48 310 | 48 310 | 52 943 | 55 608 | 58 144 |
| Pension and UIF Contributions | 5 477 | 4 251 | 5 242 | 9 025 | 9 025 | 9 025 | 9 891 | 10 389 | 10 862 |
| Medical Aid Contributions | 702 | 1 705 | 1 897 | 1 129 | 1 129 | 1 129 | 1 237 | 1 299 | 1 358 |
| Overtime | - | 2 498 | 2 884 | 1 009 | 1 009 | 1 009 | 1 105 | 1 161 | 1 214 |
| Performance Bonus | 2 717 | - | | 4 476 | 4 476 | 4 476 | 4 906 | 5 153 | 5 387 |
| Motor Vehicle Allowance | 1 302 | 1 285 | 1 228 | 2 058 | 2 058 | 2 058 | 2 255 | 2 368 | 2 476 |
| Cellphone Allowance | 186 | - | 220 | 351 | 351 | 351 | 385 | 404 | 422 |
| Housing Allowances | 18 | 151 | 127 | 30 | 30 | 30 | 33 | 35 | 37 |
| Other benefits and allowances | 154 | 196 | 1 273 | 1 346 | 1 346 | 1 346 | 1 475 | 1 549 | 1 619 |
| Sub Total - Other Municipal Staff | 39 499 | 42 558 | 50 508 | 67 734 | 67 734 | 67 734 | 74 230 | 77 966 | 81 521 |
| % increase | | 7.7% | 18.7% | 34.1% | - | - | 9.6% | 5.0% | 4.6% |
| Total Parent Municipality | 45 503 | 51 376 | 60 159 | 79 117 | 79 117 | 79 117 | 86 624 | 91 215 | 95 685 |
| | | 12.9% | 17.1% | 31.5% | - | - | 9.5% | 5.3% | 4.9% |
| TOTAL SALARY, ALLOWANCES & BENEFITS | 45 503 | 51 376 | 60 159 | 79 117 | 79 117 | 79 117 | 86 624 | 91 215 | 95 685 |
| % increase | | 12.9% | 17.1% | 31.5% | - | - | 9.5% | 5.3% | 4.9% |
| TOTAL MANAGERS AND STAFF | 41 913 | 47 335 | 56 108 | 74 079 | 74 079 | 74 079 | 81 083 | 85 231 | 89 222 |

Table 44 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

| DC43 Sisonke - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers) | | | | | | | |
|---|-----------|------------------|----------------|------------------|---------------------|------------------|-------------------|
| Disclosure of Salaries, Allowances & Benefits 1. | No. | Salary | Contributions | Allowances | Performance Bonuses | In-kind benefits | Total Package |
| Rand per annum | | | 1 | | | 2 | 3 |
| Councillors | | | | | | | |
| Speaker | 1 | 491 449 | 61 780 | 95 259 | | | 648 488 |
| Chief Whip | 1 | - | - | 22 444 | | | 22 444 |
| Executive Mayor | 1 | 614 313 | 77 225 | 119 074 | | | 810 612 |
| Deputy Executive Mayor | 1 | 309 562 | 61 780 | 95 259 | | | 466 601 |
| Executive Committee | 3 | 1 382 200 | 173 757 | 267 916 | | | 1 823 873 |
| Total for all other councillors | 19 | 1 360 436 | 169 543 | 238 974 | | | 1 768 953 |
| Total Councillors | 26 | 4 157 960 | 544 086 | 838 926 | | | 5 540 972 |
| Senior Managers of the Municipality | | | | | | | |
| Municipal Manager (MM) | 1 | 605 832 | 150 | 405 266 | 84 052 | | 1 095 300 |
| Chief Finance Officer | 1 | 540 476 | 150 | 361 558 | 74 963 | | 977 146 |
| <i>List of each official with packages >= senior manager</i> | | | | | | | |
| Head: Operations | 1 | 530 756 | 150 | 351 949 | 73 352 | | 956 208 |
| Head: Corporate Services | 1 | 528 763 | 150 | 353 944 | 73 352 | | 956 209 |
| Head: Economic & Community Services | 1 | 519 243 | 2 133 | 361 480 | 73 352 | | 956 209 |
| Head: Infrastructure Services | 1 | 615 804 | 150 | 266 903 | 73 352 | | 956 209 |
| Head: Water Services | 1 | 477 177 | 6 908 | 398 771 | 73 352 | | 956 209 |
| | | | | | | | - |
| Total Senior Managers of the Municipality | 7 | 3 818 052 | 9 790 | 2 499 872 | 525 777 | | 6 853 490 |
| TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION | 33 | 7 976 012 | 553 875 | 3 338 798 | 525 777 | | 12 394 461 |

Table 45 MBRR SA24 – Summary of personnel numbers

| DC43 Sisonke - Supporting Table SA24 Summary of personnel numbers | | | | | | | | | |
|---|------------|---------------------|--------------------|----------------------|---------------------|--------------------|---------------------|---------------------|--------------------|
| Summary of Personnel Numbers | | | | | | | | | |
| Number | 2010/11 | | | Current Year 2011/12 | | | Budget Year 2012/13 | | |
| | Positions | Permanent employees | Contract employees | Positions | Permanent employees | Contract employees | Positions | Permanent employees | Contract employees |
| Municipal Council and Boards of Municipal Entities | | | | | | | | | |
| Councillors (Political Office Bearers plus Other Councillors) | 26 | – | 26 | 26 | – | 26 | 26 | – | 26 |
| Board Members of municipal entities | – | – | – | – | – | – | – | – | – |
| Municipal employees | | | | | | | | | |
| Municipal Manager and Senior Managers | 7 | – | 7 | 7 | – | 7 | 7 | – | 7 |
| Other Managers | | | | 12 | 12 | – | 14 | 14 | – |
| Professionals | 37 | 35 | 2 | 37 | 35 | 2 | 39 | 39 | – |
| <i>Finance</i> | 3 | 3 | – | 3 | 3 | – | 3 | 3 | – |
| <i>Spatial/town planning</i> | 1 | 1 | – | 1 | 1 | – | 1 | 1 | – |
| <i>Information Technology</i> | 2 | 2 | – | 2 | 2 | – | 2 | 2 | – |
| <i>Roads</i> | 1 | 1 | – | 1 | 1 | – | 1 | 1 | – |
| <i>Electricity</i> | 1 | 1 | – | 1 | 1 | – | 1 | 1 | – |
| <i>Water</i> | 7 | 7 | – | 7 | 7 | – | 7 | 7 | – |
| <i>Sanitation</i> | 1 | 1 | – | 1 | 1 | – | 1 | 1 | – |
| <i>Refuse</i> | 1 | 1 | – | 1 | 1 | – | 1 | 1 | – |
| <i>Other</i> | 20 | 18 | 2 | 20 | 18 | 2 | 21 | 21 | |
| Technicians | 36 | 32 | 4 | 37 | 33 | 4 | 39 | 35 | 4 |
| <i>Finance</i> | 7 | 7 | – | 7 | 7 | – | 7 | 7 | – |
| <i>Spatial/town planning</i> | 4 | 4 | – | 4 | 4 | – | 4 | 4 | – |
| <i>Information Technology</i> | 1 | 1 | – | 1 | 1 | – | 1 | 1 | – |
| <i>Roads</i> | 1 | 1 | – | 1 | 1 | – | 1 | 1 | – |
| <i>Electricity</i> | 1 | 1 | – | 1 | 1 | – | 1 | 1 | – |
| <i>Water</i> | 5 | 4 | 1 | 5 | 4 | 1 | 5 | 4 | 1 |
| <i>Sanitation</i> | 3 | 3 | – | 3 | 3 | – | 3 | 3 | – |
| <i>Refuse</i> | 1 | 1 | – | 1 | 1 | – | 1 | 1 | – |
| <i>Other</i> | 13 | 10 | 3 | 14 | 11 | 3 | 15 | 12 | 3 |
| Clerks (Clerical and administrative) | 60 | 42 | 18 | 70 | 50 | 20 | 74 | 73 | |
| Service and sales workers | 1 | 1 | – | 1 | 1 | – | 1 | 1 | – |
| Skilled agricultural and fishery workers | 1 | 1 | – | 1 | 1 | – | 1 | 1 | – |
| Craft and related trades | 1 | 1 | – | 1 | 1 | – | 1 | 1 | – |
| Plant and Machine Operators | 85 | 78 | 7 | 94 | 86 | 8 | 99 | 90 | 8 |
| Elementary Occupations | 34 | 27 | 7 | 43 | 35 | 8 | 45 | 37 | 8 |
| TOTAL PERSONNEL NUMBERS | 288 | 217 | 71 | 329 | 254 | 75 | 345 | 291 | 54 |
| % increase | | | | 14.2% | 17.1% | 5.6% | 4.9% | 14.4% | (27.5%) |
| Total municipal employees headcount | 288 | 217 | 71 | 329 | 254 | 75 | 345 | 291 | 54 |
| Finance personnel headcount | 40 | 39 | 1 | 43 | 43 | – | 44 | 44 | 45 |
| Human Resources personnel headcount | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |

2.9 Monthly targets for revenue, expenditure and cash flow

Table 46 MBRR SA25 - Budgeted monthly revenue and expenditure

| DC43 Sisonke - Supporting Table SA25 Budgeted monthly revenue and expenditure | | | | | | | | | | | | | | | | |
|---|---------------------|-----------------|-----------------|----------------|----------------|-----------------|----------------|-----------------|---------------|-----------------|-----------------|-----------------|-------------------------------------|---------------------|------------------------|------------------------|
| Description | Budget Year 2012/13 | | | | | | | | | | | | Medium Term Revenue and Expenditure | | | |
| | R thousand | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Revenue By Source | | | | | | | | | | | | | | | | |
| Service charges - water revenue | 2 023 | 2 204 | 2 148 | 3 491 | 1 801 | 1 737 | 2 144 | 2 114 | 2 159 | 1 974 | 1 654 | 2 313 | 25 762 | 27 823 | 30 048 | |
| Service charges - sanitation revenue | 696 | 535 | 549 | 3 869 | 499 | 518 | 561 | 554 | 537 | 535 | 475 | 690 | 10 018 | 10 820 | 11 685 | |
| Interest earned - external investments | 277 | 419 | 280 | 160 | 526 | 356 | 314 | 169 | 416 | 277 | 141 | 12 | 3 345 | 3 546 | 3 794 | |
| Transfers recognised - operational | 89 303 | - | - | 4 578 | 68 253 | - | 4 578 | - | 50 889 | - | - | - | 217 600 | 233 853 | 240 185 | |
| Other revenue | 3 326 | - | 3 326 | - | 3 326 | - | 3 326 | - | 3 326 | - | 3 326 | - | 19 955 | 21 106 | 25 012 | |
| Total Revenue (excluding capital transfers) | 95 624 | 3 158 | 6 302 | 12 097 | 74 404 | 2 610 | 10 923 | 2 838 | 57 326 | 2 786 | 5 596 | 3 015 | 276 679 | 297 147 | 310 725 | |
| Expenditure By Type | | | | | | | | | | | | | | | | |
| Employee related costs | 6 257 | 7 257 | 6 407 | 7 107 | 6 937 | 6 577 | 6 507 | 7 007 | 7 027 | 6 487 | 6 457 | 7 057 | 81 083 | 85 231 | 89 222 | |
| Remuneration of councillors | 422 | 422 | 422 | 422 | 422 | 422 | 422 | 669 | 480 | 480 | 480 | 480 | 5 541 | 5 984 | 6 463 | |
| Debt impairment | 596 | 596 | 596 | 596 | 596 | 596 | 596 | 596 | 596 | 596 | 596 | 596 | 7 156 | 7 535 | 7 904 | |
| Depreciation & asset impairment | 1 917 | 1 917 | 1 917 | 1 917 | 1 917 | 1 917 | 1 917 | 1 917 | 1 917 | 1 917 | 1 917 | 1 917 | 23 000 | 24 219 | 25 406 | |
| Finance charges | 254 | 254 | 254 | 254 | 254 | 254 | 254 | 254 | 254 | 254 | 254 | 254 | 3 042 | 3 204 | 3 361 | |
| Bulk purchases | 625 | 625 | 625 | 625 | 625 | 625 | 625 | 625 | 625 | 625 | 625 | 625 | 7 500 | 7 898 | 8 284 | |
| Contracted services | 2 745 | 2 745 | 2 745 | 2 745 | 2 745 | 2 745 | 2 745 | 2 745 | 2 745 | 2 745 | 2 745 | 1 963 | 32 154 | 29 175 | 30 871 | |
| Other expenditure | 5 718 | 5 718 | 5 718 | 5 718 | 5 718 | 5 718 | 5 718 | 5 718 | 5 718 | 5 718 | 5 718 | 7 750 | 70 647 | 74 391 | 78 036 | |
| Total Expenditure | 18 533 | 19 533 | 18 683 | 19 383 | 19 213 | 18 853 | 18 783 | 19 530 | 19 361 | 18 821 | 18 791 | 20 641 | 230 123 | 237 637 | 249 547 | |
| Surplus/(Deficit) | 77 091 | (16 375) | (12 380) | (7 285) | 55 192 | (16 243) | (7 860) | (16 692) | 37 965 | (16 035) | (13 195) | (17 626) | 46 556 | 59 511 | 61 178 | |
| Transfers recognised - capital | 77 141 | 923 | - | - | 53 141 | - | 3 750 | 6 246 | 41 681 | - | 863 | - | 183 745 | 195 240 | 238 130 | |
| Surplus/(Deficit) after capital transfers & contributions | 154 233 | (15 452) | (12 380) | (7 285) | 108 332 | (16 243) | (4 110) | (10 446) | 79 646 | (16 035) | (12 332) | (17 626) | 230 301 | 254 751 | 299 308 | |
| Surplus/(Deficit) | 154 233 | (15 452) | (12 380) | (7 285) | 108 332 | (16 243) | (4 110) | (10 446) | 79 646 | (16 035) | (12 332) | (17 626) | 230 301 | 254 751 | 299 308 | |

Table 47 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

| DC43 Sisonke - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote) | | | | | | | | | | | | | | | | |
|--|---------------------|-----------------|-----------------|----------------|----------------|-----------------|----------------|----------------|---------------|-----------------|-----------------|-----------------|-------------------------------------|---------------------|------------------------|------------------------|
| Description | Budget Year 2012/13 | | | | | | | | | | | | Medium Term Revenue and Expenditure | | | |
| | R thousand | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Revenue by Vote | | | | | | | | | | | | | | | | |
| Vote 2 - Finance | 90 668 | 420 | 3 606 | 160 | 71 705 | 357 | 3 640 | 170 | 54 631 | 277 | 3 467 | 3 | 229 105 | 245 323 | 266 809 | |
| Vote 4 - Economic &Community Services | - | - | - | - | - | - | - | - | - | - | - | 400 | 400 | 1 700 | 210 | |
| Vote 5 - Infrastructure Services | 78 917 | 923 | - | - | 53 141 | - | 3 750 | 6 246 | 41 681 | - | 863 | - | 185 521 | 197 104 | 240 102 | |
| Vote 6 - Water Services | 3 234 | 2 792 | 2 750 | 11 991 | 2 653 | 2 307 | 7 336 | 2 722 | 2 749 | 2 563 | 2 183 | 2 118 | 45 398 | 48 260 | 41 734 | |
| Total Revenue by Vote | 172 820 | 4 135 | 6 356 | 12 151 | 127 499 | 2 664 | 14 727 | 9 138 | 99 061 | 2 840 | 6 513 | 2 520 | 460 424 | 492 387 | 548 855 | |
| Expenditure by Vote to be appropriated | | | | | | | | | | | | | | | | |
| Vote 1 - Executive & Council | 2 620 | 2 620 | 2 620 | 2 620 | 2 620 | 2 620 | 2 620 | 2 620 | 2 620 | 2 620 | 2 620 | 4 090 | 32 905 | 34 649 | 36 347 | |
| Vote 2 - Finance | 4 349 | 4 349 | 4 349 | 4 349 | 4 349 | 4 349 | 4 349 | 4 349 | 4 349 | 4 349 | 4 349 | 4 349 | 52 189 | 54 955 | 57 648 | |
| Vote 3 - Corporate Services | 2 648 | 2 648 | 2 648 | 2 648 | 2 648 | 2 648 | 2 648 | 2 648 | 2 648 | 2 648 | 2 648 | 2 348 | 31 473 | 33 142 | 34 766 | |
| Vote 4 - Economic &Community Services | 2 086 | 2 086 | 2 086 | 2 086 | 2 086 | 2 086 | 2 086 | 2 086 | 2 086 | 2 086 | 2 086 | 2 586 | 25 536 | 26 890 | 28 207 | |
| Vote 5 - Infrastructure Services | 946 | 946 | 946 | 946 | 946 | 946 | 946 | 946 | 946 | 946 | 946 | 846 | 11 255 | 11 852 | 12 433 | |
| Vote 6 - Water Services | 6 424 | 6 424 | 6 424 | 6 424 | 6 424 | 6 424 | 6 424 | 6 424 | 6 424 | 6 424 | 6 424 | 6 104 | 76 764 | 76 149 | 80 146 | |
| Total Expenditure by Vote | 19 073 | 19 073 | 19 073 | 19 073 | 19 073 | 19 073 | 19 073 | 19 073 | 19 073 | 19 073 | 19 073 | 20 323 | 230 123 | 237 637 | 249 547 | |
| Surplus/(Deficit) before assoc. | 153 747 | (14 938) | (12 716) | (6 921) | 108 426 | (16 409) | (4 346) | (9 935) | 79 988 | (16 233) | (12 560) | (17 803) | 230 301 | 254 751 | 299 308 | |
| Surplus/(Deficit) | 153 747 | (14 938) | (12 716) | (6 921) | 108 426 | (16 409) | (4 346) | (9 935) | 79 988 | (16 233) | (12 560) | (17 803) | 230 301 | 254 751 | 299 308 | |

Table 48 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

| DC43 Sisonke - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification) | | | | | | | | | | | | | | | | |
|---|---------------------|-----------------|-----------------|-----------------|----------------|-----------------|-----------------|-----------------|---------------|-----------------|-----------------|---------------|-------------------------------------|---------------------|------------------------|------------------------|
| Description | Budget Year 2012/13 | | | | | | | | | | | | Medium Term Revenue and Expenditure | | | |
| | R thousand | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Revenue - Standard | | | | | | | | | | | | | | | | |
| <i>Governance and administration</i> | 90 668 | 420 | 3 606 | 160 | 71 705 | 357 | 3 640 | 170 | 54 631 | 277 | 3 467 | 3 | 229 105 | 245 323 | 266 809 | |
| Budget and treasury office | 90 668 | 420 | 3 606 | 160 | 71 705 | 357 | 3 640 | 170 | 54 631 | 277 | 3 467 | 3 | 229 105 | 245 323 | 266 809 | |
| <i>Economic and environmental services</i> | - | - | - | - | - | - | - | - | - | - | - | 400 | 400 | 1 700 | 210 | |
| Planning and development | - | - | - | - | - | - | - | - | - | - | - | 400 | 400 | 1 700 | 210 | |
| <i>Trading services</i> | 78 917 | 923 | - | - | 53 141 | - | 3 750 | 6 246 | 41 681 | - | 863 | 45 398 | 230 919 | 245 364 | 281 836 | |
| Water | - | - | - | - | - | - | - | - | - | - | - | 45 398 | 45 398 | 48 260 | 41 734 | |
| Waste water management | 78 917 | 923 | - | - | 53 141 | - | 3 750 | 6 246 | 41 681 | - | 863 | 0 | 185 521 | 197 104 | 240 102 | |
| Total Revenue - Standard | 169 586 | 1 343 | 3 606 | 160 | 124 846 | 357 | 7 390 | 6 416 | 96 312 | 277 | 4 331 | 45 801 | 460 424 | 492 387 | 548 855 | |
| | | 1 343 | 3 606 | 160 | 124 846 | 357 | 7 390 | 6 416 | 96 312 | 277 | 4 331 | | | | | |
| Expenditure - Standard | | | | | | | | | | | | | | | | |
| <i>Governance and administration</i> | 9 616 | 9 616 | 9 616 | 9 616 | 9 616 | 9 616 | 9 616 | 9 616 | 9 616 | 9 616 | 9 616 | 10 786 | 116 568 | 122 746 | 128 761 | |
| Executive and council | 2 620 | 2 620 | 2 620 | 2 620 | 2 620 | 2 620 | 2 620 | 2 620 | 2 620 | 2 620 | 2 620 | 4 090 | 32 905 | 34 649 | 36 347 | |
| Budget and treasury office | 4 349 | 4 349 | 4 349 | 4 349 | 4 349 | 4 349 | 4 349 | 4 349 | 4 349 | 4 349 | 4 349 | 4 349 | 52 189 | 54 955 | 57 648 | |
| Corporate services | 2 648 | 2 648 | 2 648 | 2 648 | 2 648 | 2 648 | 2 648 | 2 648 | 2 648 | 2 648 | 2 648 | 2 348 | 31 473 | 33 142 | 34 766 | |
| <i>Economic and environmental services</i> | 2 086 | 2 086 | 2 086 | 2 086 | 2 086 | 2 086 | 2 086 | 2 086 | 2 086 | 2 086 | 2 086 | 2 586 | 25 536 | 26 890 | 28 207 | |
| Planning and development | 2 086 | 2 086 | 2 086 | 2 086 | 2 086 | 2 086 | 2 086 | 2 086 | 2 086 | 2 086 | 2 086 | 2 586 | 25 536 | 26 890 | 28 207 | |
| <i>Trading services</i> | 7 343 | 7 343 | 7 343 | 7 343 | 7 343 | 7 343 | 7 343 | 7 343 | 7 343 | 7 343 | 7 343 | 7 243 | 88 019 | 88 001 | 92 579 | |
| Water | 946 | 946 | 946 | 946 | 946 | 946 | 946 | 946 | 946 | 946 | 946 | 846 | 11 255 | 11 852 | 12 433 | |
| Waste water management | 6 397 | 6 397 | 6 397 | 6 397 | 6 397 | 6 397 | 6 397 | 6 397 | 6 397 | 6 397 | 6 397 | 6 397 | 76 764 | 76 149 | 80 146 | |
| Total Expenditure - Standard | 19 046 | 19 046 | 19 046 | 19 046 | 19 046 | 19 046 | 19 046 | 19 046 | 19 046 | 19 046 | 19 046 | 20 616 | 230 123 | 237 637 | 249 547 | |
| Surplus/(Deficit) before assoc. | 150 539 | (17 703) | (15 440) | (18 886) | 105 800 | (18 690) | (11 656) | (12 630) | 77 266 | (18 769) | (14 715) | 25 184 | 230 301 | 254 751 | 299 308 | |
| Surplus/(Deficit) | 150 539 | (17 703) | (15 440) | (18 886) | 105 800 | (18 690) | (11 656) | (12 630) | 77 266 | (18 769) | (14 715) | 25 184 | 230 301 | 254 751 | 299 308 | |

Table 49 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

| DC43 Sisonke - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote) | | | | | | | | | | | | | | | |
|--|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------------------------------|------------------------|------------------------|
| Description | Budget Year 2012/13 | | | | | | | | | | | | Medium Term Revenue and Expenditure | | |
| | July | August | Sept. | October | Nov. | Dec. | January | Feb. | March | April | May | June | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousand | | | | | | | | | | | | | | | |
| Multi-year expenditure to be appropriated | | | | | | | | | | | | | | | |
| Vote 1 - Executive & Council | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 2 - Finance | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 3 - Corporate Services | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 1 100 | 1 158 | 1 154 |
| Vote 4 - Economic & Community Services | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 5 - Infrastructure Services | 17 356 | 17 356 | 17 356 | 17 356 | 17 356 | 17 356 | 17 356 | 17 356 | 17 356 | 17 356 | 17 356 | 17 356 | 208 275 | 201 240 | 244 130 |
| Vote 6 - Water Services | - | - | - | - | - | - | - | - | - | - | - | - | - | 51 700 | 50 050 |
| Capital multi-year expenditure sub-total | 17 448 | 17 448 | 17 448 | 17 448 | 17 448 | 17 448 | 17 448 | 17 448 | 17 448 | 17 448 | 17 448 | 17 448 | 209 375 | 254 098 | 295 334 |
| Total Capital Expenditure | 17 448 | 17 448 | 17 448 | 17 448 | 17 448 | 17 448 | 17 448 | 17 448 | 17 448 | 17 448 | 17 448 | 17 448 | 209 375 | 254 098 | 295 334 |

Table 50 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

| DC43 Sisonke - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification) | | | | | | | | | | | | | | | |
|---|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------------------------------|------------------------|------------------------|
| Description | Budget Year 2012/13 | | | | | | | | | | | | Medium Term Revenue and Expenditure | | |
| | July | August | Sept. | October | Nov. | Dec. | January | Feb. | March | April | May | June | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Capital Expenditure - Standard | | | | | | | | | | | | | | | |
| <i>Governance and administration</i> | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 1 100 | 1 158 | 1 154 |
| Corporate services | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 1 100 | 1 158 | 1 154 |
| <i>Trading services</i> | 17 356 | 17 356 | 17 356 | 17 356 | 17 356 | 17 356 | 17 356 | 17 356 | 17 356 | 17 356 | 17 356 | 17 356 | 208 275 | 252 940 | 288 180 |
| Water | - | - | - | - | - | - | - | - | - | - | - | - | - | 51 700 | 50 050 |
| Waste water management | 17 356 | 17 356 | 17 356 | 17 356 | 17 356 | 17 356 | 17 356 | 17 356 | 17 356 | 17 356 | 17 356 | 17 356 | 208 275 | 201 240 | 244 130 |
| Total Capital Expenditure - Standard | 17 448 | 17 448 | 17 448 | 17 448 | 17 448 | 17 448 | 17 448 | 17 448 | 17 448 | 17 448 | 17 448 | 17 448 | 209 375 | 254 098 | 295 334 |

Table 51 MBRR SA30 - Budgeted monthly cash flow

| DC43 Sisonke - Supporting Table SA30 Budgeted monthly cash flow | | | | | | | | | | | | | | | | |
|---|---------------------|-----------------|-----------------|-----------------|----------------|-----------------|-----------------|-----------------|---------------|-----------------|-----------------|-----------------|-------------------------------------|---------------------|------------------------|------------------------|
| MONTHLY CASH FLOWS | Budget Year 2012/13 | | | | | | | | | | | | Medium Term Revenue and Expenditure | | | |
| | R thousand | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Cash Receipts By Source | | | | | | | | | | | | | | 1 | | |
| Service charges - water revenue | 1 390 | 1 501 | 888 | 2 593 | 833 | 1 563 | 1 654 | 1 957 | 1 753 | 3 042 | 1 717 | 1 717 | 20 609 | 22 258 | 24 039 | |
| Service charges - sanitation revenue | 540 | 584 | 345 | 1 009 | 324 | 608 | 643 | 761 | 682 | 1 183 | 668 | 668 | 8 015 | 8 656 | 9 348 | |
| Interest earned - external investments | 278 | 420 | 281 | 160 | 500 | 357 | 315 | 170 | 417 | 277 | 142 | 29 | 3 345 | 3 546 | 3 794 | |
| Transfer receipts - operational | 89 303 | - | - | 4 578 | 68 553 | - | 4 578 | - | 50 589 | - | - | 0 | 217 600 | 233 853 | 240 185 | |
| Other revenue | 3 326 | - | 3 326 | - | 3 326 | - | 3 326 | - | 3 326 | - | 3 326 | - | 19 955 | 21 106 | 25 012 | |
| Cash Receipts by Source | 94 836 | 2 504 | 4 839 | 8 340 | 73 535 | 2 527 | 10 515 | 2 889 | 56 766 | 4 502 | 5 853 | 2 415 | 269 523 | 289 419 | 302 378 | |
| Other Cash Flows by Source | | | | | | | | | | | | | | | | |
| Transfer receipts - capital | 77 141 | 923 | - | - | 53 141 | - | 3 750 | 6 246 | 41 681 | - | 863 | - | 183 745 | 195 240 | 238 130 | |
| Total Cash Receipts by Source | 171 978 | 3 427 | 4 839 | 8 340 | 126 676 | 2 527 | 14 265 | 9 135 | 98 447 | 4 502 | 6 716 | 2 415 | 453 268 | 484 659 | 540 508 | |
| Cash Payments by Type | | | | | | | | | | | | | | | | |
| Employee related costs | 6 257 | 7 257 | 6 407 | 7 107 | 6 937 | 6 577 | 6 507 | 7 007 | 7 027 | 6 487 | 6 457 | 7 057 | 81 083 | 85 231 | 89 222 | |
| Remuneration of councillors | 422 | 422 | 422 | 422 | 422 | 422 | 422 | 669 | 480 | 480 | 480 | 480 | 5 541 | 5 984 | 6 463 | |
| Finance charges | 254 | 254 | 254 | 254 | 254 | 254 | 254 | 254 | 254 | 254 | 254 | 254 | 3 042 | 3 204 | 3 361 | |
| Bulk purchases - Water & Sewer | 625 | 625 | 625 | 625 | 625 | 625 | 625 | 625 | 625 | 625 | 625 | 625 | 7 500 | 7 898 | 8 284 | |
| Contracted services | 2 745 | 2 745 | 2 745 | 2 745 | 2 745 | 2 745 | 2 745 | 2 745 | 2 745 | 2 745 | 2 745 | 1 963 | 32 154 | 29 175 | 30 871 | |
| Other expenditure | 5 718 | 5 718 | 5 718 | 5 718 | 5 718 | 5 718 | 5 718 | 5 718 | 5 718 | 5 718 | 5 718 | 13 347 | 76 244 | 80 284 | 84 195 | |
| Cash Payments by Type | 16 020 | 17 020 | 16 170 | 16 870 | 16 700 | 16 340 | 16 270 | 17 017 | 16 848 | 16 308 | 16 278 | 23 726 | 205 565 | 211 775 | 222 396 | |
| Other Cash Flows/Payments by Type | | | | | | | | | | | | | | | | |
| Capital assets | 15 312 | 15 312 | 15 312 | 15 312 | 15 312 | 12 567 | 12 567 | 15 312 | 15 312 | 15 312 | 15 312 | 51 431 | 214 375 | 256 598 | 291 834 | |
| Repayment of borrowing | | | 284 | - | - | 1 928 | - | - | 284 | - | - | - | 3 774 | 3 573 | 3 752 | |
| Total Cash Payments by Type | 31 332 | 32 332 | 31 766 | 32 182 | 32 012 | 30 836 | 28 837 | 32 329 | 32 445 | 31 620 | 31 590 | 75 157 | 423 713 | 471 947 | 517 981 | |
| NET INCREASE/(DECREASE) IN CASH HELD | 140 646 | (28 904) | (26 927) | (23 842) | 94 664 | (28 308) | (14 572) | (23 194) | 66 003 | (27 118) | (24 874) | (72 742) | 29 555 | 12 712 | 22 527 | |
| Cash/cash equivalents at the month/year beginning | 1 500 | 142 146 | 113 241 | 86 315 | 62 473 | 157 137 | 128 829 | 114 257 | 91 063 | 157 065 | 129 948 | 105 074 | 1 500 | 31 055 | 43 768 | |
| Cash/cash equivalents at the month/year end | 142 146 | 113 241 | 86 315 | 62 473 | 157 137 | 128 829 | 114 257 | 91 063 | 157 065 | 129 948 | 105 074 | 32 332 | 31 055 | 43 768 | 66 294 | |

2.10 Annual budgets and SDBIPs – internal departments

2.10.1 Water Services Department – Vote 14

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

Table 52 Water Services Department - operating revenue by source, expenditure by type and total capital expenditure

| DC43 Sisonke - Supporting Table SA2 Matrix Financial Performance Budget (rev | | |
|--|---|-------------------------------|
| Description | Vote 5 - Infrastructur e Services | Vote 6 - Water Services |
| R thousand | | |
| Revenue By Source | | |
| Service charges - water revenue | – | 25 762 |
| Service charges - sanitation revenue | – | 10 018 |
| Transfers recognised - operational | 2 176 | 9 618 |
| Total Revenue (excluding capital transfers and contributions) | 2 176 | 45 398 |
| Expenditure By Type | | |
| Employee related costs | 6 763 | 34 356 |
| Bulk purchases | – | 7 500 |
| Contracted services | 3 536 | 8 614 |
| Other expenditure | 956 | 26 294 |
| Total Expenditure | 11 255 | 76 764 |
| Surplus/(Deficit) | (9 079) | (31 366) |
| Transfers recognised - capital | 183 745 | – |
| Surplus/(Deficit) after capital transfers & contributions | 174 666 | (31 366) |

Table 53 Water Services Department – Performance objectives and indicators

| DC43 Sisonke - Supporting Table SA7 Measureable performance objectives | | | | | | | | | | |
|---|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------------------|------------------------|------------------------|
| Description | Unit of measurement | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & | | |
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Vote5 - Infrastructure Services | | | | | | | | | | |
| Function 1 - Waste Water Infrastructure | | | | | | | | | | |
| Sub-function 1 - Water | | | | | | | | | | |
| <i>Reduction in water backlogs</i> | Total number of HH with access to w water | 5304 | 5894 | 6435 | 6893 | 6755 | 6755 | 6435 | 6435 | 6435 |
| | Bulk Water & Sewer Infrastructure | 160 | 168 | 176 | 187 | 183 | 183 | 176 | 176 | 176 |
| Sub-function 2 - Sanitation | | | | | | | | | | |
| <i>Reduction in sanitation backlogs</i> | Number of household with new access to VIP sanitation | 1752 | 1844 | 1956 | 2043 | 1941 | 1941 | 1956 | 1956 | 1956 |
| Sub-function 3 - Electricity | | | | | | | | | | |
| <i>To provide electricity to the existing water schemes</i> | No of hh with electricity connection in the water scheme | 85 | 90 | 95 | 100 | 98 | 98 | 95 | 95 | 95 |
| Vote6 - Water Services | | | | | | | | | | |
| Function 1 - Water | | | | | | | | | | |
| Sub-function 1 - Water & Sanitation infrastructure Planning & Design | | | | | | | | | | |
| <i>To ensure the effective management of all water Infrastructure</i> | Water Feasibility Studies, Business Plans Approved | 10 | 10 | 10 | 10 | 8 | 8 | 10 | 10 | 10 |
| | Sanitation Feasibility Studies, Business Plans Approved | 4 | 4 | 5 | 4 | 5 | 5 | 8 | 10 | 12 |
| Sub-function 2 - Water & Sanitation Services Operations and Maintenance | | | | | | | | | | |
| <i>To render effective water & sanitation services</i> | % Reduction in water losses Minimum Night Flows in main supply areas | 80.0% | 90.0% | 95.0% | 100% | 98% | 98% | 100% | 100% | 100% |
| | % reduction in the number of sewer overflow s | 80.0% | 90.0% | 95.0% | 100% | 100% | 100% | 100% | 100% | 100% |
| | % Progress made towards Blue drop and Green drop Status DWA | <50% | <50% | >50% | >50% | >50% | >50% | >65% | >80% | >95% |

There are currently no unfilled positions in the top management structure of the Water Services Department. The top management structure consists of 2 Executive Director (Water and Infrastructure services), three directors and 7 professional engineers. As part of the performance objectives for the 2012/13 financial year, the expansion of the functional water demand management unit will require an amendment to the departmental organogram and the subsequent filling of vacancies.

The departmental strategy is ensuring the economic value and useful life of the water reticulation network and infrastructure is maintained. To this end, the medium-term expenditure framework provides for operational repairs and maintenance of R30 million, R31, 6 million and R32.6 million in each of the respective financial years of the MTREF.

The departmental revenue base is primarily informed by the sale of water and charges for sanitation of which budget appropriation for the 2012/13 financial year is R35, 7 million and increases to R38, 6 million by 2013/14 and has been informed by a collection rate of 80 per cent and distribution losses of 20 per cent in the outer years.

The reduction of distribution losses is considered a priority and hence the departmental objectives. There has been a huge concerted effort in the 2011/12 in trying to minimize the water losses with initiatives such as the water meter and infrastructure audits. The enhancement of the ongoing Water Demand Management & Conservation initiatives are expected to also have a positive impact in minimizing water losses in the medium to long term.

Note: Municipalities would be required to undertake the aforementioned for each department/vote within the municipality.

2.11 Contracts having future budgetary implications

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

2.12 Capital expenditure details

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

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

| DC43 Sisonke - Supporting Table SA34a Capital expenditure on new assets by asset class | | | | | | | | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------------------|------------------------|------------------------|
| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & | | |
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Capital expenditure on new assets by Asset Class/Sub-class | | | | | | | | | |
| Infrastructure | 106 798 | 63 918 | 108 451 | 230 858 | 256 100 | 205 190 | 188 574 | 221 754 | 288 180 |
| Infrastructure - Road transport | 800 | - | - | - | 5 121 | 5 121 | - | - | - |
| <i>Roads, Pavements & Bridges</i> | - | - | - | - | 5 121 | 5 121 | - | - | - |
| <i>Storm water</i> | 800 | - | - | - | - | - | - | - | - |
| Infrastructure - Electricity | 14 640 | - | - | 6 000 | 7 852 | 7 852 | 5 000 | - | - |
| <i>Transmission & Reticulation</i> | 14 640 | - | - | 6 000 | 7 852 | 7 852 | 5 000 | - | - |
| Infrastructure - Water | 62 415 | 63 445 | 108 393 | 166 467 | 171 869 | 135 483 | 133 885 | 166 742 | 241 372 |
| <i>Reticulation</i> | 62 415 | 63 445 | 108 393 | 166 467 | 171 869 | 135 483 | 133 885 | 166 742 | 241 372 |
| Infrastructure - Sanitation | 26 943 | - | - | 58 390 | 68 609 | 54 084 | 48 289 | 35 512 | 31 808 |
| <i>Reticulation</i> | 26 943 | - | - | 58 390 | 68 609 | 54 084 | 48 289 | 35 512 | 31 808 |
| Infrastructure - Other | 2 000 | 473 | 58 | - | 2 650 | 2 650 | 1 400 | 19 500 | 15 000 |
| <i>Other</i> | 2 000 | 473 | 58 | - | 2 650 | 2 650 | 1 400 | 19 500 | 15 000 |
| Community | 2 000 | 1 462 | 15 777 | - | - | - | - | - | - |
| Other | 2 000 | 1 462 | 15 777 | - | - | - | - | - | - |
| Other assets | 9 109 | 16 797 | 11 051 | 11 600 | 8 560 | 8 560 | 7 091 | 15 858 | 7 154 |
| General vehicles | 300 | 3 070 | 3 318 | - | 560 | 560 | - | - | - |
| Specialised vehicles | - | - | - | - | - | - | - | 1 000 | - |
| Plant & equipment | 1 330 | 2 272 | 773 | - | - | - | - | - | - |
| Computers - hardware/equipment | - | - | - | 350 | 350 | 350 | - | - | - |
| Furniture and other office equipment | - | 1 027 | 1 099 | 350 | - | - | 450 | 474 | 472 |
| Civic Land and Buildings | 6 530 | - | - | - | - | - | - | - | - |
| Other Buildings | - | 10 428 | 5 861 | 10 600 | 7 000 | 7 000 | 5 991 | 6 000 | 6 000 |
| Other | 949 | - | - | 300 | 650 | 650 | 650 | 8 384 | 682 |
| Intangibles | 400 | - | - | 150 | 150 | 150 | - | - | - |
| Computers - software & programming | 400 | - | - | 150 | 150 | 150 | - | - | - |
| Total Capital Expenditure on new assets | 118 307 | 82 177 | 135 278 | 242 608 | 264 810 | 213 900 | 195 665 | 237 613 | 295 334 |

Table 55 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

| DC43 Sisonke - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class | | | | | | | | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------------------|------------------------|------------------------|
| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & | | |
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Capital expenditure on renewal of existing assets by Asset Class/Sub-class | | | | | | | | | |
| Infrastructure | - | 46 513 | 16 725 | 52 200 | 4 050 | 4 050 | 13 709 | 12 486 | - |
| Infrastructure - Water | - | 46 513 | 16 725 | 43 700 | 4 050 | 4 050 | 10 187 | 8 217 | - |
| Dams & Reservoirs | - | - | - | - | - | - | - | - | - |
| Water purification | - | - | - | - | - | - | - | - | - |
| Reticulation | - | 46 513 | 16 725 | 43 700 | 4 050 | 4 050 | 10 187 | 8 217 | - |
| Infrastructure - Sanitation | - | - | - | 8 500 | - | - | 3 522 | 1 269 | - |
| Reticulation | - | - | - | - | - | - | - | - | - |
| Sewerage purification | - | - | - | 8 500 | - | - | 3 522 | 1 269 | - |
| Infrastructure - Other | - | - | - | - | - | - | - | 3 000 | - |
| Other | - | - | - | - | - | - | - | 3 000 | - |
| Other assets | - | - | - | - | - | - | - | 4 000 | - |
| Other | - | - | - | - | - | - | - | 4 000 | - |
| Total Capital Expenditure on renewal of existing assets | - | 46 513 | 16 725 | 52 200 | 4 050 | 4 050 | 13 709 | 16 486 | - |

Table 56 MBRR SA34c - Repairs and maintenance expenditure by asset class

| DC43 Sisonke - Supporting Table SA34c Repairs and maintenance expenditure by asset class | | | | | | | | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------------------|------------------------|------------------------|
| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & | | |
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Repairs and maintenance expenditure by Asset Class/Sub-class | | | | | | | | | |
| Infrastructure | 37 352 | 50 880 | - | 57 687 | 57 687 | 57 687 | 61 148 | 64 817 | 68 706 |
| Infrastructure - Road transport | - | - | - | 105 | 105 | 105 | 111 | 118 | 125 |
| Roads, Pavements & Bridges | - | - | - | 105 | 105 | 105 | 111 | 118 | 125 |
| Street Lighting | - | - | - | - | - | - | - | - | - |
| Infrastructure - Water | 19 713 | 28 960 | - | 34 081 | 34 081 | 34 081 | 36 126 | 38 294 | 40 591 |
| Dams & Reservoirs | - | - | - | - | - | - | - | - | - |
| Water purification | 19 713 | 28 960 | - | 34 081 | 34 081 | 34 081 | 36 126 | 38 294 | 40 591 |
| Reticulation | - | - | - | - | - | - | - | - | - |
| Infrastructure - Sanitation | 17 639 | 21 920 | - | 23 501 | 23 501 | 23 501 | 24 911 | 26 405 | 27 990 |
| Reticulation | - | - | - | - | - | - | - | - | - |
| Sewerage purification | 17 639 | 21 920 | - | 23 501 | 23 501 | 23 501 | 24 911 | 26 405 | 27 990 |
| Other assets | 691 | 1 020 | - | 1 300 | 1 300 | 1 300 | 1 378 | 1 461 | 1 548 |
| General vehicles | 384 | 580 | - | 500 | 500 | 500 | 530 | 562 | 596 |
| Specialised vehicles | 77 | - | - | - | - | - | - | - | - |
| Plant & equipment | 179 | 315 | - | - | - | - | - | - | - |
| Computers - hardware/equipment | 51 | 125 | - | 300 | 300 | 300 | 318 | 337 | 357 |
| Other Buildings | - | - | - | 500 | 500 | 500 | 530 | 562 | 596 |
| Total Repairs and Maintenance Expenditure | 38 043 | 51 900 | - | 58 987 | 58 987 | 58 987 | 62 526 | 66 278 | 70 254 |

Table 57 MBRR SA35 - Future financial implications of the capital budget

| DC43 Sisonke - Supporting Table SA35 Future financial implications of the capital budget | | | | | | | |
|--|-------------------------------|---------------------------|---------------------------|---------------------|---------------------|---------------------|------------------|
| Vote Description | 2012/13 Medium Term Revenue & | | | Forecasts | | | |
| | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 | Forecast 2015/16 | Forecast 2016/17 | Forecast 2017/18 | Present value |
| R thousand | | | | | | | |
| Capital expenditure | | | | | | | |
| Vote 3 - Corporate Services | 1 100 | 1 158 | 1 154 | 1 269 | 1 396 | 1 536 | 1 689 |
| Vote 5 - Infrastructure Services | 208 275 | 201 240 | 244 130 | 263 660 | 284 753 | 307 533 | 332 136 |
| Vote 6 - Water Services | - | 51 700 | 50 050 | 51 051 | 52 072 | 53 113 | 54 176 |
| Total Capital Expenditure | 209 375 | 254 098 | 295 334 | 315 981 | 338 221 | 362 183 | 388 001 |
| Future operational costs by vote | | | | | | | |
| Vote 3 - Corporate Services | 110 | 116 | 115 | 127 | 140 | 154 | 169 |
| Vote 5 - Infrastructure Services | 31 241 | 30 186 | 36 620 | 39 549 | 42 713 | 46 130 | 49 820 |
| Vote 6 - Water Services | - | 5 170 | 5 005 | 5 105 | 5 207 | 5 311 | 5 418 |
| Total future operational costs | 31 351 | 35 472 | 41 740 | 44 781 | 48 060 | 51 595 | 55 407 |
| Future revenue by source | | | | | | | |
| Service charges - water revenue | 25 762 | 27 823 | 30 048 | 33 053 | 36 358 | 39 994 | 43 994 |
| Service charges - sanitation revenue | 10 018 | 10 820 | 11 685 | 12 854 | 14 139 | 15 553 | 17 109 |
| Interest earned - external investments | 3 345 | 3 546 | 3 794 | 4 932 | 6 411 | 8 335 | 10 835 |
| Other revenue | 19 955 | 21 106 | 25 012 | 30 015 | 36 018 | 43 221 | 51 865 |
| Total future revenue | 59 079 | 63 294 | 70 540 | 80 854 | 92 927 | 107 104 | 123 803 |
| Net Financial Implications | 181 646 | 226 276 | 266 534 | 279 908 | 293 354 | 306 674 | 319 605 |

Table 58 MBRR SA36 - Detailed capital budget per municipal vote

| DC43 Sisonke - Supporting Table SA36 Detailed capital budget | | | | | | | | | | | | |
|--|--|-----------------------|-----------------------------|-----------------|------------------------|-------------------------|---|---|------------------------|------------------------|---------------------|----------------|
| Municipal Vote/Capital project | Program/Project description | Individually Approved | Asset Class | Asset Sub-Class | Total Project Estimate | Prior year outcomes | | 2012/13 Medium Term Revenue & Expenditure Framework | | | Project information | |
| R thousand | | 6 | 3 | 3 | | Audited Outcome 2010/11 | Current Year 2011/12 Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 | Ward location | New or renewal |
| Parent municipality: | | | | | | | | | | | | |
| <i>List all capital projects grouped by Municipal Vote</i> | | | | | | | | | | | | |
| INFRASTRUCTURE SERVICES | Ingwe Household Sanitation Project | Yes | Infrastructure - Sanitation | Reticulation | - | 9 500 | 9 500 | 8 000 | 7 266 | 10 000 | | NEW |
| INFRASTRUCTURE SERVICES | Mbululweni Water Supply | Yes | Infrastructure - Water | Reticulation | 104 347 | 8 000 | 8 000 | 8 000 | 10 000 | 10 000 | 8 | NEW |
| INFRASTRUCTURE SERVICES | GREATER KHILIMONI | Yes | Infrastructure - Water | Reticulation | 700 887 | 7 000 | 7 000 | 15 000 | 10 000 | 15 000 | 1,2,3 | NEW |
| INFRASTRUCTURE SERVICES | Mangwaneni Water Supply | Yes | Infrastructure - Water | Reticulation | 8 045 | 4 023 | 4 023 | 4 023 | 1 000 | - | 7 | NEW |
| INFRASTRUCTURE SERVICES | Kwanomandlovu Water Project_(Sdm) | Yes | Infrastructure - Water | Reticulation | 43 345 | 5 500 | 5 500 | 8 000 | 10 000 | - | 5,11 | NEW |
| INFRASTRUCTURE SERVICES | Khukhulela Water_(Sdm) | Yes | Infrastructure - Water | Reticulation | 20 465 | 3 000 | 3 000 | 2 500 | 2 000 | 5 965 | 2 | NEW |
| INFRASTRUCTURE SERVICES | Bulwer to Nkelabantwana and Nkumba | Yes | Infrastructure - Water | Reticulation | - | - | - | 2 000 | - | - | | NEW |
| INFRASTRUCTURE SERVICES | Bulwer Donnybrook Water Supply Scheme | Yes | Infrastructure - Water | Reticulation | 556 363 | - | - | - | - | 14 576 | 2,4 | NEW |
| INFRASTRUCTURE SERVICES | Regional Bulk Infrastructure - Bulwer | Yes | Infrastructure - Water | Other | 13 000 | - | - | 15 000 | 20 429 | 46 200 | | RENEWAL |
| INFRASTRUCTURE SERVICES | Pakkies Water Ext Ph2 | Yes | Infrastructure - Water | Reticulation | 5 326 | 500 | 500 | 800 | 559 | - | 6 | NEW |
| INFRASTRUCTURE SERVICES | Horseshoe Sanitation Project-New | Yes | Infrastructure - Sanitation | Reticulation | 29 000 | 10 000 | 10 000 | 4 500 | 4 500 | - | 1 | NEW |
| INFRASTRUCTURE SERVICES | Franklin Bulk Water & Sewerage Upgrade | Yes | Infrastructure - Sanitation | Reticulation | 13 471 | 8 800 | 8 800 | 2 522 | 1 269 | - | 2 | NEW |
| INFRASTRUCTURE SERVICES | Makhoba Housing Project (W&S) | Yes | Infrastructure - Sanitation | Reticulation | 13 562 | 1 000 | 1 000 | 2 500 | 3 562 | 3 000 | 2 | NEW |
| INFRASTRUCTURE SERVICES | Eradication Of Water Backlogs In Kokstad | Yes | Infrastructure - Water | Reticulation | 5 081 | 500 | 500 | 200 | 800 | - | | NEW |
| INFRASTRUCTURE SERVICES | Greater Kokstad Water Demand And Control | Yes | Infrastructure - Other | Reticulation | 20 573 | 5 000 | 5 000 | - | 500 | 15 073 | | NEW |
| INFRASTRUCTURE SERVICES | Underberg Bulk Water Supply Upgrade | Yes | Infrastructure - Water | Reticulation | 29 919 | 4 000 | 4 000 | 1 000 | 636 | 5 000 | 1 | NEW |
| INFRASTRUCTURE SERVICES | Enhlanhleni And Kwapitela Water Project | Yes | Infrastructure - Water | Reticulation | 9 784 | 3 238 | 3 238 | 500 | 500 | - | 1,2 | NEW |
| INFRASTRUCTURE SERVICES | Mqatsheeni Stepmore Water Project | Yes | Infrastructure - Water | Reticulation | 35 000 | 8 068 | 8 068 | 3 500 | 3 000 | 3 000 | 1 | NEW |
| INFRASTRUCTURE SERVICES | Underberg Sanitation Project | Yes | Infrastructure - Sanitation | Reticulation | 89 462 | - | - | - | 300 | 5 000 | 3 | NEW |
| INFRASTRUCTURE SERVICES | New Office Building (Umgeni Farm) | Yes | Other Assets | Buildings | - | 6 000 | 6 000 | 2 000 | 6 000 | 6 000 | 2 | NEW |
| INFRASTRUCTURE SERVICES | Construction Of Registry | Yes | Other Assets | Other | - | - | - | 600 | - | - | 2 | NEW |
| INFRASTRUCTURE SERVICES | Farmers Market | Yes | Infrastructure - Other | Markets | - | - | - | 800 | - | - | | NEW |
| INFRASTRUCTURE SERVICES | Construction Of Disaster Mngt Centre | Yes | Other Assets | Buildings | - | - | - | 3 991 | - | - | | NEW |
| INFRASTRUCTURE SERVICES | Rudimentary Programme - EPWP | Yes | Infrastructure - Water | Other | - | - | - | 3 528 | - | - | | RENEWAL |
| INFRASTRUCTURE SERVICES | Eradication Of Sanitation Backlog In Ubungwe | Yes | Infrastructure - Sanitation | Reticulation | - | 9 500 | 9 500 | 5 000 | 7 000 | 8 000 | 2 | NEW |
| INFRASTRUCTURE SERVICES | Ebovini/ Emazabekweni Community Water | Yes | Infrastructure - Water | Reticulation | - | 2 000 | 2 000 | 1 800 | - | - | 9,11,12 | NEW |
| INFRASTRUCTURE SERVICES | Hlokozi Water Project | Yes | Infrastructure - Water | Reticulation | - | 9 500 | 9 500 | 6 000 | 6 000 | - | 6,8 | NEW |
| INFRASTRUCTURE SERVICES | Jolivet Water Conservation And Water Treatment | Yes | Infrastructure - Water | Reticulation | - | 3 844 | 3 844 | 1 100 | - | - | 7 | NEW |
| INFRASTRUCTURE SERVICES | Ixopo Mariathal Water Supply | Yes | Infrastructure - Water | Reticulation | 24 420 | 2 500 | 2 500 | 3 000 | 5 000 | 6 920 | 4 | NEW |
| INFRASTRUCTURE SERVICES | Ixopo Hopewell Water Supply Scheme | Yes | Infrastructure - Water | Reticulation | 9 906 | - | - | 1 000 | 4 641 | 10 000 | 2 | NEW |

Table 59 MBRR SA37 - Projects delayed from previous financial year

| DC43 Sisonke - Supporting Table SA37 Projects delayed from previous financial year/s | | | | | | | |
|--|---|----------------------------------|----------------------|--------------------|-------------------------------|------------------------|------------------------|
| Municipal Vote/Capital project | Project name | Previous target year to complete | Current Year 2011/12 | | 2012/13 Medium Term Revenue & | | |
| | | | Original Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousand | | Year | | | | | |
| Parent municipality: | | | | | | | |
| <i>List all capital projects grouped by Municipal Vote</i> | | | | | | | |
| | | | | | | | |
| WATER SERVICES | UMZIMKHULU SEWER EMERGENCY INTERVENTIO | 0 | - | - | 3 000 | - | - |
| WATER SERVICES | Ibisi Housing Bulk Sewer Services | 0 | - | - | 5 670 | - | - |
| WATER SERVICES | Ibisi Water | 0 | - | - | 1 281 | - | - |
| WATER SERVICES | Rural Electrification: KwaThusi, Gaybrook, KwaFile, N | 0 | - | - | 5 000 | - | - |
| WATER SERVICES | Refurbishment of Ibisi Water Treatment Works | 0 | - | - | 1 687 | - | - |

Legislation compliance status

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

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the district's website.

2. Internship programme

The district is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department and internal auditing. They have completed their two year contract on 28 February 2012 and left with one year as required by National Treasury. Since the introduction of the Internship programme the district has successfully employed and trained 08 interns through this programme and a majority of them were appointed either in the district or other Institutions.

3. Budget and Treasury Office

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

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

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

6. Annual Report

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

7. MFMA Training

The MFMA training module in electronic format is presented at the district and training is ongoing.

8. Policies

The review of all budget related policies has taken place in terms of Regulation 7 of the MBRR.

2.13 Other supporting documents

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

| DC43 Sisonke - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance' | | | | | | | | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------------------|------------------------|------------------------|
| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & | | |
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousand | | | | | | | | | |
| REVENUE ITEMS: | | | | | | | | | |
| Property rates | | | | | | | | | |
| Total Property Rates | - | 78 | 194 | - | - | - | - | - | - |
| Net Property Rates | - | 78 | 194 | - | - | - | - | - | - |
| Service charges - water revenue | | | | | | | | | |
| Total Service charges - water revenue | 19 911 | 23 657 | 16 887 | 30 177 | 26 971 | 26 971 | 29 128 | 31 459 | 33 975 |
| less Revenue Foregone | 2 569 | | | 3 117 | 3 117 | 3 117 | 3 367 | 3 636 | 3 927 |
| Net Service charges - water revenue | 17 342 | 23 657 | 16 887 | 27 060 | 23 853 | 23 853 | 25 762 | 27 823 | 30 048 |
| Service charges - sanitation revenue | | | | | | | | | |
| Total Service charges - sanitation revenue | 7 164 | 12 187 | 14 705 | 13 940 | 9 276 | 9 276 | 10 018 | 10 820 | 11 685 |
| Net Service charges - sanitation revenue | 7 164 | 12 187 | 14 705 | 13 940 | 9 276 | 9 276 | 10 018 | 10 820 | 11 685 |
| Other Revenue by source | | | | | | | | | |
| Other revenue | 355 | 716 | 1 595 | 28 519 | 31 111 | 31 111 | 19 955 | 21 106 | 25 012 |
| Insurance Claims | 453 | - | - | - | - | - | - | - | - |
| Total 'Other' Revenue | 807 | 716 | 1 595 | 28 519 | 31 111 | 31 111 | 19 955 | 21 106 | 25 012 |
| EXPENDITURE ITEMS: | | | | | | | | | |
| Employee related costs | | | | | | | | | |
| Basic Salaries and Wages | 30 667 | 35 007 | 40 547 | 53 622 | 53 622 | 53 622 | 58 689 | 61 668 | 64 527 |
| Pension and UIF Contributions | 6 179 | 6 978 | 5 310 | 7 011 | 7 011 | 7 011 | 7 674 | 8 066 | 8 444 |
| Medical Aid Contributions | | | 1 947 | 2 577 | 2 577 | 2 577 | 2 821 | 2 963 | 3 100 |
| Overtime | - | - | 2 884 | 3 808 | 3 808 | 3 808 | 4 168 | 4 381 | 4 586 |
| Performance Bonus | 2 717 | 3 068 | - | - | - | - | - | - | - |
| Motor Vehicle Allowance | 2 178 | 2 460 | 3 259 | 4 303 | 4 303 | 4 303 | 4 710 | 4 951 | 5 183 |
| Cellphone Allowance | | | 332 | 438 | 438 | 438 | 479 | 504 | 528 |
| Housing Allowances | 173 | 195 | 127 | 167 | 167 | 167 | 183 | 192 | 201 |
| Other benefits and allowances | | | 1 273 | 1 681 | 1 681 | 1 681 | 1 840 | 1 934 | 2 025 |
| Payments in lieu of leave | - | 224 | 398 | 437 | 437 | 437 | 481 | 529 | 582 |
| Post-retirement benefit obligations | - | 34 | 31 | 34 | 34 | 34 | 38 | 42 | 46 |
| sub-total | 41 913 | 47 965 | 56 108 | 74 079 | 74 079 | 74 079 | 81 083 | 85 231 | 89 222 |
| Total Employee related costs | 41 913 | 47 965 | 56 108 | 74 079 | 74 079 | 74 079 | 81 083 | 85 231 | 89 222 |
| Depreciation & asset impairment | | | | | | | | | |
| Depreciation of Property, Plant & Equipment | 31 732 | 18 651 | 19 812 | 36 750 | 21 200 | 21 200 | 23 000 | 24 219 | 25 406 |
| Total Depreciation & asset impairment | 31 732 | 18 651 | 19 812 | 36 750 | 21 200 | 21 200 | 23 000 | 24 219 | 25 406 |
| Bulk purchases | | | | | | | | | |
| Water Bulk Purchases | 3 379 | 7 566 | 6 998 | 7 200 | 7 200 | 7 200 | 7 500 | 7 898 | 8 284 |
| Total bulk purchases | 3 379 | 7 566 | 6 998 | 7 200 | 7 200 | 7 200 | 7 500 | 7 898 | 8 284 |
| Transfers and grants | | | | | | | | | |
| Cash transfers and grants | 1 789 | 22 303 | 11 482 | 16 500 | - | - | - | - | - |
| Total transfers and grants | 1 789 | 22 303 | 11 482 | 16 500 | - | - | - | - | - |

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

| DC43 Sisonke - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.) | | | | | | | |
|---|------------------------------------|---------------------|-----------------------------------|-----------------------------------|---|-------------------------------|----------------|
| Description | Vote 1 - Executive & Council | Vote 2 - Finance | Vote 3 - Corporate Services | Vote 4 - Economic &Communit | Vote 5 - Infrastructur e Services | Vote 6 - Water Services | Total |
| R thousand | | | | | | | |
| Revenue By Source | | | | | | | |
| Service charges - water revenue | - | - | - | - | - | 25 762 | 25 762 |
| Service charges - sanitation revenue | - | - | - | - | - | 10 018 | 10 018 |
| Interest earned - external investments | - | 3 345 | - | - | - | - | 3 345 |
| Other revenue | - | 19 955 | - | - | - | - | 19 955 |
| Transfers recognised - operational | - | 205 806 | - | - | 2 176 | 9 618 | 217 600 |
| Gains on disposal of PPE | - | - | - | - | - | - | - |
| Total Revenue (excluding capital transfers and contributions) | - | 229 105 | - | - | 2 176 | 45 398 | 276 679 |
| Expenditure By Type | | | | | | | |
| Employee related costs | 10 858 | 9 686 | 9 023 | 10 396 | 6 763 | 34 356 | 81 083 |
| Remuneration of councillors | 5 541 | - | - | - | - | - | 5 541 |
| Debt impairment | - | 7 156 | - | - | - | - | 7 156 |
| Depreciation & asset impairment | - | 23 000 | - | - | - | - | 23 000 |
| Finance charges | - | 3 042 | - | - | - | - | 3 042 |
| Bulk purchases | - | - | - | - | - | 7 500 | 7 500 |
| Contracted services | 4 240 | 3 290 | 6 365 | 6 891 | 3 536 | 8 614 | 32 936 |
| Transfers and grants | - | - | - | - | - | - | - |
| Other expenditure | 12 266 | 6 015 | 16 085 | 8 249 | 956 | 26 294 | 69 865 |
| Total Expenditure | 32 905 | 52 189 | 31 473 | 25 536 | 11 255 | 76 764 | 230 123 |
| Surplus/(Deficit) | (32 905) | 176 916 | (31 473) | (25 536) | (9 079) | (31 366) | 46 556 |
| Transfers recognised - capital | - | - | - | - | 183 745 | - | 183 745 |
| Surplus/(Deficit) after capital transfers & contributions | (32 905) | 176 916 | (31 473) | (25 536) | 174 666 | (31 366) | 230 301 |

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

| DC43 Sisonke - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position' | | | | | | | | | |
|--|-----------------|-----------------|-----------------|----------------------|------------------|--------------------|-------------------------------|------------------------|------------------------|
| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & | | |
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousand | | | | | | | | | |
| ASSETS | | | | | | | | | |
| Call investment deposits | | | | | | | | | |
| Call deposits < 90 days | 116 986 | 109 832 | 6 914 | 110 000 | 5 000 | 5 000 | 10 000 | 12 500 | 15 000 |
| Other current investments > 90 days | - | - | - | - | - | - | - | - | - |
| Total Call investment deposits | 116 986 | 109 832 | 6 914 | 110 000 | 5 000 | 5 000 | 10 000 | 12 500 | 15 000 |
| Consumer debtors | | | | | | | | | |
| Consumer debtors | 9 490 | 2 512 | 5 310 | 23 333 | 13 058 | 13 058 | 16 000 | 16 000 | 16 000 |
| Less: Provision for debt impairment | - | - | - | - | - | - | (5 758) | (3 293) | (11 198) |
| Total Consumer debtors | 9 490 | 2 512 | 5 310 | 23 333 | 13 058 | 13 058 | 10 242 | 12 707 | 4 802 |
| Debt impairment provision | | | | | | | | | |
| Balance at the beginning of the year | - | - | - | 854 | 854 | 854 | 8 602 | 15 758 | 23 293 |
| Contributions to the provision | 15 143 | 6 685 | - | - | 7 748 | 7 748 | 7 156 | 7 535 | 7 904 |
| Bad debts written off | (15 143) | (6 685) | - | - | - | - | - | - | - |
| Balance at end of year | - | - | - | 854 | 8 602 | 8 602 | 15 758 | 23 293 | 31 198 |
| Property, plant and equipment (PPE) | | | | | | | | | |
| PPE at cost/valuation (excl. finance leases) | 652 525 | 942 793 | 1 150 145 | 1 441 921 | 1 330 713 | 1 279 803 | 1 540 088 | 1 794 186 | 2 083 520 |
| Less: Accumulated depreciation | 148 884 | 157 220 | 176 335 | 222 046 | 197 495 | 197 495 | 220 495 | 244 714 | 270 120 |
| Total Property, plant and equipment (PPE) | 503 641 | 785 573 | 973 810 | 1 219 875 | 1 133 218 | 1 082 308 | 1 319 593 | 1 549 472 | 1 813 400 |
| LIABILITIES | | | | | | | | | |
| Current liabilities - Borrowing | | | | | | | | | |
| Current portion of long-term liabilities | 950 | 1 534 | 4 191 | 1 850 | 1 850 | 1 850 | 3 774 | 3 573 | 3 373 |
| Total Current liabilities - Borrowing | 950 | 1 534 | 4 191 | 1 850 | 1 850 | 1 850 | 3 774 | 3 573 | 3 373 |
| Trade and other payables | | | | | | | | | |
| Trade and other creditors | 2 154 | 37 371 | 50 410 | 50 645 | 46 200 | 36 200 | 20 555 | 30 000 | 38 000 |
| Unspent conditional transfers | 87 371 | 68 081 | 60 891 | - | - | - | - | - | - |
| Total Trade and other payables | 89 524 | 105 452 | 111 301 | 71 200 | 76 200 | 76 200 | 20 555 | 30 000 | 38 000 |
| Non current liabilities - Borrowing | | | | | | | | | |
| Borrowing | 6 127 | 5 203 | 32 484 | 110 910 | 50 910 | 28 291 | 25 878 | 22 304 | 18 731 |
| Finance leases (including PPP asset element) | - | 2 729 | 4 583 | - | - | - | - | - | - |
| Total Non current liabilities - Borrowing | 6 127 | 7 933 | 37 067 | 110 910 | 50 910 | 28 291 | 25 878 | 22 304 | 18 731 |
| Provisions - non-current | | | | | | | | | |
| Retirement benefits | - | 2 966 | 3 919 | - | 3 919 | 3 919 | 4 311 | 4 743 | 5 217 |
| List other major provision items | | | | | | | | | |
| Long Term Service Provision | - | 1 293 | 1 622 | - | 1 622 | 1 622 | 1 784 | 1 962 | 2 159 |
| Other | - | - | - | - | - | - | - | - | - |
| Total Provisions - non-current | - | 4 259 | 5 541 | - | 5 541 | 5 541 | 6 095 | 6 705 | 7 375 |

| DC43 Sisonke - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position' | | | | | | | | | |
|--|-----------------|-----------------|-----------------|----------------------|------------------|--------------------|-------------------------------|------------------------|------------------------|
| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & | | |
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousand | | | | | | | | | |
| CHANGES IN NET ASSETS | | | | | | | | | |
| Accumulated Surplus/(Deficit) | | | | | | | | | |
| Accumulated Surplus/(Deficit) - opening balance | 457 220 | 577 912 | 744 712 | 941 578 | 857 614 | 857 614 | 1 033 314 | 1 320 265 | 1 546 623 |
| GRAP adjustments | 74 911 | - | - | - | - | - | - | - | - |
| Restated balance | 532 130 | 577 912 | 744 712 | 941 578 | 857 614 | 857 614 | 1 033 314 | 1 320 265 | 1 546 623 |
| Surplus/(Deficit) | 143 899 | 112 848 | 72 270 | 147 147 | 196 750 | 196 750 | 230 301 | 254 751 | 299 308 |
| Appropriations to Reserves | 29 339 | - | - | - | - | - | - | - | - |
| Transfers from Reserves | (125 636) | - | - | - | - | - | - | - | - |
| Depreciation offsets | - | 18 651 | 19 812 | 36 750 | 21 200 | 21 200 | 23 000 | 24 219 | 25 406 |
| Other adjustments | (1 821) | 76 396 | 20 821 | 76 437 | (52 250) | (80 541) | 23 649 | (52 611) | (53 474) |
| Accumulated Surplus/(Deficit) | 577 912 | 785 807 | 857 614 | 1 201 912 | 1 023 314 | 995 023 | 1 310 265 | 1 546 623 | 1 817 863 |
| TOTAL COMMUNITY WEALTH/EQUITY | 577 912 | 785 807 | 857 614 | 1 201 912 | 1 023 314 | 995 023 | 1 300 265 | 1 546 623 | 1 817 863 |

Table 62 MBRR 36: Detailed capital budget per municipal vote (continued)

| DC43 Sisonke - Supporting Table SA36 Detailed capital budget | | | | | | | | | | | | |
|--|---|-----------------------|------------------------------|------------------------------------|------------------------|-------------------------|---|---|------------------------|------------------------|---------------------|----------------|
| Municipal Vote/Capital project | Program/Project description | Individually Approved | Asset Class | Asset Sub-Class | Total Project Estimate | Prior year outcomes | | 2012/13 Medium Term Revenue & Expenditure Framework | | | Project information | |
| | | | | | | Audited Outcome 2010/11 | Current Year 2011/12 Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 | Ward location | New or renewal |
| R thousand | | 6 | 3 | 3 | | | | | | | | |
| INFRASTRUCTURE SERVICES | Thubalethu Water Supply | Yes | Infrastructure - Water | Reticulation | 24 299 | 4 500 | 4 500 | 5 500 | 4 299 | 3 000 | 4 | NEW |
| INFRASTRUCTURE SERVICES | Ufafa Water Supply | Yes | Infrastructure - Water | Reticulation | 42 745 | 4 000 | 4 000 | 3 000 | 4 000 | 5 745 | 3 | NEW |
| INFRASTRUCTURE SERVICES | Ncakubana Water Project | Yes | Infrastructure - Water | Reticulation | - | 7 000 | 7 000 | 2 830 | 2 500 | 1 500 | 1 | NEW |
| INFRASTRUCTURE SERVICES | Chibini Water Supply | Yes | Infrastructure - Water | Reticulation | 30 174 | 2 000 | 2 000 | 7 023 | 4 000 | 5 151 | 3 | NEW |
| INFRASTRUCTURE SERVICES | Umkhunya Water Projects | Yes | Infrastructure - Water | Reticulation | - | 4 500 | 4 500 | 1 000 | 3 500 | 5 000 | 5 | NEW |
| INFRASTRUCTURE SERVICES | Highflats Town Bulk Water Supply Scheme | Yes | Infrastructure - Water | Reticulation | 33 370 | - | - | 3 000 | 3 000 | 7 000 | 9 | NEW |
| INFRASTRUCTURE SERVICES | Umzimkhulu Sewer Emergency Intervention | Yes | Infrastructure - Sanitation | | 5 000 | 2 000 | 2 000 | 3 000 | - | - | 16 | NEW |
| INFRASTRUCTURE SERVICES | Refurbishment Of Lourdes Water Scheme | Yes | Infrastructure - Water | Reticulation | 4 000 | 4 000 | 4 000 | 2 000 | - | - | 6 | RENEWAL |
| INFRASTRUCTURE SERVICES | Ibisi Housing Bulk Sewer Services | Yes | Infrastructure - Sanitation | Reticulation | 10 740 | 5 070 | 5 070 | 2 670 | - | - | 11 | NEW |
| INFRASTRUCTURE SERVICES | Ibisi Water | Yes | Infrastructure - Water | Reticulation | 11 838 | 10 556 | 10 556 | 1 281 | - | - | 11 | NEW |
| INFRASTRUCTURE SERVICES | Paninkukhu Water | Yes | Infrastructure - Water | Reticulation | 5 365 | 5 365 | 5 365 | 2 000 | 5 600 | - | 18 | NEW |
| INFRASTRUCTURE SERVICES | Refurbishment Of Mfulamhle Water Scheme | Yes | Infrastructure - Water | Reticulation | 3 000 | 3 000 | 3 000 | 3 687 | - | - | | RENEWAL |
| INFRASTRUCTURE SERVICES | Rural Electrification: Kwathusi, Gaybrood | Yes | Infrastructure - Electricity | Other | 7 000 | 2 000 | 2 000 | 4 000 | - | - | | |
| INFRASTRUCTURE SERVICES | Mqumeni Water Supply | Yes | Infrastructure - Water | Reticulation | 75 524 | - | - | 24 524 | 22 918 | 20 000 | | NEW |
| INFRASTRUCTURE SERVICES | Umzimkhulu Urban And Peri Urban Sanitation | Yes | Infrastructure - Sanitation | Reticulation | - | 6 918 | 6 918 | 1 800 | - | - | 16 | NEW |
| INFRASTRUCTURE SERVICES | Eradication Of Sanitation Backlog In Umzimkhulu | Yes | Infrastructure - Sanitation | Reticulation | - | 9 500 | 9 500 | 17 000 | 20 000 | 30 000 | 16 | NEW |
| INFRASTRUCTURE SERVICES | Greater Summerfield | Yes | Infrastructure - Water | Reticulation | - | - | - | 3 000 | 11 000 | - | 15 | NEW |
| INFRASTRUCTURE SERVICES | Umzimkhulu Bulk Water Supply | Yes | Infrastructure - Water | Reticulation | 18 060 | 1 500 | 1 500 | 5 000 | 2 000 | - | 16 | NEW |
| INFRASTRUCTURE SERVICES | Riverside Waste Water | Yes | Infrastructure - Sanitation | Reticulation | 1 458 | 1 458 | 1 458 | 2 601 | - | - | 2 | NEW |
| INFRASTRUCTURE SERVICES | Rainwater Harvesting | Yes | Infrastructure - Water | Reticulation | - | 2 500 | 2 500 | 2 000 | 3 000 | 3 000 | | |
| INFRASTRUCTURE SERVICES | Kwathshaka (Machumini Ext 1) Water Supply | Yes | Infrastructure - Water | Reticulation | 4 337 | - | - | - | 4 337 | - | 18 | NEW |
| INFRASTRUCTURE SERVICES | Umzimkhulu Waste Water Works | Yes | Infrastructure - Sanitation | Reticulation | 1 823 | - | - | - | 1 743 | - | 16 | NEW |
| INFRASTRUCTURE SERVICES | Fencing of Water Infrastructure | Yes | Infrastructure - Other | Reticulation | | | | 1 500 | - | - | | |
| INFRASTRUCTURE SERVICES | | | | | | | | | | | | |
| INFRASTRUCTURE SERVICES | | | | | | | | | | | | |
| WATER SERVICES | Leak Detection Equipment | Yes | Other Assets | Plant & equipment | | - | - | - | 1 500 | - | | NEW |
| WATER SERVICES | Diesel Pump Conversion To Electricity | Yes | Other Assets | Plant & equipment | | - | - | - | 4 000 | - | | NEW |
| WATER SERVICES | Customer Care Upgrade/ Establishment | Yes | Other Assets | Plant & equipment | | - | - | - | 3 000 | - | | NEW |
| WATER SERVICES | Two Way Radio's | Yes | Other Assets | Plant & equipment | | - | - | - | 1 500 | - | | NEW |
| WATER SERVICES | Cctv Cameras Including(Its Own Vehicle) | Yes | Other Assets | Plant & equipment | | - | - | - | 2 500 | - | | NEW |
| WATER SERVICES | Additional Honey Sucker 1000 000 Loan | Yes | Other Assets | Specialised vehicles - Conservancy | | - | - | - | 1 000 | - | | NEW |
| WATER SERVICES | Umziki Agri Village Package Plant | Yes | Infrastructure - Water | Plant & equipment | | - | - | - | 1 000 | - | 4 | NEW |
| WATER SERVICES | Mbizweni Hospital Package Plant And P | Yes | Other Assets | Plant & equipment | | - | - | - | 1 500 | - | 16 | NEW |
| WATER SERVICES | Ncwadi Water Supply Scheme | Yes | Infrastructure - Water | Reticulation | | - | - | - | 1 000 | - | | NEW |
| WATER SERVICES | Establishment Of Mechanical Workshop | Yes | Other Assets | Other | | - | - | - | 1 000 | - | | NEW |

| DC43 Sisonke - Supporting Table SA36 Detailed capital budget | | | | | | | | | | | | |
|--|--|-----------------------|------------------------|---------------------------------|------------------------|-------------------------|---|---|------------------------|------------------------|---------------------|----------------|
| Municipal Vote/Capital project | Program/Project description | Individually Approved | Asset Class | Asset Sub-Class | Total Project Estimate | Prior year outcomes | | 2012/13 Medium Term Revenue & Expenditure Framework | | | Project information | |
| R thousand | | 6 | 3 | 3 | | Audited Outcome 2010/11 | Current Year 2011/12 Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 | Ward location | New or renewal |
| WATER SERVICES | Purchase Of domestic And Bulk Meters | Yes | Other Assets | Plant & equipment | | - | - | - | 1 000 | - | | NEW |
| WATER SERVICES | Greater Bulwer Bulk Regional Scheme | Yes | Infrastructure - Water | Reticulation | | - | - | - | 5 000 | - | | NEW |
| WATER SERVICES | Bulwer Dam | Yes | Infrastructure - Water | Reticulation | | - | - | - | 7 000 | - | | NEW |
| WATER SERVICES | Tazz Valley Package Plant | Yes | Infrastructure - Water | Plant & equipment | | - | - | - | 1 000 | 35 000 | | NEW |
| WATER SERVICES | Boreholes Drilling (Explorations) E.G F | Yes | Other Assets | Other | | - | - | - | 3 000 | 15 000 | | NEW |
| WATER SERVICES | Pump Station | Yes | Other Assets | Plant & equipment | | - | - | - | 2 000 | 50 | | NEW |
| WATER SERVICES | Umzimkulu Bulk Storage Investigation | Yes | Infrastructure - Other | Dams & Reservoirs | | - | - | - | 5 000 | - | | NEW |
| WATER SERVICES | Greater Kilimon Bulk Storage | Yes | Infrastructure - Other | Dams & Reservoirs | | - | - | - | 3 500 | - | | NEW |
| WATER SERVICES | Annual Contracts | Yes | Infrastructure - Other | Water purification | | - | - | - | 5 000 | - | | NEW |
| WATER SERVICES | Design Office Establishment | Yes | Infrastructure - Other | Other | | - | - | - | 1 200 | - | | NEW |
| COPORATE SERVICES | Computers | Yes | Other Assets | uters - software & programming | | - | - | - | - | - | | NEW |
| COPORATE SERVICES | Registry Building | Yes | Other Assets | Buildings | | - | - | 200 | 211 | 210 | | NEW |
| COPORATE SERVICES | Office Equipment | Yes | Other Assets | ture and other office equipment | | - | - | 300 | 316 | 315 | | NEW |
| COPORATE SERVICES | New Furniture | Yes | Other Assets | ture and other office equipment | | - | - | 150 | 158 | 157 | | NEW |
| COPORATE SERVICES | Office Alterations | Yes | Other Assets | Other | | - | - | 450 | 474 | 472 | | NEW |
| Parent Capital expenditure | | | | | | | | 206 380 | 249 717 | 295 334 | | |
| Total Capital expenditure | | | | | | | | 206 380 | 249 717 | 295 334 | | |

Table 63 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

| DC43 Sisonke - Supporting Table SA9 Social, economic and demographic statistics and assumptions | | | | | | | | | |
|---|-------------|-------------|---------|---------|---------|-------------------------|--|---------|---------|
| Description of economic indicator | 2001 Census | 2007 Survey | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | 2012/13 Medium Term Revenue & Expenditure Framework | | |
| | | | Outcome | Outcome | Outcome | Original Budget | Outcome | Outcome | Outcome |
| Demographics | | | | | | | | | |
| Population | 457 | 500 | 522 | 534 | 546 | 558 | 571 | 584 | 597 |
| Females aged 5 - 14 | 40 | 74 | 77 | 79 | 81 | 82 | 84 | 86 | 88 |
| Males aged 5 - 14 | 41 | 63 | 66 | 67 | 69 | 70 | 72 | 73 | 75 |
| Females aged 15 - 34 | 54 | 92 | 96 | 98 | 101 | 103 | 105 | 108 | 110 |
| Males aged 15 - 34 | 48 | 78 | 82 | 84 | 86 | 88 | 90 | 92 | 94 |
| Unemployment | 114 | 125 | 131 | 133 | 136 | 139 | 143 | 146 | 149 |
| Monthly household income (no. of households) | | | | | | | | | |
| R1-R 400 | 64 824 | 71 012 | 74 185 | 75 825 | 77 500 | 79 213 | 80 964 | 82 753 | 84 408 |
| R401 – R 800 | 108 648 | 119 020 | 124 338 | 127 086 | 129 895 | 132 765 | 135 700 | 138 699 | 141 473 |
| R801 - R1 600 | 169 546 | 185 730 | 194 030 | 198 319 | 202 701 | 207 181 | 211 760 | 216 440 | 220 768 |
| R1601-R3 200 | 38 917 | 42 632 | 44 537 | 45 521 | 46 527 | 47 556 | 48 607 | 49 681 | 50 674 |
| R3201-R6 400 | 33 142 | 36 306 | 37 928 | 38 767 | 39 623 | 40 499 | 41 394 | 42 309 | 43 155 |
| R6 401-R12 800 | 25 656 | 28 105 | 29 361 | 30 009 | 30 673 | 31 351 | 32 043 | 32 752 | 33 407 |
| R12 801 –R25 600 | 10 157 | 11 127 | 11 624 | 11 881 | 12 144 | 12 412 | 12 686 | 12 967 | 13 226 |
| R25 600- R51 200 | 2 191 | 2 400 | 2 508 | 2 563 | 2 620 | 2 678 | 2 737 | 2 797 | 2 853 |
| R51 201 – R102 400 | - | - | - | - | - | - | - | - | - |
| R102 401 – R204 800 | 2 511 | 2 750 | 2 873 | 2 937 | 3 002 | 3 068 | 3 136 | 3 205 | 3 269 |
| R204 801 or more | 913 | 1 000 | 1 045 | 1 068 | 1 092 | 1 116 | 1 140 | 1 166 | 1 189 |

| DC43 Sisonke - Supporting Table SA9 Social, economic and demographic statistics and assumptions | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|-------------------------|--|---------------|---------------|
| Description of economic indicator | 2001 Census | 2007 Survey | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | 2012/13 Medium Term Revenue & Expenditure Framework | | |
| | | | Outcome | Outcome | Outcome | Original Budget | Outcome | Outcome | Outcome |
| Poverty profiles (no. of households) | | | | | | | | | |
| Households with total combined income of less than R1600 | 71 900 | 78 910 | 100 817 | 100 817 | 100 817 | 100 817 | 100 817 | 107 019 | 113 440 |
| Household/demographics (000) | | | | | | | | | |
| Number of people in municipal area | 456 506 | 500 082 | 522 | 534 | 546 | 558 | 570 | 583 | 594 |
| Number of poor people in municipal area | 342 380 | 375 762 | 480 | 480 | 480 | 480 | 480 | 510 | 520 |
| Number of households in municipal area | 103 264 | 105 659 | 110 | 113 | 115 | 118 | 120 | 123 | 126 |
| Number of poor households in municipal area | 71 900 | 78 910 | 101 | 101 | 101 | 101 | 101 | 107 | 109 |
| Definition of poor household (R per month) | <R800P/M | <R1600 P/M | <R1600 P/M | <R1600 P/M | <R1600 P/M | <R1600 P/M | <R1600 P/M | <R1600 P/M | <R1600 P/M |
| Housing statistics | | | | | | | | | |
| Formal | 32 115 | 33 917 | 35 432 | 36 215 | 37 016 | 37 834 | 38 670 | 39 524 | 40 315 |
| Informal | 4 234 | 2 008 | 2 097 | 2 144 | 2 191 | 2 239 | 2 289 | 2 339 | 2 386 |
| Total number of households | 36 349 | 35 924 | 37 529 | 38 359 | 39 207 | 40 073 | 40 959 | 41 864 | 42 701 |
| Economic | | | | | | | | | |
| Inflation/inflation outlook (CPIX) | | | 4.8% | 5.3% | 5.7% | 4.8% | 5.3% | 5.5% | 5.7% |
| Interest rate - borrowing | | | 14.0% | 14.0% | 10.5% | 9.0% | 9.5% | 10.0% | 10.4% |
| Interest rate - investment | | | 10.0% | 10.0% | 9.5% | 7.0% | 7.5% | 8.0% | 8.3% |
| Remuneration increases | | | 8.3% | 13.0% | 7.7% | 6.1% | 7.3% | 7.5% | 7.8% |
| Consumption growth (electricity) | | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Consumption growth (water) | | | 2.0% | 2.0% | 2.0% | 8.7% | 2.2% | 2.2% | 2.3% |
| Collection rates | | | | | | | | | |
| Property tax/service charges | | | 0.0% | 0.2% | 0.2% | 0.0% | 0.0% | 0.0% | 0.0% |
| Rental of facilities & equipment | | | 6.0% | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% |
| Interest - external investments | | | 10.0% | 10.0% | 9.5% | 7.0% | 7.5% | 8.0% | 8.6% |
| Interest - debtors | | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Revenue from agency services | | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

Table 64 MBRR SA32 – List of external mechanisms

| DC43 Sisonke - Supporting Table SA32 List of external mechanisms | | | | | |
|--|-----------|------------------------|-----------------------------------|---|--------------------------------|
| External mechanism | Yrs/ Mths | Period of agreement 1. | Service provided | Expiry date of service delivery agreement or contract | Monetary value of agreement 2. |
| Name of organisation | | Number | | | R thousand |
| | Yrs | 1 | <i>Garding Services</i> | One year Contract | R 70 000 |
| | Yrs | 1 | <i>Cleaning services</i> | One year Contract | R 200 000 |
| | Yrs | 1 | <i>Security Services</i> | One year Contract | R 4 700 000 |
| | Yrs | 1 | <i>IT Support</i> | One year Contract | R 150 000 |
| | Yrs | 1 | <i>Temporary offices</i> | One year Contract | R 500 000 |
| | Yrs | 2 | <i>Implementation of Grap</i> | One year Contract | R 700 000 |
| Contracts on Tender | Yrs | 3 | <i>VAT Consultant</i> | One year Contract | Percentage Based |
| Canon | Yrs | 5 | <i>RENTAL OF OFFICE EQUIPMENT</i> | One year Contract | Volume Dependant |
| | Yrs | 1 | <i>LEGAL SERVICES</i> | One year Contract | |

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

| DC43 Sisonke - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance' | | | | | | | | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------------------|------------------------|------------------------|
| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & | | |
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousand | | | | | | | | | |
| Contracted services | | | | | | | | | |
| Garding Services | 10 | 472 | 143 | 100 | 70 | 70 | 70 | 74 | 77 |
| Cleaning services | 107 | 165 | 358 | 250 | 300 | 300 | 200 | 211 | 221 |
| Security Services | 1 115 | 2 197 | 1 985 | 3 884 | 4 000 | 4 000 | 4 700 | 4 949 | 5 192 |
| IT Support | 129 | 239 | 145 | 775 | 400 | 400 | 150 | 158 | 166 |
| Office Rental | 78 | 291 | 894 | 550 | 200 | 200 | - | - | - |
| Temporary offices | - | 205 | - | 150 | 100 | 100 | 500 | 527 | 552 |
| Implementation of Grap | - | 4 422 | 2 586 | - | 900 | 900 | 700 | 737 | 773 |
| WSDP Review | - | 11 155 | 1 505 | - | 300 | 300 | 264 | 278 | 292 |
| Municipal Finance Support | - | 4 574 | 8 233 | - | 4 449 | 4 449 | 1 680 | 1 769 | 1 856 |
| VAT Consultant | - | 3 077 | 2 856 | - | 4 060 | 4 060 | 1 600 | 1 685 | 1 767 |
| Water conservation | - | 859 | 3 634 | - | 5 282 | 5 282 | 2 728 | 2 872 | 3 013 |
| PM Umzimkhulu pitts | - | 279 | 2 046 | - | 1 000 | 1 000 | - | - | - |
| Bulwer dam study | - | - | 2 103 | - | - | - | - | - | - |
| RENTAL OF OFFICE EQUIPMENT | - | 71 | 1 229 | - | 850 | 850 | 350 | 369 | 387 |
| Water Resource Strategies & Planning | - | - | - | - | 3 159 | 3 159 | 3 510 | 3 697 | 3 878 |
| LEGAL SERVICES | - | - | - | - | 360 | 360 | 400 | 421 | 442 |
| RISK ASSESMENT | - | - | - | - | 90 | 90 | 100 | 105 | 110 |
| RISK MAN STRATEGY AND AUDIT ASSIGNMENT | - | - | - | - | 585 | 585 | 650 | 684 | 718 |
| RURAL ROADS ASSETS INFRASTRUCTURE | - | - | - | - | 1 598 | 1 598 | 1 776 | 1 870 | 1 962 |
| Planning and Support Projects | - | - | - | - | 11 786 | 11 786 | 12 776 | 8 770 | 9 465 |
| sub-total | 1 439 | 28 007 | 27 717 | 5 709 | 39 490 | 39 490 | 32 154 | 29 175 | 30 871 |
| Total contracted services | 1 439 | 28 007 | 27 717 | 5 709 | 39 490 | 39 490 | 32 154 | 29 175 | 30 871 |
| Other Expenditure By Type | | | | | | | | | |
| Collection costs | 40 | 64 | 2 048 | 1 700 | 1 200 | 1 200 | 750 | 790 | 828 |
| Contributions to 'other' provisions | 655 | 1 386 | 1 053 | 4 672 | 4 816 | 4 816 | 7 156 | 7 535 | 7 904 |
| Consultant fees | 8 675 | 13 918 | 15 614 | 16 208 | 7 662 | 7 662 | - | - | - |
| Audit fees | 385 | 618 | 1 947 | 950 | 449 | 449 | 900 | 948 | 994 |
| General expenses | 1 048 | 2 977 | 8 860 | 11 667 | 5 515 | 5 515 | - | - | - |
| Community and Communication | 4 846 | 9 380 | 8 195 | 21 707 | 10 261 | 10 261 | 3 033 | 3 194 | 2 798 |
| Economic Development | 8 889 | 14 962 | 18 980 | 31 850 | 15 056 | 15 056 | 7 726 | 8 135 | 8 534 |
| Tourism Disaster Mgt & Environmental Mgt | 1 448 | 2 323 | 3 828 | 4 128 | 4 985 | 4 985 | 5 521 | 5 814 | 6 099 |
| Infrastructure Management | 3 987 | 6 397 | 11 874 | 17 334 | 8 194 | 8 194 | 896 | 944 | 2 095 |
| Project Preparation and Planning | 4 137 | 8 242 | 9 478 | 14 163 | 6 695 | 6 695 | 3 572 | 3 761 | 3 945 |
| Special Programmes | 4 244 | 6 809 | 7 490 | 4 200 | 1 985 | 1 985 | 2 900 | 3 054 | 3 203 |
| HR Development | 1 761 | 2 826 | 5 250 | 6 631 | 3 134 | 3 134 | 4 071 | 4 286 | 4 496 |
| Water Services and Package Plants | 1 642 | 2 366 | 2 602 | 3 356 | 1 587 | 1 587 | 1 663 | 1 751 | 1 837 |
| Repairs & Maintenance | 6 914 | 20 770 | 18 904 | 3 000 | 26 037 | 26 037 | 30 059 | 31 652 | 32 651 |
| Motor Vehicle Expenses | - | 1 873 | 2 060 | 3 384 | 1 599 | 1 599 | 2 400 | 2 527 | 2 651 |
| Office Expenses | - | 1 050 | 9 242 | 5 720 | 2 704 | 2 704 | - | - | - |
| GOVERNMENT EXPERTS - GRANT EXPENDITURE | - | - | - | - | 725 | 725 | - | - | - |
| INTERGOVERNMENTAL RELATIONS - GRANT EXPEN | - | - | - | - | 188 | 188 | - | - | - |
| PLANNING & SHARED SERVICES - GRANT EXPEN | - | - | - | - | 4 820 | 4 820 | - | - | - |
| Total 'Other' Expenditure | 48 671 | 95 961 | 127 425 | 150 668 | 107 613 | 107 613 | 70 647 | 74 391 | 78 036 |

| DC43 Sisonke - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance' | | | | | | | | | |
|---|---------------|---------------|----------|----------------------|---------------|---------------|-------------------------------|---------------|---------------|
| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & | | |
| | Audited | Audited | Audited | Original | Adjusted | Full Year | Budget Year | Budget Year | Budget Year |
| Repairs and Maintenance by Expenditure Item | | | | | | | | | |
| Employee related costs | 19 022 | 25 950 | - | 29 493 | 29 493 | 29 493 | 31 263 | 33 139 | 35 127 |
| Other materials | 13 315 | 18 165 | - | 20 645 | 20 645 | 20 645 | 21 884 | 23 197 | 24 589 |
| Contracted Services | 3 804 | 5 190 | - | 5 899 | 5 899 | 5 899 | 6 253 | 6 628 | 7 025 |
| Other Expenditure | 1 902 | 2 595 | - | 2 949 | 2 949 | 2 949 | 3 126 | 3 314 | 3 513 |
| Total Repairs and Maintenance Expenditure | 38 043 | 51 900 | - | 58 987 | 58 987 | 58 987 | 62 526 | 66 278 | 70 254 |

2.14 Municipal manager’s quality certificate

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

Print Name _____

Municipal manager of SISONKE DISTRICT MUNICIPALITY (DC43)

Signature _____

Date _____